



Agenda Item

Orange City Council

Item #: 9.2.

6/23/2026

File #: 26-0370

TO: Honorable Mayor and Members of the City Council

FROM: Jarad Hildenbrand, City Manager

1. SUBJECT

Second Public Hearing to discuss and consider a draft City Charter

2. SUMMARY

On May 12, 2026, the City Council held a public hearing regarding a draft city charter. During the public hearing, the City Council discussed several policy matters and charter provisions that could be incorporated in the draft charter for further discussion and consideration. These items have been incorporated for City Council and public review. This public hearing serves as the second of the two required public hearings before the City Council can vote to place the draft city charter on the November 3, 2026, General Municipal Election ballot.

3. RECOMMENDED ACTION

1. Conduct and close the Public Hearing.
2. Review and discuss the draft city charter.
3. Provide direction to City staff.

4. FISCAL IMPACT

Adoption of a City Charter does not create an immediate fiscal impact; however, charter city status may provide fiscal flexibility related to procurement, contracting, local governance, and municipal affairs.

5. STRATEGIC PLAN GOALS

Adoption of a City Charter could support or affect multiple goals outlined in the Fiscal Years 2025-2030 Citywide Strategic Plan.

6. DISCUSSION AND BACKGROUND

On May 12, 2026, the City Council conducted the first public hearing regarding a potential city charter ballot measure. As presented on May 12, 2026, the draft city charter includes nine articles that can generally be placed into six categories including:

1. Incorporation of Powers and Municipal Affairs (**Articles I and II**)
2. Form of Government and City Council Structure (**Articles III and IV**)
3. Term Limits and Vacancy Procedures (**Articles V and VII**)
4. Procurement, Contracting, and Local Control (**Article VI**)
5. City Assets, Public Utilities, and Eminent Domain (**Article VI**)

6. Fiscal Responsibility and Legal Provisions (Articles VIII and IX)

After conducting the public hearing, the City Council voted to continue the draft charter discussion at a second public hearing.

Interest has been expressed in the following items:

1. If the draft city charter could address the City's intent of preserving the Sully-Miller site as open space reserve.
2. If the draft city charter could further clarify that term limits reset with the charter's adoption.
3. If the City could limit, if not entirely remove, its ability to control the price and/or rent associated with residential real estate transactions.
4. If charter cities can sell its public utility absent voter approval.
5. If ethical violations are sufficient to warrant a temporary suspension pursuant to Article VII.
6. The specific benefits of a city charter.

All six items are discussed in turn. Additional sections and verbiage have been highlighted in the draft charter.

Item 1: Sully-Miller - Open Reserve Protection (Section 204)

This additional draft section states that any portion of the Sully-Miller site acquired by the City of Orange for open space purposes will be held in trust by the City. In practice, this means that any City-acquired Sully Miller property will be exclusively used for open space reserve purposes, including open space preservation, passive recreation, habitat restoration, conservation, trails, equestrian uses, educational uses, and other similar non-intensive purposes consistent with the Orange Park Acres Specific Plan. The property shall not be used for residential, commercial, industrial, or other urban development purposes unless approved by the voters pursuant to this section.

Nothing in this section shall prohibit the City from undertaking activities necessary for public safety, environmental remediation, habitat management, utility infrastructure, drainage, flood control, maintenance, or other governmental purposes that are consistent with preserving the property's open space character.

The section further clarifies that these restrictions will run with the land and could only be amended or repealed by Orange voters at a regularly scheduled election.

Item 2: Commencement of Term Limits (Section 503)

As written, the draft charter states the Mayor may serve two, four-year terms, and City Council members may serve three, four-year terms. After reaching these term limits, the draft charter calls for a lifetime ban.

Section 503 confirms that term limits "reset" with the charter's adoption. This means that any portion of an elected term that started before the charter's effective date (both years completed and years remaining) do not count towards the term limits detailed in this section.

The term limits, as defined in this section, will only commence when an entirely new term is secured after the charter's effective date.

Item 3: Property Rights Protection Measure (Section 603)

Building off the current eminent domain language that protects property owner rights (Section 602), this section states that the City shall not establish, continue, implement, or enforce any price controls when real property (as defined) is sold, leased, rented, exchanged, or otherwise, transferred. Any such restrictions would remain subject to applicable state and federal law.

The proposed section also details six exemptions, which include:

1. Real property with serious health, safety, fire, or building code violations.
2. Real property owned by a public entity, and real property where the owner has agreed to accept a financial contribution from a public entity.
3. Property acquired through eminent domain or any of the City's zoning or planning authority.
4. The City's authority to require a business license for the sale or rental of real property.
5. Any dwelling unit subject to the City's transient occupancy tax.
6. Any obligation of any contract entered prior to the Section's enactment.

Item 4: Voter Approval Requirement for Public Utility Disposal (Section 605)

Pursuant to California Constitution Article XI, Section 5, charter cities possess broad authority over municipal affairs. However, charter authority does not generally supersede applicable state laws governing matters of statewide concern.

California Public Utilities Code section 10061 requires voter approval for certain transfers of municipally owned water and sewer utility assets. In addition, public utility transfers may be subject to other state regulatory requirements, including approvals from agencies with jurisdiction over utility operations or service area changes.

Accordingly, staff does not recommend relying upon charter authority to avoid otherwise applicable noticing, hearing, voter approval, or regulatory requirements relating to the disposition of public utility assets. To reflect this understanding, the revised draft charter includes language under Section 604 clarifying that the City will comply with all applicable noticing, hearing, voter approval, and legal requirements before disposing of a City asset.

Item 5: Temporary Vacancy, Suspension, and Ethical Misconduct (Section 701)

Section 701 details the circumstances and processes a City Council can take to suspend an elected or appointed officer. Previously, this section focused on elected or appointed officers facing felony criminal proceedings. This section has since been expanded to clarify that elected or appointed officers may be disqualified when it is authorized by law, and more specifically, that these disqualifications may include criminal convictions, judicial findings of official misconduct, conflict-of-interest violations, or other disqualifying conduct as authorized by law.

Item 6: Charter City Benefits

California law authorizes two legal structures for municipal organizations - general law or charter law. General law cities draw much of their authority from state statutes. Charter cities derive select authority from a locally adopted charter as authorized in Article XI of the California Constitution.

Cities often pursue charter status to gain greater local control over municipal affairs, particularly in

the areas of public contracting, municipal finance, and local governance structures. Charter authority can allow a city to tailor policies to local priorities while remaining subject to state law on matters deemed to be a matter of statewide concern. Generally, adopting a city charter may produce the greatest benefits in the following two areas.

Government Structure and Self-Governance

Local Government Design: A charter functions as a city's constitution and codifies who has the authority to approve budgets, administer day-to-day operations, how elections are conducted, as well as the role of elected (e.g., the City Council) and appointed positions (e.g., City Manager and City Attorney). By adopting a city charter, a city could potentially reconfigure the governance structure, thereby shifting responsibilities and/or authority to different positions (e.g., adopting a Mayor-strong structure).

Elections: A charter city may establish its own election rules for local offices, including timing, district configurations, ranked-choice voting, and related procedures, subject to minimum constitutional requirements and state elections code where applicable.

Public Contracting and Prevailing Wage Benefits

Prevailing Wage Exemption on Locally-Funded Projects: The California Supreme Court has held that locally funded public works projects performed by chartered cities are municipal affairs under the California Constitution, and as a result, the wages paid to workers on charter city projects are not subject to California's prevailing wage law if the projects are solely funded with local City dollars (e.g., General Fund).

Public Contracting Flexibility: Charter cities have more leeway on how public contracts are solicited. This allows a city to tailor its competitive bidding and procurement rules to its local economy and operational needs, rather than rigidly following the state's Public Contract Code, where permitted under charter city authority. Detailed procurement procedures may then be implemented through local ordinances, resolutions, and administrative procedures.

Timeline

California Government Code Sections 34450 through 34462 require that the City hold at least two public hearings before the City Council may vote to place a charter measure on the November 2026 ballot. Additionally, state law requires at least 21 days after the second public hearing before the City Council may take formal action to place the measure on the ballot.

To meet the Orange County Registrar of Voters deadlines for inclusion in the November 3, 2026 General Municipal Election, the City Council must vote to place the city charter ballot measure at the July 14, 2026, City Council meeting. For reference, provided below is the full schedule, including past public hearings:

Step	Date	Status
First Public Hearing	May 12, 2026	Completed
Second Public Hearing	June 23, 2026	Scheduled
Conduct Vote to Place on November 2026 Ballot	July 14, 2026	Not Completed

Staff requests City Council direction regarding any desired modifications to the draft charter so those revisions may be incorporated for further consideration before the potential placement of a charter

measure on the November 2026 General Municipal Election ballot.

7. ATTACHMENTS

- Draft City Charter