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ANALYSIS, COMMENTARY & UPDATES
PRIORITY FOCUS
ON LEGISLATIVE AND POLICY ISSUES THAT AFFECT CALIFORNIA CITIES

October 31, 2003
Issue #43-2003

**A LETTER FROM PRESIDENT RON LOVERIDGE AND
EXECUTIVE DIRECTOR CHRIS MCKENZIE**

Dear City Colleague:

Last month at our Annual Conference the League General Assembly voted **unanimously** to sponsor a statewide initiative to protect local revenues and services from raids and reductions by state government. We are very pleased to share with you that today we joined the California State Association of Counties and the California Special Districts Association in filing the "Local Taxpayers and Public Safety Protection Act" with the Attorney General's office for the November 2004 ballot. A copy is enclosed. *For more, see page 4.*

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**LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT: AN
OVERVIEW—NOVEMBER 2004 ELECTION**

State-Local Fiscal System Broken. There is widespread agreement that the state-local fiscal relationship is broken. One of the reasons is because state leaders no longer respect the difference between state and local tax revenues. In recent years, the state legislature and governor have approved laws that divert, use or delay the payment of local tax revenues to local governments that finance public safety, public health, park, library, street maintenance and other vital community services. This has caused pressure for higher local fees that can increase the cost of housing. *For more, see page 3.*

**Hot Bills
Act Now**



The legislature is in Interim Recess. It will reconvene January 5, 2004.

Want more details on these and other bills? Log on to the League of California Cities Web site at www.cacities.org/legtracking.

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**THE LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT FACT SHEET
ENSURING VOTER CONTROL OVER LOCAL TAX DOLLARS
FOR PUBLIC HEALTH, SAFETY AND OTHER ESSENTIAL LOCAL SERVICES**

The Problem:

For more than a decade, the California State Legislature has been taking away increasing amounts of local tax dollars that local governments use to provide essential services like police and fire protection, emergency and public health care, roads, parks, libraries and water delivery. In fact, through good times and bad, the State has been taking away billions in local tax dollars each year — forcing local governments to either raise local fees or taxes to maintain services, or cut back on critically needed services.

The system is broken. Voters must act now to protect local services by protecting local revenues from being taken by the State.

The Solution:

The 2004 Local Taxpayers and Public Safety Protection Act would increase local control over our local tax dollars. This measure would let the voters have the final say on proposed actions by the State Legislature that would further reduce local government funding. It would protect the vital local services that California residents rely on each and every day — such as public safety and emergency care, roads, libraries, parks and transportation — by requiring voter approval before the State could reduce funding for local services or shift more costs to local governments.

What this measure does:

- o Requires voter approval before the Legislature can reduce local government revenues or take them for state, rather than local, purposes.
- o Ensures that local tax dollars are available to fund local services like police and fire, emergency and trauma care, parks, roads, libraries and water delivery.
- o Makes it absolutely clear that if the State Legislature mandates that local governments

provide new or expanded programs or services, then the State would have to reimburse local governments for the cost of those programs.

- o Provides flexibility for state budgeting decisions, but requires voter-approval on any future State Legislative actions that would reduce funding for essential local services.

What this measure DOES NOT do:

- o Does not raise taxes. In fact, this measure will help decrease pressures for local fees and taxes by protecting local revenue sources from State raids.
- o Does not increase funding to local governments. Simply prevents the State Legislature from raiding future local government funding.
- o Does not reduce funding that schools receive from local property taxes or funding that schools receive from the State.
- o Does not reduce funding for other state programs like schools or highways.

CALPERS HEALTH ANNOUNCES NEW ASSISTANT EXECUTIVE OFFICER

Jarvio Grevious has been appointed as the new Assistant Executive Officer of the CalPERS Health program. Mr. Grevious comes to CalPERS with an extensive background. He was chief deputy director for the Department of Social Services and has worked with the California Energy Commission and the Legislative Analyst's Office. Mr. Grevious will oversee the purchasing of health care for 1.2 million public employees, retirees and their families in the state. He replaces Allen Feezor, who resigned this past May.

INITIATIVE OVERVIEW from page 1

Local Funds Drained for Higher State Spending. Since 1991 more than \$30 billion of local property taxes have been drained from cities, counties and special districts—costing cities alone \$800 million in FY 2003-04 and \$6.9 billion the last 12 years. Even in years of state budget surpluses, the state has used these funds to finance its constitutional funding obligation to public education, allowing it to increase state general fund spending for other state programs. This has come at the expense of vital local public safety and other services.

State Shifts Costs to Local Governments. In recent years the state also has shifted costs for state-sponsored programs and delayed constitutionally required reimbursements to local governments for state mandated programs and services. In the last two fiscal years, the state has "deferred" over \$1 billion in constitutionally required reimbursements to local governments for mandated services and programs. This cost burden is then paid with local taxes that should be used for important local services

Constitutional Protection Needed Now. The League has joined forces with the California State Association of Counties (CSAC) and the California Special Districts Association (CSDA) to sponsor a ballot initiative in November 2004, entitled the *Local Taxpayers and Public Safety Protection Act*, to put the voters in charge of whether local tax dollars should be used to fund state services. It will not raise taxes. It will not repeal laws the state has already passed. It will not require the return of property taxes already taken nor affect funding of schools. It will not prevent structural reform of the fiscal system—simply require that structural changes be planned collaboratively by state and local leaders and approved by the voters. The initiative will do two simple things:

- Public Vote Required. Require approval by a majority of the electorate before a proposed state law may take effect that reduces the sales, property and VLF funds of cities, counties and special districts. Flexibility is provided to reduce the VLF and replace it with substitute revenues (i.e., a "backfill") without voter approval; **and**

- Reimburse for Mandated Costs. Clarify the

state's duty to reimburse in a timely way for a new mandated program or higher level of service, protecting local governments from hidden cost shifts. Allows local governments to opt-out of certain non-workplace safety and employee procedural rights mandates if the state fails to pay in a timely way.

For More Information. Contact Chris McKenzie, Executive Director (916-658-8275); Mike Madrid, Public Affairs Director (916-658-8272); or Dwight Stenbakken, Deputy Executive Director (916-658-8232).

How to Make A Contribution. The League has established a political action committee (CITIPAC—ID # 1254399) for contributions to this initiative. For more information, contact 916-658-8273, email info@citipac.org or go to www.citipac.org.

Revised October 30, 2003

PALOS VERDES ESTATES CITY MANAGER CALLS ON EMPLOYEES TO BECOME "MASTERS OF OUR OWN DESTINY."

Last week, the **City of Palos Verdes Estates** held a series of city employee meetings to discuss city issues, with the League's ballot measure at the top of the list. **City Manager James Hendrickson** used his time to discuss the state fiscal crisis and it's impact on the city saying, "...in my 31 years in local government, this is probably the most significant issue that has ever faced us." Hendrickson went through a short history of the most recent budget cycle and it's impact on city services and jobs. Hendrickson offered a preview of the coming year and informed staff about the continued uncertainty of the VLF and other revenue streams through the state, saying, "I think we run a very lean operation. I don't want to have to cut. But I need your support. We have an opportunity to change this bleak scenario; and a chance to be masters of our own destiny." With that he turned the presentation over to his local Regional Representative, Ann Marie Wallace, who discussed the League's efforts to place an initiative on the November, 2004 statewide ballot.

Present at the employee lunchtime meeting was

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LETTER TO THE MEMBERSHIP from page 1

We are confident this initiative meets three important criteria: First, it protects the revenues and services of local governments of every size, scope, region and fiscal condition. Second, it meets the criteria of viability with the electorate by giving the voters – our residents – the ultimate say on whether their local tax funds should be spent for local or state services. Third, it is simple and straightforward.

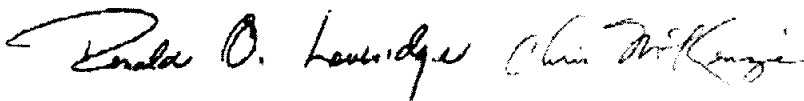
After many months of drafting and literally years of research, we are proud of the work we have submitted today. We deeply appreciate the help of the many city attorneys and county counsel in developing this important ballot measure, and we look forward to moving into the next stage of this important venture.

We want to be very clear that the real work has just begun. We will build an even broader coalition in the next few months. In 45 – 60 days we will receive a title and summary for the initiative from the Attorney General's office, and we will determine if it meets our goals. Finally, all of us must help raise substantial private funds to run a successful campaign.

We know we can count on you in the months ahead to help with this cause. If you have any questions, want to make a contribution, want to help raise private funds for the campaign, or want to volunteer to help in some other way, we invite you to contact Mike Madrid, Public Affairs Director for the League, at 916-658-8272 or at Mmadrid@cacities.org. You also can get information about contributions or fundraising at www.citipac.org and about the initiative at www.cacities.org.

Thank you for your support, your patience and your dedication to this historic grassroots campaign to save local democracy. We look forward to seeing you in the months ahead as we move forward with this important effort.

Sincerely,



Ron Loveridge, President and Mayor, City of Riverside

Chris McKenzie, Executive Director

Our Mission

Restore and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

**DON'T MISS THE NOVEMBER ISSUE OF
WESTERN CITY MAGAZINE: "CITY
DELEGATES VOTE UNANIMOUSLY TO
SUPPORT LOCAL PROTECTION INITIATIVE"
AND "NEW WAYS TO INCREASE REVENUES"**

- The Personal Touch Is One Key to Initiative's Success, by League Executive Director Chris McKenzie.
- City Forum: Cities and the League face the challenge of raising the funds needed to get this measure on the ballot and win in November 2004.
- Tips for Increasing Revenues
- Sound Fiscal Policies Ensure Higher Cost Recovery for Cities.
- Legal Notes: When E-mail Violates the Brown Act, and Other E-Mail Pitfalls

Plus – How to Land on Your Feet When the Revenue Rug Is Pulled Out From Under You.

Plus – Helen Putnam Award Winners! Chino Hills Measure Success By the Gallon; and Long Beach Uses Innovative Library Facilities To Provide After-School Tutoring to Children In Need.

All this, plus information on city jobs and businesses that provide services to cities.

For over 75 years, the League's award-winning *Western City* magazine has been the best source of information for California city decision makers. For subscription information call: 916.658.8223, or visit the Western City Web site at www.westerncity.com.

LEAGUE PROVIDES INPUT TO GOVERNOR-ELECT'S ENVIRONMENTAL POLICY

Responding to an invitation from Governor-Elect Arnold Schwarzenegger's transition team to provide a local government perspective, this week League staff participated in a meeting of the Governor-Elect's Environmental Advisory Task Force. The meeting, held in the transition team's downtown Sacramento offices, was attended by a wide range of interest groups and definitely had a bi-partisan flavor to it. Attendees ranged from representatives of different environmental groups to different business organizations to former government officials and to those with democrat and republican affiliations. The Advisory Task Force and the meeting were chaired by Terry Tamminen, of Environment Now, one of the Governor-Elect's main environmental advisors.

The immediate role of the Environmental Policy Advisory Task Force was to provide commentary and suggestions on an initial working document of an environmental policy statement that will frame the new Governor's position on environmental issues for the immediate and mid-term future. Topics discussed in the open and wide ranging exchange covered a myriad of topics, including energy, coastal, water quality and supply, brownfields, in-fill development, environmental justice, environmental education, air quality, off-shore oil development, green buildings, parks and open space and enforcement of existing laws.

League staff provided suggestions on perspectives important to cities, including comments regarding water quality, coastal issues, energy, conflicting federal-state regulations, and the cost-effectiveness of regulations versus the potential environmental benefit. While it was emphasized that the Governor-Elect alone ultimately would speak for himself on these issues, there was a genuine desire to seek the input of a wide range of groups, both for the production of this document and in future environmental policy discussions. This product appears to be on a fast track and hopefully will be available for public distribution in the next few weeks. The League appreciates the interest of Governor-Elect Schwarzenegger and the transition team in the views of the League and local government on these important environmental issues.

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NEW DEVELOPMENTS IN THE FIGHT AGAINST THE EXPANSION OF THE INTERNET TAX MORATORIUM (S.150/H.R.49)

The latest... Action on the Internet Tax Non-Discrimination Act (S. 150) continues this week and cities can still make a difference by contacting Senators Boxer and Feinstein *BY PHONE*.

The current moratorium is set to expire on Friday, October 31st and the primary sponsors of the bill, Senators Ron Wyden (D-Or.) and George Allen (R-Va.) have been working over the past several weeks to line up the votes necessary to secure the legislation's passage. Cities have fought back however, and their steadfast opposition to the harmful provisions in the bill helped a handful of Senators delay action on the bill until local government concerns have been legitimately addressed.

In response to the vigorous opposition mounted by local governments against the changes S. 150 makes to current law, Senators Wyden and Allen offered an amendment to the bill last week, which unfortunately still falls short of changing the definition of Internet access. Without this change, the language in the legislation continues to unnecessarily expand the scope of the existing Internet tax moratorium. As you know, this broad expansion of the definition in current law preempts collection of gross receipts, franchise fees, rights-of-way, and other telecommunications fees, which will hinder local government's financial capacity to provide essential services, including critical police and fire response service.

****TAKE ACTION ****

Since negotiations on the underlying bill have failed, we are asking you to **CALL** Senators Feinstein and Boxer and urge them to support the Voinovich/Hollings Compromise Amendment, which provides for a simple extension of the moratorium through 2005.

Key Messages about the Hollings Compromise Amendment to S. 150:

- It wld preserve local and state authority over existing taxes and fees that are currently collected; and
- It would NOT create or allow state and local governments to impose any new taxes on Internet access.
- It would provide Congress with sufficient time to consider the complex issues associated with extending the moratorium in such a way that treats all technologies and local agencies in a fair and balanced manner.

Specific Talking Points for Senator Boxer
Phor. 3: 202.224.3553 (DC office)-Karen Olick, Chief of Staff; 415.403.0100 (District office)-Sam Chapman, Chief of Staff.

Message: Although cities have contacted Senator Boxer's office, the message that this unnecessary expansion of the definition of Internet Access has failed to resonate with Senator Boxer's staff. Her staffer on the issue, Danny Sepulveda, has definitively stated that he does not view any extension of the current moratorium as a compromise. We need to keep the pressure on Senator Boxer's office to consider supporting the Hollings Compromise Amendment, particularly when communities in Southern California are experiencing first hand the critical role public safety services play.

Specific Talking Points for Senator Feinstein
Phone: 202.224.3841 (DC office)-Mark Kadesh, Chief of Staff.

Message: Senator Feinstein remains sympathetic to League concerns about the extent to which the expanded definition of Internet access could undermine local government's financial capacity to provide critical services - particularly essential police and fire services! We're asking cities to let Senator Feinstein know that we appreciate her understanding local concerns with this bill. Urge her to cosponsor the Voinovich/Hollings Compromise Amendment or at a minimum to vote in favor of its adoption. For additional information contact Jessica Mullan at (916) 658-8243.

DESTINY from page 3 •••••

Mayor Fred Mackenbach and Mayor pro Tem Joseph Sherwood who announced that at their Sept. 23rd council meeting, the Palos Verdes Estates City Council had passed a resolution supporting the concepts of the ballot measure.

Hendrickson serves as one of the Los Angeles County liaisons to the City Managers Department Ballot Initiative Steering Committee. Immediately following a presentation, Wallace met with Board members of the Palos Verdes Estates Police Officer Association. Hendrickson and **P.V.E. Police Chief Timm Browne** arranged the meeting for Wallace and selected a location off site from city property.

GOVERNOR-ELECT TRANSITION TEAM MEETS WITH LEAGUE TO DISCUSS WORKERS' COMPENSATION REFORM

Governor-Elect Swarzenegger's transition team met with the League of CA Cities to discuss additional workers' compensation reform beyond AB227/SB 228, which will take effect on January 1, 2004. The Governor's staff stressed their commitment to making sure that the workers' compensation system does not break the bank with public and private employers while maintaining benefits to injured workers.

The League provided a list of additional reforms that were not included in AB 227/SB 228. The transition team is committed to reviewing the suggested amendments and a follow-up meeting will occur once a package begins to develop. Our suggestions are as follows:

PERMANENT DISABILITY REFORM

- Eliminate the subjectivity and inconsistency in the current system for rating permanent disability by adopting objective rating standards.
- Require physician training so that employers and reviewers receive consistently "ratable" reports.
- Provide statutory language that eliminates an employer's liability for permanent disability that is related to pre-existing conditions or to non work-related conditions.
- Bar an individual employee from accumulating more than a 100% rating.
- Bar, in most circumstances, an employee from obtaining a disability rating when they never miss any work, or experience insignificant loss of time, and return to the same position without restrictions.

MEDICAL

- Establish a physician certification and training program for all physicians who treat or evaluate work comp patients.
- Increase the period of time the employer is in control of treatment.
- Expand utilization review and managed care programs.

LABOR CODE SECTION 5814 PENALTIES

- Eliminate penalties that bear no relationship

to the violation at issue.

- Eliminate escalators that impose penalties on future benefit payments based on past violations.
- Establish a one-year statute of limitations from date of delay or denial for claiming penalties.

BURDEN OF PROOF/STANDARDS OF COMPENSABILITY

- Require that the burden of proof and the criteria used to determine compensability for cumulative trauma injuries be the same standards and criteria used currently for psychiatric injuries.

ALIGNMENT OF PUBLIC AND PRIVATE SECTORS

- Add public sector employers into the existing return-to-work incentive program.
- Prohibit new or expanded presumptions in the public sector.
- Prohibit expansion or increase in eligibility for tax-free, full salary benefits under Labor Code Section 4850.

AB 749 CORRECTIONS

- Correct the minimum temporary disability rate problem that results in some persons receiving more money while temporarily disabled than when working.
- Repeal Labor Code Section 4702 (a) (6) that requires the death benefit to be paid to the deceased employee's estate *if there are no dependants*.
- Elimination of the *uncapped* COLA on life benefits in favor of a COLA with a reasonable annual cap, such as used by pension systems.

For additional information, please contact Amy Brown, League staff at 916-658-8279.

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THE LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

SECTION ONE. Short Title.

These amendments to the California Constitution shall be known and may be cited as the LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT.

SECTION TWO. Findings and Purposes

(a) The People of the State of California find that restoring local control over local tax dollars is vital to insure that local tax dollars are used to provide critical local services including police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance. Reliable funding for these services is essential for the security, well-being and quality of life of all Californians.

(b) For many years, the Legislature has taken away local tax dollars used by local governments so that the State could control those local tax dollars. In fact, the Legislature has been taking away billions of local tax dollars each year, forcing local governments to either raise local fees or taxes to maintain services, or cut back on critically needed local services.

(c) The Legislature's diversion of local tax dollars from local governments harms local governments' ability to provide such specific services as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(d) In recognition of the harm caused by diversion of local tax dollars and the importance placed on voter control of major decisions concerning government finance, and consistent with existing provisions of the California Constitution that give the people the right to vote on fiscal changes, the People of the State of California want the right to vote upon actions by the State government that take local tax dollars from local governments.

(e) The Local Taxpayers and Public Safety Protection Act is designed to insure that the People of the State of California shall have the right to approve or reject the actions of state government to take away local revenues that fund vitally needed local services.

(f) The Local Taxpayers and Public Safety Protection Act strengthens the requirement that if the State mandates local governments to implement new or expanded programs, then the State shall reimburse local governments for the cost of those programs.

(g) The Local Taxpayers and Public Safety Protection Act does not amend or modify the School Funding Initiative, Proposition 98 (Article XVI, section 8 of the California Constitution).

(h) Therefore, the People declare that the purposes of this Act are to:

(1) require voter approval before the Legislature removes local tax dollars from the control of

- Local Government, as described in this measure;
- (2) insure that local tax dollars are dedicated to local governments to fund local public services;
- (3) insure that the Legislature reimburses local governments when the State mandates local governments to assume more financial responsibility for new or existing programs; and
- (4) prohibit the Legislature from deferring or delaying annual reimbursement to local governments for state-mandated programs.

SECTION THREE. Article XIII E is hereby added to the California Constitution to read as follows:

ARTICLE XIII E Local Taxpayers and Public Safety Protection Act

Section 1. State-wide Voter Approval Required

(a) Approval by a majority vote of the electorate, as provided for in this section, shall be required before any act of the Legislature takes effect that removes the following funding sources, or portions thereof, from the control of any Local Government as follows:

- (i) Reduces, or suspends or delays the receipt of, any Local Government's proportionate share of the Local Property Tax when the Legislature exercises its power to apportion the Local Property Tax; or requires any Local Government to remit Local Property Taxes to the State, a state-created fund, or, without the consent of the affected Local Governments, to another Local Government;
- (ii) Reduces, or delays or suspends the receipt of, the Local Government Base Year Fund to any Local Government, without appropriating funds to offset the reduction, delay or suspension in an equal amount;
- (iii) Restricts the authority to impose, or changes the method of distributing, the Local Sales Tax;
- (iv) Reduces, or suspends or delays the receipt of, the 2003 Local Government Payment Deferral; or
- (v) Fails to reinstate the suspended Bradley-Burns Uniform Sales Tax Rate in accordance with Section 97.68 of the Revenue and Taxation Code added by Chapter 162 of 2003 Statutes; or reduces any Local Government's allocation of the Property Tax required by Section 97.68 while the Sales Tax Rate is suspended.

(b) A vote of the electorate, as provided in this section, shall also be required if an act of the Legislature that establishes classifications or exemptions from the Local Property Tax or the Local Sales Tax does not include a continuous appropriation to reimburse Local Governments for the actual loss of revenue from those classifications or exemptions.

(c) Prior to its submission to the electorate, an act subject to voter approval under this section must be approved by the same vote of the Legislature as is required to enact a budget bill and shall not take effect until approved by a majority of those voting on the measure at the next statewide election in accordance with subdivision (d).

(d) When an election is required by this section, the Secretary of State shall present the following question to the electorate: "Shall that action taken by the Legislature in [Chapter ___ of the Statutes of ___], which affects local revenues, be approved?"

Section 2. Definitions

- (a) "Local Government" means any city, county, city and county, or special district.
- (b) "Local Government Base Year Fund" means the amount of revenue appropriated in the 2002-2003 fiscal year in accordance with Chapters 1 through 5, commencing with section 10701 of Part 5 of Division 2 of the Revenue and Taxation Code in effect on August 9, 2003, adjusted annually based upon the change in assessed valuation of vehicles that are subject to those provisions of law. In the event that the fees imposed by those provisions of law are repealed, then the Fund shall be adjusted annually on July 1 by an amount equal to the percentage change in per capita personal income and the change in population, as determined pursuant to Article XIII B.
- (c) "2003 Local Government Payment Deferral" means the amount of revenues required to be transferred to Local Government from the General Fund specified in paragraph D of subdivision 3 of subsection (a) of section 10754 of the Revenue and Taxation Code as it read on August 9, 2003.
- (d) "Local Property Tax" means any Local Government's January 1, 2003 proportionate share of ad valorem taxes on real property and tangible personal property apportioned pursuant to the Legislature's exercise of its power to apportion property taxes as specified in Article XIII A, section 1. "Local Property Tax" also means any Local Government's allocation of the ad valorem tax on real property and tangible personal property pursuant to Article XVI, section 16.
- (e) "Local Sales Tax" means any sales and use tax imposed by any city, county, or city and county pursuant to the Bradley-Burns Uniform Sales and Use Tax (Chapter 1 of Part 1.5 of Division 2 of the Revenue and Taxation Code) in accordance with the law in effect on January 1, 2003.
- (f) "Special District" means an agency of the State, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions with limited geographic boundaries, including redevelopment agencies, but not including school districts, community college districts, or county offices of education.
- (g) "State" means the State of California.

Section 3. Interim Measures

(a) The operation and effect of any statute enacted between November 1, 2003 and the effective date of this Act, that would have required voter approval pursuant to Section 1 if enacted on or after the effective date of this Act (the "Interim Statute"), shall be suspended on that date and shall have no further force and effect until the date the Interim Statute is approved by the voters at the first statewide election following the effective date of this Act in the manner specified in Section 1. If the Interim Statute is not approved by the voters, it shall have no further force and effect.

(b) If the Interim Statute is approved by the voters, it shall nonetheless have no further force and effect during the period of suspension; provided, however, that the statute shall have force and effect

during the period of suspension if the Interim Statute or separate act of the Legislature appropriates funds to affected local governments in an amount which is not less than the revenues affected by the Interim Statute.

SECTION FOUR. Article XIII B Section Six (6) is hereby amended as follows:

SEC. 6. (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall annually provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- ~~(a)~~ (i) Legislative mandates requested by the local agency affected;
- ~~(b)~~ (ii) Legislation defining a new crime or changing an existing definition of a crime; or
- ~~(c)~~ (iii) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) The annual subvention of funds required by this section shall be transmitted to the local government within 180 days of the effective date of the statute or regulation or order by a State officer or agency that mandates a new program or higher level of service, or within 180 days of a final adjudication that a subvention of funds is required pursuant to this section. For purposes of this section, the Legislature or any State agency or officer mandates a new program or higher level of service when it creates a new program, requires services not previously required to be provided, increases the frequency or duration of required services, increases the number of persons eligible for services, or transfers to local government complete or partial financial responsibility for a program for which the State previously had complete or partial financial responsibility.

(c) If during the fiscal year in which a claim for reimbursement is filed for a subvention of funds, the Legislature does not appropriate a subvention of funds that provides full reimbursement as required by subdivision (a), or does not appropriate a subvention of funds that provides full reimbursement as part of the state budget act in the fiscal year immediately following the filing of that claim for reimbursement, then a local government may elect one of the following options:

(i) Continue to perform the mandate. The local government shall receive reimbursement for its costs to perform the mandate through a subsequent appropriation and subvention of funds; or

(ii) Suspend performance of the mandate during all or a portion of the fiscal year in which the election permitted by this subdivision is made. The local government may continue to suspend performance of the mandate during all or a portion of subsequent fiscal years until the fiscal year in which the Legislature appropriates the subvention of

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funds to provide full reimbursement as required by subdivision (a). A local government shall receive reimbursement for its costs for that portion of the fiscal year during which it performed the mandate through a subsequent appropriation and subvention of funds.

The terms of this subdivision do not apply, and a local government may not make the election provided for in this subdivision, for a mandate in effect on January 1, 2004 that either requires safe working conditions for local government employees or establishes procedural rights arising from and directly relating to local government employment.

(d) For purposes of this section, "mandate" means a statute, or action or order of any state agency, which has been determined by the Legislature, any court, or the Commission on State Mandates or its designated successor, to require reimbursement pursuant to this section.

SECTION FIVE. Construction.

(a) This measure shall be liberally construed to effectuate its purposes, including providing adequate funds to Local Government to fund local services such as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(b) This measure shall not be construed either to alter the apportionment of the ad valorem tax on real property pursuant to Section 1 of Article XIII A by any statute in effect prior to January 1, 2003 or to prevent the Legislature from altering that apportionment in compliance with the terms of this measure.

(c) Except as provided in Section 3 of Article XIII E added by Section Three of this Act, the provisions of Section 1 of Article XIII E added by Section Three of this Act apply to all statutes adopted on or after the effective date of this Act.

SECTION SIX. If any part of this measure or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications that reasonably can be given effect without the invalid provision or application.

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Want more details on these and other bills? Log on to the League of California Cities Web site at www.cacities.org/legtracking.

CALIFORNIA REDEVELOPMENT ASSOCIATION ENDORSES LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

Yesterday the board of directors of the California Redevelopment Association unanimously endorsed the Local Taxpayers and Public Safety Protection Act, the statewide initiative proposed by the League of California Cities, California State Association of Counties, and the California Special District Association for the November 2004 statewide election ballot. The action came after presentations to the board by Chris McKenzie, Executive Director, and Mike Madrid, Director of Public Affairs for the League. *For more, see page 8.*



DOES GOVERNOR-ELECT NOW HAVE VLF BACKFILL PLAN?

Gov.-elect Arnold Schwarzenegger is reportedly considering a replacement revenue source for the Vehicle License Fee, which he pledged to reduce during his campaign. The VLF was increased in June after state officials determined there were insufficient funds in the state general fund to finance what is known as the "VLF-offset," the fee reduction from 2 percent to .65 percent realized by vehicle owners. *For more, see page 7.*



LEAGUE SEEKS NOVEMBER 2003 ELECTION RESULTS

Did your city have a revenue measure on the ballot this week? If so, we'd like to hear from you.

The League is working to maintain a composite listing of city revenue ballot measures, and would appreciate receiving information on your city's election. The list includes the name of the city, the date of the election and the outcome of the election. The list identifies the type of revenue involved in the election (UUT, TOT, parcel tax, etc.) and, if appropriate, any special purpose for which the funds will be used. This information becomes a useful reference for cities that may in future have similar measures before local voters. *For more, see page 6.*

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- Page 8 **CALIFORNIA ALLIANCE PROGRAM DECEMBER 3**

POST-DISASTER DEVELOPMENT EXEMPTIONS

What can homeowners, tenants, business owners, and local officials expect after disasters? The California Senate Local Government Committee prepared the following list of state laws relating to exceptions from the standard requirements for land use and taxation decisions that apply after disasters.

Coastal development: Coastal development permits are not required to replace private structures destroyed by disasters (Public Resources Code §30610 [g]).

Corporation tax losses: With legislative approval after presidential or gubernatorial declared disasters, corporate taxpayers can carry-back and carry-forward their disaster losses; requires legislative action (Revenue & Taxation Code §24347.4).

Developer fees: Local agencies can't charge impact fees for the reconstruction of property destroyed by a natural disaster but they can charge processing fees (Government Code §66011).

Disaster Housing Repair Fund: The State Department of Housing and Community Development (HCD) can loan money from the Disaster Housing Repair Fund (Health & Safety Code §50660.5).

Environmental review: The California Environmental Quality Act (CEQA) statutorily exempts from environmental review:

- Emergency repairs to public works. (Public Resources Code §21080 [a][2])
- Repairs and replacement work after a declared disaster. (Public Resources Code §21080 [a][3])
- Actions to mitigate or prevent an emergency. (Public Resources Code §21080 [a][4])

Fire safe standards: Owners of property in "state responsibility area lands" must follow the State Board of Forestry's fire safe regulations for fuel breaks, roads, signs, and water supplies (Public Resources Code §4290, et seq.).

Natural disaster community assistance: The State Department of Housing and Community Development (HCD) can provide financial assistance to the victims of declared disasters. Priority goes to low- and moderate-income housing and farmworker housing (Health & Safety Code §34050, et seq.)

Natural disaster emergency shelter program: The State Department of Housing and Community Development (HCD) can provide grants to pay for rent vouchers and emergency shelters (Health & Safety Code §34070, et seq.).

Personal income tax losses: With legislative approval after presidential or gubernatorial declared disasters, personal income taxpayers can carry-back and carry-forward their disaster losses; requires legislative action (Revenue & Taxation Code §17207).

Property value assessment: Reconstructing property that was destroyed by a declared disaster is not "newly constructed" property that triggers a new assessment of property value (California Constitution Article XIII A, §2 [b]).

Redevelopment after disasters: The Community Redevelopment Disaster Project Law expedites the creation of redevelopment agencies and project areas after declared disasters (Health & Safety Code §34000, et seq.).

Many legislative staffers contributed research to this memo: William Weber, Assembly Republican Caucus staff; Gayle Miller, Senate Revenue and Taxation Committee; Peter Detwiler, Senate Local Government Committee; Jeff Arthur, Assembly Natural Resources Committee.

For more information on this and other League issues, visit www.cacities.org

RECENT LEGAL ADVOCACY FILINGS

The League would like to provide special thanks to the volunteers listed below who wrote friend-of-the-court briefs and letters for their efforts on behalf of the League. League action and a brief summary of the case appear below. Copies of the filings are available at: www.cacities.org/recentfilings.

Public Attorneys and Conflict of Interest

The League recently filed a friend-of-the-court brief urging the court of appeal to reverse the trial court's conclusion that public attorneys may not represent the city in matters that any attorney in the office was previously involved with prior to joining the city attorney's office even if ethical screens were used. **The League thanks Lizanne Reynolds, Deputy County Counsel, Santa Clara,** for writing the friend-of-the-court brief on behalf of the League.

This case involves whether a public law offices may use internal ethical screens to prevent disqualification from representation where the city attorney, or any staff attorney, has a conflict of interest. The trial court concluded that the entire city attorney's office would be disqualified from representing the city in matters that any attorney in the office was involved in prior to joining the city attorney's office, regardless if ethical screens were used once they became employed in the city attorney's office. The trial court's conclusion would severely curtail the public's access to qualified and experienced legal counsel, particularly in larger cities, and increase the cost of public representation to taxpayers. The name of the case is *City and County of San Francisco v. Superior Court (COBRA Solutions)*, No. A103479 (1st Dist.).

Storm Water Control Authority

The League recently filed a friend-of-the-court letter brief urging the California Supreme Court to hear a case involving the scope of authority regional water control boards have over cities relating to storm water control. **The League thanks Richard Montevideo with Rutan and Tucker** for writing the letter supporting review to the California Supreme Court on behalf of the League as well as a number of joining cities.

The case involves whether a regional water quality control board can require cities to do more than the "maximum extent practicable" to control storm water or whether the regional board needs to comply with CEQA if it is placing obligations on cities over and above the federal mandate. The name of the case is *City of Burbank v. State Water Resources Control Board*, No. S119248, 111 Cal.App.4th 245, 4 Cal.Rptr.3d, (2d Dist. Aug 13, 2003); *modified* 111 Cal. App. 4th 990C, ___ Cal. Rptr. 3d___ (Sep. 12, 2003).

To request friend-of-the-court assistance from the League visit: www.cacities.org/requestamicus.

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"Q&A" ON LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

As reported last week, the League, the California State Association of Counties and the California Special District Association filed a ballot initiative October 30 with the Attorney General's office for preparation of a title and summary. The Local Taxpayers and Public Safety Protection Act (working title) would increase local control over local tax dollars by requiring voter approval before the Legislature removes local tax dollars from the control of local government.

The following set of Questions and Answers ("Q&A") was developed to help answer questions from city officials and others about what the measure would do and why we believe it is needed. This information and more is available on the League's website (www.cacities.org/initiative). If you have additional questions, please contact Mike Madrid at 916-658-8272 or email Mmadrid@cacities.org.

Local Taxpayers and Public Safety Protection Act: Some Questions and Answers

What would this measure do?

The 2004 Local Taxpayers and Public Safety Protection Act would increase local control over

Continued on Page 5

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LEAGUE'S 2004 PROFESSIONAL DEVELOPMENT SCHEDULE NOW AVAILABLE

How can city officials acquire new skills, learn about the latest developments in their professional fields, find out about legislative issues that impact their cities, and exchange innovative ideas on enhanced service opportunities?

By attending a League professional conference. The League is committed to providing quality educational programs, professional development and training for city officials and staff.

Visit the League's website for a complete schedule of upcoming conferences and events. You can view the current program or outline, and use this information to help plan your meeting schedule and budget expenses for the upcoming year. You can even register online.

You can also visit the League-Campus to take advantage of the online courses that are specifically designed to provide our members with the quality programs and information they seek anytime, anywhere. Visit www.cacities.org/ed to view the current classes.

2004 Professional Development Conferences

- Employee Relations Institute: January 22 & 29
- Leadership Team Workshop: January 28-30
- City Managers Department Meeting: Feb. 4-6
- Public Works Officers Institute: March 3-5
- Planners Institute: March 31- April 2
- Mayors & Council Members Basic Academy: April 28-May 1
- City Attorneys Spring Conference: May 5-7
- Legislative Action Days: May 12-13
- Leadership Team Workshop: May 19-21
- Mayors & Council Members Executive Forum: July 28-30
- Mayors & Council Members Academy Workshops: July 30-31
- Annual Conference: September 17-19
- Financial Management Seminar: December 1-3
- Fire Chiefs Seminar: December 1-3
- City Clerks New Law & Election Seminar: December 8-10

LEAGUE BOARD MEMBERS PUBLISH VIEWS ON LEAGUE BALLOT INITIATIVE

On November 2, two days after the Local Taxpayers and Public Safety Protection Act was filed with the Attorney General, the *Orange County Register* ran an opinion editorial supporting the measure by League Board members Bev Perry (Mayor, City of Brea) and Ron Bates (Council Member, City of Los Alamitos).

Entitled "Cities Give, State Takes Away: Let's Change That", the piece said in part:

Is it really a radical idea to let California voters decide whether their local tax dollars should stay at home or be used to finance the growth of state government? We don't think so. That is why we are joining a growing number of local elected officials across our state who think the time has come to let the voters decide this important issue...

During the past decade, the state has taken more than \$30 billion in local property taxes from counties, cities and special districts to meet its obligation to fund schools. Diverting the funds allows the state to keep spending on other necessary things. But even in the budget surplus years of the late 1990s, the state was still taking local property tax dollars to increase the size of state government. That growth came at the expense of local government budgets for police, fire, emergency medical services, parks, libraries, street maintenance and other community services.

..... when the state Legislature this past year had to choose between trimming state services or paying cities and counties the funds that were owed them from the vehicle license fee reduction, legislators told us to wait three years for the promised payment. And, for the second year in a row, Sacramento again "deferred" constitutionally required reimbursements for unfunded state mandates.

We need protection now more than ever as politicians in Sacramento discuss getting rid of the vehicle fee funds or the "backfill," another source of money that's required to keep local governments' budgets whole..... Rescinding the recent vehicle fee increase without providing local governments with another source of revenue will force local service cuts and reductions that will have a direct impact on every resident of this state and our state's economic health.

Continued on Page 7

INITIATIVE Q&A from page 3

our local tax dollars. This measure would let the voters have the final say on proposed actions by the State Legislature that would further reduce local government funding. It would protect the vital local services that California residents rely on each and every day – such as public safety and emergency care, roads, libraries, parks and transportation – by requiring voter approval before the State could reduce funding for local services or shift more costs for state programs to local governments.

Why is this measure needed?

For more than a decade, the California State Legislature has been taking away increasing amounts of local tax dollars that local governments use to provide essential services like police and fire protection, emergency and public health care, roads, parks, libraries and water delivery. In fact, through good times and bad, the State has been taking away billions in local tax dollars each year — forcing local governments to either raise local fees or taxes to maintain services, or cut back on critically needed services.

The system is broken. Voters must act now to protect local services by protecting local revenues from being taken by the State.

When do you plan to put this on the ballot?

How many signatures do you need to qualify?

Officially, we need 598,105 valid signatures to qualify the measure for the November 2004 ballot. We plan to collect a far greater number of signatures to ensure it qualifies and that the voters are given the opportunity to protect their local tax dollars and protect funding for local public safety, health and other essential local services.

Who supports this measure?

The principal sponsors of the 2004 Local Taxpayers and Public Safety Protection Act are the League of California Cities, California State Association of Counties and the California Special Districts Association. Now that we have filed the

initiative, we expect to grow a broad and diverse coalition of public safety and health advocates, taxpayer and business groups, seniors, community leaders and others who all have an interest in supporting the voters' right to protect their local tax dollars and their local services.

Will this measure prevent state fiscal reform efforts?

No. In fact, a key element of State fiscal reform is drawing a clear line in the sand that prevents the State Legislature from using local revenues to solve its problems or as a means of increasing state spending at the expense of local services.

Will this measure raise taxes?

No. In fact, this measure will help decrease pressures for local fees and taxes by protecting local revenue sources from state legislative raids.

Does this measure increase revenues to local governments?

No. It simply prevents the State Legislature from further taking local government revenues without a vote of the people.

How will the new Governor respond to this?

Don't you think you should first give him a chance to correct the fiscal problems of the state?

First, we would like to thank the Governor-elect for his positive statements in the media and during his campaign and his pledge to protect local services. We look forward to working with Governor Schwarzenegger to achieve his stated goal of protecting local governments and allowing local governments to provide the services that CA residents rely on every day.

The fact is, however, the voters deserve to have the final say on state actions that will erode their local tax dollars and local services – no matter who is the governor and what the composition of the legislature.

Continued on Page 6

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INITIATIVE Q&A from page 5

Why didn't you attempt to recollect lost ERAF property tax dollars?

This measure was intentionally drafted to draw a line in the sand and prevent future state legislative raids of local government funding. While local governments and services are still suffering from the continual state raid of property taxes, given the state of California's fiscal health, we believe a more responsible approach at this time is to "stop the bleeding" at current levels.

Will this measure erode funding for education?

No. This measure does not reduce state funding to schools and does not reduce funding that schools receive from local property taxes.

What about other state programs? Will your measure reduce funding for State programs like roads and prisons?

Again, our initiative simply prevents the State from taking LOCAL revenues without a vote of the people. The state still has flexibility over its own revenues.

Will this measure tie legislature's hands in passing a budget?

No. Our initiative does not tell the state how to spend its own revenues. It simply prevents the State from taking funds that are designated for local governments and local services, or shifting/imposing costs to locals — unless first approved by a vote of the people.

Aren't we just adding to the state's fiscal woes by initiating further "ballot-box-budgeting" that puts restrictions on how they can spend their revenues?

No. The initiative does not tell the state how to spend the state's own revenues (as some propositions have done). What it does do is prevent the state from taking local revenues for state purposes without a vote of the people. It essentially confirms that local tax revenues are for local government services unless the voters decide otherwise.

Does this measure prevent the new Governor or Legislature from rolling back the car tax?

No. It simply ensures that local governments will be kept "whole" through a backfill or some other means. If the legislature and/or Governor want to roll back the car tax without providing backfill to local governments, they are free to do so but must get the approval of the electorate.

ELECTION from page 1

Please forward information on your city's election to Frances Medema at medemaf@cacities.org, so our records will include your results. If you have any informational materials regarding the election you would like to share, please send them to the Lorraine Okabe, League Librarian, at 1400 K Street, Suite 400, Sacramento, CA 95814.

LOOKING FOR CALIFORNIA'S BEST TO FILL A POSITION IN YOUR CITY?

Western City Magazine's job opportunity section is *the* source for job seekers looking for positions in local government. According to our reader survey, the job opportunity section is the best read section of our magazine!

When you place an ad in *Western City Magazine*, it will be posted at no additional charge on our website, which receives over 60,000 hits per month.

Call to place your recruitment ad today!
800 262-1801 or visit our website
www.westerncity.com.

VLF from page 1

During his campaign the Governor-elect frequently promised not to make city and county governments shoulder the financial burden of reducing the VLF to its previous levels. While making the promise, Schwarzenegger never provided any details of how he would keep that commitment, causing understandable concern among local officials who over the years have routinely seen the state take local taxes to fund state services. One example of this has been the twelve-year old practice of shifting local property taxes to a special Educational Revenue Augmentation Fund (ERAF) in each county to be distributed to schools, allowing the state general fund's responsibility for school funding to be reduced and the monies spent elsewhere in the state budget.

The VLF backfill plan would apparently involve the replacement of the lost VLF revenue with a comparable amount of property tax revenues—presumably from the ERAF fund in each county. The plan also would reportedly depend not only on legislative support but also on the abandonment of the plan approved in the 2003 legislative session for financing \$11.7 billion of the state operating deficit known as the "Triple Flip". That plan also relied on the ERAF fund to compensate cities and counties for the loss of 0.5% of the local sales tax.

The Governor-elect also has indicated that he plans to seek legislative approval to place a major deficit reduction plan on the ballot for voter consideration in March of next year. The plan would reportedly be in the \$20 billion range. If approved by the voters, the "Triple Flip" would no longer be needed.

Information available to the League indicates the property tax backfill plan would not take effect until 2004-05, leaving nine months of backfill in the current fiscal year that would be financed through a combination of unanticipated state general fund revenues and program reductions and savings. The following table summarizes the possible features of the plan.

FY 2003-04 (current)

- Lower the VLF to 0.65% effective rate from 2.0% rate.
- Provide backfill payments to cities and counties for 9 months (\$3 billion) from State General Fund (SGF) resulting from higher SGF revenues

(est. at \$1.3 to \$2.0 billion) and program savings.

FY 2004-thereafter

- Retain VLF at effective 0.65% rate.
- Allocate \$4.2 billion in property taxes to cities/counties from ERAF and backfill schools from SGF from higher revenues than anticipated and savings from other actions.

The Hertzberg Plan

Some news reports have confused the proposed VLF Reduction-Property Tax Backfill Plan with an initiative reportedly being developed by Bob Hertzberg, former Assembly Speaker. This plan would substitute increased property tax shares to cities and counties for the local sales tax (\$4.8 billion statewide) and the total VLF to local governments (\$5.8 billion). Less is known about this proposal, but it would appear to be inconsistent with the other plan because there are not enough property tax funds in each county going to schools to fund both plans.

EDITORIAL from page 4

The Legislature also took \$135 million in local redevelopment property taxes to fund the state budget. Cities could have used that money to create jobs and build housing. So, whether times are good or bad, the state keeps taking money from precious local services and job creation projects.

You're right if all of these budget shenanigans sound like some kind of Rube Goldberg contraption that's designed to hide from taxpayers where their money is going. We believe that this kind of action has to stop. That is why we support the simple idea contained in the proposed initiative by the League of California Cities: Let voters decide if they want their local tax dollars to continue being siphoned away to support state government.....

Some, of course, want the status quo. Others don't want to change the system because they trust the Legislature or believe things will get better. But cities have been down this road too many times before. We don't have faith in the status quo. We are willing to trust the voters.

Let the voters decide. After all, it's their tax money.

CALIFORNIA ALLIANCE PROGRAM TO EXPLORE RETAIL DEVELOPMENT THROUGH PUBLIC/PRIVATE PARTNERSHIPS

A one-day program on Wednesday, December 3, will explore how the public and private sectors can synthesize community needs and private investment interests, hosted by the California Alliance Program.

The Alliance Program is a cooperative effort between the California Association for Local Economic Development (CALED), California Business Properties Association (CBPA), California Redevelopment Association (CRA), California State Association of Counties (CSAC), Genesis L.A. and the League of California Cities.

The December 3 program will be held at the Renaissance Long Beach Hotel in Long Beach, California, from 8:30 a.m. to 3:00 p.m. Panel discussions will run through out the day, accompanied by a keynote luncheon presentation and a development opportunities forum

Advance registration is open until November 26, 2003, and can be completed by visiting www.icsc.org or by contacting Lauren Landow at 646.728.3635.

RDA from page 1

McKenzie and Madrid informed the CRA board of the four years of research and extensive study that went into the ballot measure that, if approved, will would require public approval before the legislature could take the property tax, sales tax, or VLF (or its successor) away from local governments. The initiative also provides additional protection from unfunded mandates.

Commenting on the Board's action, McKenzie said: "I am delighted to have our colleagues in redevelopment join us in the fight to let the voters decide whether local taxes, including redevelopment funds, should be spent on local or state services. This measure will help us re-establish the separation of sources rule in California that for most of the history of our state distinguished between state and local revenues."

John Shirey, Executive Director of the CRA, indicated the board's action paves the way for active involvement by the association and its individual board members in this critical effort.

Economic Development Handbook

Economic Development, Business Growth & Decline, and The Strategic Planning Process

NEW: A tool to help educate city officials about ways to tackle serious economic policy issues.

Plus:

- Best practices and case studies
- Secrets for developing economic development success
- Tools for understanding and analyzing a community's economic base
- Developing and implementing a strategic economic development plan
- Benchmarking tools and tips on putting it alltogether.

This publication is available from the League for \$15. There is a ten percent discount on orders of five or more. Questions? Contact League Publications at 916/658-8257 or order online at: www.cacities.org/store.

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ANALYSIS, COMMENTARY & UPDATES
PRIORITY FOCUS
ON LEGISLATION AND POLICY ISSUES THAT AFFECT CALIFORNIA CITIES

November 21, 2003
Issue #45-2003

**Hot Bills
Act Now**

- SB X5 1 (Brulte)
- AB X4 1 (Maldonado)
- SB X4 1 (Poochigian)

Want more details on these and other bills? Log on to the League of California Cities Web site at www.cacities.org/legtracking.

**GOVERNOR ROLLS BACK "CAR TAX"
CITIES URGE LEGISLATORS, ADMINISTRATION TO KEEP VLF
PROMISE TO PROTECT LOCAL SERVICES**

It happened with breathtaking speed. On November 17, almost immediately following his swearing-in ceremony, Governor Arnold Schwarzenegger fulfilled his campaign promise to roll back the "car tax". He issued an Executive Order rescinding the June 20, 2003 letter of the Director of Finance that reinstated the full VLF and eliminated the VLF offset (also known as the "backfill") from the State General Fund. *For more, see page 8.*



**LEAGUE WILL SUPPORT GOVERNOR'S WORKERS
COMPENSATION REFORM PROPOSAL**

On November 18 Governor Schwarzenegger announced a "California Recovery Program", which contained a workers compensation proposal that will decrease workers' compensation costs by an estimated 45 percent and will increase benefits for the most severely injured employees, while also bringing the state's costs closer to the national average. *For more see page 10.*



**SENATOR FEINSTEIN ACHIEVES STRATEGIC WIN FOR CITIES
ON INTERNET TAX**

Senator Feinstein took the Senate floor on November 7th to passionately oppose an expansion of the definition of Internet access included in S. 150, the "Internet Tax Non-Discrimination Act of 2003. In doing so, she once again demonstrated a clear understanding of city finance in California, and the extent to which the expanded definition of Internet Access would result in a loss of badly needed discretionary revenue for cities at a time when they face large budget deficits and continuing uncertainty about state action on other sources of critical revenue. *For more, see page 10.*

- Page 2 LEAGUE CEQA TASK FORCE TO FOCUS ON HOUSING, INFILL DEVELOPMENT
KESTON INFRASTRUCTURE INSTITUTE RELEASES SURVEY
ENERGY COMMISSION ADOPTS NEW BUILDING EFFICIENCY STANDARDS
- Page 3 LEAGUE BOARD APPROVES KEY NEXT STEPS ON INITIATIVE COURT RULING, MAY LEAD
TO REDUCTION IN VLF RATES
LOS ANGELES DIVISION'S CITY MANAGERS' MEETING HUGE SUCCESS
- Page 4 LEAGUE BOARD MEETING HIGHLIGHTS
- Page 5 LEAGUE LAUNCHES NEW CITIZENS' LEGISLATIVE INFORMATION SERVICE
HEARING DATE UNCERTAIN FOR AB 1160
- Page 6 CONGRESS POISED TO DISCUSS FUTURE OF CRITICAL TRANSPORTATION PROGRAM
- Page 8 CA PUBLIC UTILITIES COMMISSION SOLICITS COMMENTS ON ENERGY EFFICIENCY PROGRAMS

LEAGUE CEQA TASK FORCE TO FOCUS ON HOUSING, INFILL DEVELOPMENT.

The League's board of directors recently approved the formation of a League-led effort to consider changes to the California Environmental Quality Act (CEQA) with a specific focus on streamlining the environmental review process, where possible, for housing and other forms of infill development.

California's population is growing by 600,000 people each year, and California cities are constantly confronted with the challenge of balancing urban development with environmental concerns. Urban infill development is often considered to be an environmentally sound and efficient way to rebuild California for the future. Unfortunately, the CEQA process often imposes unnecessary and costly impediments to needed housing and urban infill projects and can be used by individuals with personal agendas to stifle the public interest.

Although CEQA was designed as an information-gathering process to help public decision makers understand the potential environmental impacts of their decisions, in practice it has become a complex area of the law. The League has asked city officials, city attorneys, economic development professionals, planners and representatives from county organizations, environmental groups, the building industry, redevelopment associations, and school organizations to join the task force and participate in a discussion to determine what changes to CEQA might be considered which would promote infill and housing development while maintaining valuable environmental protections.

The CEQA task force will hold its first meeting on Monday, November 17th, in Sacramento. For more information please contact Dan Carrigg, (916) 658-8222, email dcarrigg@cacities.org, and Jessica Mullan, (916) 658-8243, email jmullan@cacities.org.

KESTON INFRASTRUCTURE INSTITUTE RELEASES SURVEY

The newly formed Keston Infrastructure Institute at USC's Lusk Center for Real Estate has developed a survey to ascertain attitudes and perceptions on infrastructure from stakeholders across the state. Mayors, council members and city managers will be receiving a copy of the survey. It can also be completed either on-line at www.usc.edu/keston or by downloading it and mailing it to the address provided on the survey.

A major objective of the Institute is to increase the public's knowledge and interest in infrastructure issues. The purpose of this survey is to better understand how stakeholders perceive infrastructure: What constitutes infrastructure? How is it defined? Who is responsible for its provision? How important is infrastructure to society? Is infrastructure adequately provided?

The Institute will use responses to help guide future research and policy design.

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ENERGY COMMISSION ADOPTS NEW BUILDING EFFICIENCY STANDARDS

Last week, after months of public comment and technical input, the California Energy Commission adopted updated building standards for energy efficiency in residential and non-residential construction. The standards also update outdoor lighting requirements and are designed to promote energy efficiency and conservation. According to the Energy Commission, the new standards will "...reduce California's energy demand, cut our future energy bills and make our buildings more comfortable." The League has offered to work with the Commission to help in the implementation phase of the adoption process, focusing on ways to educate city officials about the new standards, which go into effect October 2005.

Information about the new Title 24 Energy Efficiency Building Standards is available on the Energy Commission website at: www.energy.ca.gov

LEAGUE BOARD APPROVES KEY NEXT STEPS ON INITIATIVE

Meeting in Newport Beach November 14-15, the League board of directors identified passage of the **Local Taxpayers and Public Safety Protection Act**, the November 2004 ballot initiative cosponsored by the League, as its number one strategic goal for 2004. The board adopted its key policy priorities for 2004 during a meeting with the heads of the League's divisions, policy committees, departments and caucuses, a group collectively known within the League as the "League Leaders".

In addition to giving the ballot measure top billing in its listing of priorities, the board reviewed and approved a recommended budget that contemplates a substantial financial contribution from the League's non-public revenues to the campaign. This will come in the form of both a cash contribution to the campaign as well as an in-kind contribution of staff time, both of which will be financed from non-public (or private) sources of revenue available to the League, a non-profit mutual benefit corporation under state law.

Over the next few months city, county and special district officials will be working with community leaders and members to make passage of the Local Taxpayers and Public Safety Protection Act a key priority of individuals and groups around the state. City officials members who want to help with the campaign on their personal time are urged to contact their regional representative www.cacities.org/ issuesandadvocacy or Mike Madrid, Director of Public Affairs at the League, at MadridM@caciteis.org or 916-658-8273. The League will help you get the information you need to make a difference.

For further information on the ballot initiative, visit the League's website at www.cacities.org.

LOS ANGELES DIVISION'S CITY MANAGERS' MEETING HUGE SUCCESS

City managers throughout the Los Angeles Division convened for their annual countywide meeting on Wednesday, November 5, at the Cerritos Performing Arts Center. It is one of the few opportunities city managers in all of Los Angeles County have for getting together and networking on local issues. This year's meeting shattered all other attendance records with over 100 registered attendees.

David Janssen, Chief Administrative Officer for the County of Los Angeles, opened the meeting by providing the Division's city managers insight into the County's budget and organizational challenges, short and long-term financial issues, and service changes that will be impacting cities.

The greatest concern of Los Angeles County's is the future of the Vehicle License Fee (VLF). Janssen noted that the Governor-elect has promised his constituents that he will roll back the VLF, but at the same time is committed to protecting public safety. "The Governor-elect wants to protect public safety but how will he do it by cutting the VLF?" Other high priority issues in Los Angeles County include the National Pollutants Discharge Elimination System (NPDES) requirements, and workers' compensation and health care reform.

Lobbyist Amy Brown provided the Division's city managers with a legislative update on priority employee relations bills that will be impacting cities throughout California. These bills include: **SB 440** (Burton); **AB 719** (Negrete-McLeod); **AB 1082** (Laird); **AB 1321** (Oropeza); and **SB 2** (Burton); **SB 227/228** (Conference Committee). Brown also provided a report on the League's Health Insurance Work Plan which will serve as a guide for cities that are interested in pulling out of CalPERS Health.

Executive Director Chris McKenzie concluded the meeting with a status report on the League's ballot initiative, emphasizing the importance of city officials raising funds for an effective campaign. "This very moment is one of the most important times in League's history. We have filed the ballot initiative and we will be getting feedback from the Attorney General." The short-term goal for the Los Angeles Division is to raise an additional \$100,000 by the end of 2003.

LEAGUE BOARD MEETING HIGHLIGHTS NOVEMBER 14-15, 2003 - NEWPORT BEACH

Board Members Reaffirm Support for Initiative Ballot Measure; Approve League Contribution. After its Saturday briefing on the final contents of the initiative ballot measure as submitted on October 30 to the Attorney General for title and summary, the board reaffirmed its support for the ballot measure, authorized the Executive Committee to make key ballot measure decisions on behalf of the League until the next board meeting, and authorized a substantial contribution to finance part of the start-up costs of the campaign. The amount will be contributed from non-public revenues the League has been saving over the last several years for this purpose.

League Leaders Set Strategic Goals for 2004: Focus on Ballot Measure; Housing, Jobs and Transportation; and Ethics. The League board of directors set the course of the organization for 2004 when it met with the leaders of the League's divisions, departments, caucuses and policy committees. After breaking board members and other League leaders into eleven separate discussion groups, the directors considered a list of proposed strategic goals in ten categories of concern that had been formulated by the discussion groups. When the board reconvened Saturday morning, November 15, board members cast votes for their top priority goals and three emerged with the highest votes:

- Secure passage to the Local Taxpayers and Public Safety Protection Act in the November 2004 election.
- Expand the Supply of Housing in California In Balance With Transportation and the Location of Jobs.
- Restore Public Confidence in Government, Particularly City Government.

Each of these strategic goals will form the basis for the action plan of the League and each of its subunits over the next year. The board will receive progress reports from subunits on implementation of the plan over the next year.

League Budget Adopted for 2004. The board adopted the League budget for 2004. The League fashioned a budget for the organization that continues the League's full service program and provides support for the League's bold leadership on the Local Taxpayers and Public Safety Protection Act, the ballot measure to protect local government revenues from state raids. Non-public revenues will finance the League's cash contribution and in-kind support for the ballot measure. The approved budget also contains a dues increase of 1.9%, equal to the increase for the past twelve months in the California consumer price index to finance non-ballot measure activities.

League Takes No Position on Proposition 56. The board received the recommendation of a policy committee and presentations from proponents and opponents of Prop. 56, the Budget Accountability Act. This measure will come before voters in March 2004. The board voted to adopt no position on Prop. 56 at this time. If conditions change leading the policy committee or the executive committee to recommend a different League position, the issue will come back to the board at its next meeting.

Legislative Voting Records Reviewed. With the goal of securing increased accountability for their legislative acts, the board reviewed legislators' voting records on key bills in 2004. This information will be featured in next January's issue of *Western City*.

WORKERS COMPENSATION WORKSHOPS OFFERED IN DECEMBER

The Public Entity Risk Institute (PERI) will hold two free worker's compensation liability workshops in December: one in Walnut Creek on December 2nd and the second in Anaheim on December 4th.

For more information and online registration visit www.riskinstitute.org or call (702) 352-6339.

LEAGUE LAUNCHES NEW CITIZENS' LEGISLATIVE INFORMATION SERVICE

With recent legislation such as last year's AB 1866 (Wright) and this year's AB 1160 (Steinberg), local residents are beginning to ask their city officials and the League staff how they can remain better informed about legislation that attempts to limit local land use authority or remove public participation or the ability of local communities to make land use decisions which reflect the unique issues in their communities. Many residents believe that they have been "left out of the (information) loop" and have no opportunity to voice their opinions on key legislative issues affecting their communities.

In response to this problematic legislative trend, and in an effort to provide information directly to residents about significant pending legislation, the League will be launching a new webpage linked to its existing Housing, Community, and Economic Development page entitled "Citizens for Local Control" (CLC).

The goal of this webpage, along with the development of a periodic newsletter that can be sent via e-mail to interested individuals and resident organizations, is to create an information service tailored to inform California residents that are active in local affairs about significant pending state legislative proposals, budget issues, or other matters affecting the ability of California cities (and the residents they are accountable to) to address land use issues and provide services at the local level in a manner which reflects unique local issues and priorities. This information page will be oriented to serve the interests of citizens that regularly attend local council meetings, or are active in local community groups, recreational programs, neighborhood associations, and other community activities.

We hope that the CLC information network will become a valuable information tool to keep these active citizens up to speed on the progress of important legislative issues affecting their cities.

For your interested residents, the new webpage and CLC email database will be active in several weeks at www.cacities.org/cclc. Please contact Jessica Mullan, League policy analyst at (916) 658-8243, jmullan@cacities.org if you have any questions about this new project.

HEARING DATE UNCERTAIN FOR AB 1160 CITIES URGED TO CONTACT LEGISLATORS

AB 1160 (Steinberg) is an unprecedented effort by the state to dictate the specifics of local 2nd unit housing ordinances and remove the public from the local land use decision-making process. This measure is a follow-up to last year's AB 1866 (Wright), which required all second unit applications to be ministerial.

When AB 1160 was made a two-year bill, the prospect of an interim hearing was discussed to discern whether there are in fact problems with existing local second-unit ordinances that would merit this level of intrusion into local land use authority. Although the tentative date of November 18th was discussed the hearing never materialized. At this point it is unclear if a hearing on the bill will occur before January, when the author must either move the bill out of the Assembly, or it will be dead for the session.

This is promising news and suggests that city efforts are making a difference by encouraging legislators to think twice before further restricting local land use authority so soon after cities have just finished updating their ordinances to reflect the changes imposed upon them by AB 1866.

But this is no time to relax. Cities should continue to talk to their legislators and members of the Assembly Housing Committee about the legislation's flaws.

Cities can help fight AB 1160 by:

1. Getting on record in Opposition to AB 1160 – If your city has not yet opposed this bill, you need to do so ASAP. Send a letter to your Legislator and the members of the Assembly Housing and Community Development Committee sooner rather than later.
2. Follow-up – If your city has opposed AB 1160 already, keep up the good work. Pick up the phone to make a follow up call to your legislator to emphasize the concerns that you *continue* to have with the bill.

A sample letter and talking points on AB 1160 are available at www.cacities.org/hced. A list of the Assembly Housing and Community Development Committee members can be located at this site as well. For more information contact League Legislative Representative Dan Carrigg at (916) 658-8222, email: dcarrigg@cacities.org, or Jessica Mullan at (916) 658-8243, email: jmullan@cacities.org.

7A-26

CONGRESS POISED TO DISCUSS FUTURE OF CRITICAL TRANSPORTATION PROGRAM

The federal Transportation Equity Act for the 21st Century, commonly referred to as TEA-21, was set to expire on September 30, 2003, but House and Senate leaders reached an impasse on the question of overall funding levels for the program and the mechanism by which transportation spending will be financed. Since an agreement on a multi-year authorization bill could not be reached, Congress approved a short-term extension of TEA-21 (P.L. 108-88) that ensures that all transportation projects receiving federal funds will be financed at 2003 spending levels through February 24, 2003. Additional time will allow Congress to evaluate and modify the Bush Administration's proposed multi-year authorization bill, the Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003 (SAFETEA), which was introduced in legislative form in both the House and Senate (H.R. 2088 and S. 1072 respectively).

The Bush Administration Proposal - SAFETEA
SAFETEA, which was unveiled earlier this year and discussed in numerous committee hearing since May, outlines a \$247 billion plan for reauthorization of TEA-21. Under the proposal, the Revenue Aligned Budget Authority (RABA) calculations have been modified in an attempt to create more certainty about funding levels each year. In addition, the proposal creates a new core funding category within the Federal-Aid Highway program dedicated to transportation safety and seeks to consolidate a number of other existing safety programs related to the Surface Transportation Program safety set-asides and traffic safety and associated grants administered through the National Highway Traffic Safety Administration. The proposal eliminates Surface Transportation Program set-asides for safety to be replaced by a new Highway Safety Improvement Program.

SAFETEA also seeks to make several substantive changes and realignments within the federal transit program, in project areas such as New Starts. Other changes within the federal transit program may subject some of the programs within the federal transit program to the funding uncertainty inherent in the annual appropriations process because they would be supported by general fund revenue rather than the TEA-21 guaranteed funding streams they'd enjoyed previously. SAFETEA continues the CMAQ program and increases its funding. In addition, the proposal expands project eligibility and criteria and revises the funding allocation formula to reflect the extent to which

jurisdictions meet federal air quality standards. Tax benefits and incentives to curtail pollution and an expanded timeline for states to demonstrate that transportation and air quality plans conform have also been included in the Administration's proposal. A six-month statute of limitations for appeals related to environmental documentation is part of the SAFETEA proposal along with an outline of the timelines state agencies must meet when making decisions related to permits and environmental reviews. Finally, the proposal creates a block grant pilot program that can be used for many of the projects and programs included in SAFETEA.

Recent Committee Action on Reauthorization
Last week, the Senate Environment and Public Works Committee used the Administration's vehicle, S. 1072, to reach a bipartisan agreement on TEA-21 reauthorization (11/12). The amended legislation was accepted by the committee in a bipartisan fashion, 17-2, and provides \$255 billion for surface transportation projects. Controversial environmental concerns and the specific funding allocations for each state were not ultimately included in the bill marked up by the Senate Committee and await consideration on the Senate floor. A number of other amendments to the underlying bill however, were accepted during the markup and S. 1072 now includes some significant differences from the Administration's SAFETEA proposal.

On November 19th, the House Transportation and Infrastructure Committee Leaders introduced the Transportation Equity Act: A Legacy for Users (TEA-LU), which is a six-year (2004-2009), \$375 Billion piece of legislation.

No further action on either the House or Senate version of the reauthorization bill is expected until Congress reconvenes in January 2004.

Please visit the League's Transportation and Public Works Issue Page for the recently released draft of the House and Senate Committee bills and the TEA-21 Reauthorization principles and submit your comments on this issue to Jessica Mullan (916.658.8243, jmullan@cacities.org) or Genevieve Morelos (916.658.8254, gmorelos@cacities.org).

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BACKGROUND ON TEA-21

The Transportation Equity Act for the 21st Century, commonly referred to as TEA-21 (P.L. 105-178/ P.L.105-206), became law in 1998 and authorized federal spending to support a wide variety of public works programs related to highway construction, highway safety and transit. Both TEA-21 and its predecessor, The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) made innovative policy changes to federal transportation programs that provided state and local agencies with greater levels of flexibility than previous federal transportation initiatives along with critical and generous increases in funding. For instance, funding under TEA-21 (\$217B) was 40% higher than that provided under ISTEA (\$155B). In California, revenue distributed to the state over the past six years through TEA-21 translated to approximately \$3.2 billion annually for core transportation programs. In addition, thanks in large part to changes made through ISTEA and TEA-21, Regional Transportation Planning Agencies (RTPAs), Metropolitan Planning Organizations (MPOs) city and county government and the public at large play a more significant role in the transportation planning process in California.

Key elements of TEA-21 include efforts to improve highway and transit safety, protect the environment, promote accessibility in conjunction with transportation projects and reinforce and expand overall the nation's overall surface transportation network through investment in core federal transportation programs such as the National Highway System, Interstate Highway Maintenance, Surface Transportation, Bridges, Congestion Mitigation and Air Quality Improvement and Federal Lands Highways programs.

In particular, the Act established the Bureau of Transportation Statistics and federal funding was also set aside through TEA-21 to promote seat belt and child safety seat use, to encourage states to adopt more stringent blood alcohol standards and to support road and railway grade crossing safety projects. To protect the environment, TEA-21 continued to address congestion mitigation and air quality as a separate program within the Act and funding was made available for a variety of environmentally friendly purposes such as employer transit subsidy programs, efforts to encourage the use of alternate fuels or vehicles, and bike path/recreational trail improvement and expansion. A pilot program to

support the development of sustainable communities was also included in the Act along with critical environmental streamlining provisions that improve the efficiency of project delivery without undermining important environmental goals. Other provisions of TEA-21 support research at University Transportation Centers and allow surface transportation program funds to be used to make sidewalks accessible for individuals with disabilities, additionally making projects that meet Americans with Disability Act requirements eligible for the 90% federal share. Finally, TEA-21 provided for greater flexibility at the state and local level with regards to planning and in some cases made it easier for states and localities to meet the matching requirements for federal grants. The transportation planning process was streamlined and modified to enhance the role of local officials and the public as well.



EXPERIENCE THE LEAGUE'S E-CAMPUS ONLINE LEARNING PROGRAM FREE

LeaguE-Campus is offering the *Preparing for Advocacy* course free for a limited time.

This overview of advocacy course contains good, solid information to help you become an effective advocate for your city. *Preparing for Advocacy* is the first class in the *Effective Advocacy Series* and includes three additional courses with more in-depth coverage of specific topics related to advocacy. To give you the experience of taking an online course, this sample course is free. View a demo of the course visit www.cacities.org

The League Campus Online Learning Program is committed to providing quality educational programs, professional development and training for city officials and staff. The League Campus includes courses, tutorials, resources and general information, and enables League members to access quality programs and information anytime, anywhere.

The E-campus is currently offering several program courses designed specifically for city officials. Visit the E-Campus Website at www.cacities.org and view the current class listing. Enrollment is open and a free demo for each class is available to preview. LeaguE-Campus enables you to access quality programs anytime, anywhere.

7A-28

BENEFIT FROM THE COUNCIL-MANAGER LEADERSHIP TEAM WORKSHOP

Does your leadership team function as well as you would like it to? Do you sometimes wish you understood your council colleagues better, and they understood you? Would you like to sharpen your negotiating skills to help you accomplish your goals?

If so, the League's Council-Manager Leadership Team Workshop may be just what you are looking for. Now in its 21st year, this unique, intensive, and insightful program is a practical and enjoyable way to improve your abilities — as an individual and as a group — to harness the resources of your team of leaders and accomplish the job you want to do for your citizens.

Two workshops are now scheduled, the first for January 28-30 at Lake Arrowhead, and the second May 19-21 at North Lake Tahoe. Announcements with details were sent to all mayors, council members and city managers. You can also find an announcement on-line at www.cacities.org/ed.

Space is limited, so don't delay in signing up your group. At least three from your team must attend - two elected officials and the manager - but full attendance is far more beneficial, as previous teams have attested by their returning with those who missed out the first time.

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CALIFORNIA PUBLIC UTILITIES COMMISSION SOLICITS COMMENTS ON ENERGY EFFICIENCY PROGRAMS

The California Public Utilities Commission, (CPUC) is soliciting comments and conducting a workshop in order to learn from utilities, program providers, consumers, local governments, manufacturers and others how the CPUC may make the most out of its energy efficiency resource funds and programs in the coming years. Information about the proceeding may be found on the CPUC's website at: www.cpuc.ca.gov/published/rulings/31122.htm.

The next in the workshop series is scheduled for December 15. Comments are due to the Commission by December 5. Cities interested in making sure the Commission has the benefits of their thoughts are encouraged to review the proceeding and submit comments by the deadline.

VLF from page 1

The order also directs the Department of Motor Vehicles to reinstate the General Fund offset to the VLF provided by state law and to refund to taxpayers all overpayments of VLF as a result of the June 20 increase.

The same day, the Governor called an extraordinary session of the Legislature to consider (1) a March 2, 2003 general obligation deficit bond issue; (2) a March 2, 2004 constitutional spending lid; **and** (3) "To consider and act upon legislation relative to funding the offset of the motor vehicle license fee from the General Fund."

The Governor also called two other extraordinary sessions, one to repeal SB 60 (Cedillo), which authorizes illegal immigrants to obtain California drivers' licenses, and workers compensation reform. (See "League Will Support Governor's Workers Compensation Reform Proposal" p. 1.)

Immediate Impact on Local Services

Cities and counties faced an immediate loss of almost 70 percent of their vehicle license fee funds for the rest of the fiscal year — for cities, approximately \$105 a month. Stunned local officials realized that unless the legislature acted immediately on the Governor's request to fund a backfill, they would need to implement budget cuts.

Budget Committee hearings in the Senate and Assembly did little to allay local government concerns. Democratic legislators complained about the lack of details from the Administration on what cuts the Governor would support to fund a VLF backfill, or how he would structure his proposed \$15 billion bond deficit financing bond. Senate President John Burton continued to tell reporters and others that he would wait for the Governor to identify cuts to fund the VLF.

By Friday the question of cuts was still hanging, but Senator Jim Brulte tackled the VLF backfill issue head on by introducing SB X5 1 (first bill, 5th Extraordinary Session), appropriating \$3.625 billion to keep city and counties services funded.

Continued on Page 9

VLF from page 8

The urgency measure does not address the question of cuts.

Next Steps for California Cities

It is vitally important for city officials to contact their legislators and the Governor, and remind them of what an almost 70 percent cut in VLF would mean in lost city services. Please share information with the League about where your city would cut personnel or services; we are using this information in responding to press calls and it's very helpful in discussions with legislators and the Administration.

The League is working with our LOCAL coalition ("Leave Our Community Assets Local") to organize a press conference in Sacramento, possibly timed to coincide with key actions on Senator Brulte's SB X5 1. Participation by police and fire chiefs and officers is particularly important. You will hear more about this press conference through your League regional representative in the days ahead.

Local Actions Urged

It is vitally important during this period for city officials to tell their city story at the local level. The voters strongly support rolling back the VLF. They support Governor Schwarzenegger's action, and will continue to do so. Our goal at this time is to urge legislators and the Administration to **keep the promise made to local government in 1998**, by appropriating the funds needed to protect local services. City officials can help deliver this message, by educating their employees, citizens and the press about cuts the city would have to make if the state fails to keep its promise on the backfill.

Specifically, we ask city officials to do the following:

1. Contact your legislators and the Governor immediately. Tell them what VLF funds in your city, and the cuts that you will be forced to make – or are making — if the legislature does not act quickly to keep its promise to keep these

services funded by passing SB X5 1. (Visit the League's website at www.cacities.org for a city-by-city chart showing the monthly VLF losses to your city. Need a sample letter? Visit the League's Advocacy Center at www.cacities.org/advocacycenter.)

2. Arrange a meeting with your employees to inform them of what the loss of VLF will mean to your city. Inform them of the city's and League's efforts to educate legislators about local services and the possible implications of the cuts. (Remember to keep these sessions informational; you may not ask employees to advocate by contacting their legislators, the Governor, or engaging in other advocacy activities.)

3. Organize a public forum or emergency council meeting to educate your citizens and the press about what the loss of VLF will mean to your city. Explain what cuts the city is forced to consider. Take public comment, and encourage public discussion. As with the employees, inform the public of your city's efforts to educate legislators about the impact of the loss of VLF. Local press coverage can be very important in telling the story about how important it is to keep city services funded. (Remember that you can only inform and educate citizens; you may not ask them to write or call their legislators.)

4. Organize a local press briefing to explain the cuts the city is facing. Have a thoughtful, candid, factual conversation; we need reporters and editors to understand what's at stake for city services. Include public safety officials and other department heads to help explain what the cuts mean in terms of specific programs and services.

5. Keep the League informed of cuts that your city is considering. We are attempting to accumulate this information to share with the press, legislators and the Governor. Email information to Megan Taylor, League Communications Director, at mtaylor@cacities.org (telephone: 916.658.8228).

FEINSTEIN from page 1

Feinstein urged her colleagues to also oppose the expanded definition because of the devastating impact the change would have on cities' ability to provide essential services, including public safety services.

In making her case on the Senate floor, Senator Feinstein cited the League's opposition to S.150, as well as the 104 letters she received from California cities individually, asserting that these communications convinced her that the measure as currently drafted is flawed. She reminded her fellow Senators that "cities and counties are where the people are, and they need police and fire and emergency services."

Thanks in large part to Senator Feinstein's efforts, S. 150 stalled and further action on the measure was delayed until the bill's proponents could reach a compromise with Senator Feinstein and others expressing concern on behalf of state and local governments. Negotiations about the bill's future continue, and it remains possible that some form of the bill could be attached to the omnibus appropriations act that Congress will consider within the next week.

As work to develop consensus language continues, Senator Feinstein and several of her allies in the Senate (Senators Voinovich (R-OH), Carper (D-DE), Alexander (R-TX)) held a press conference to further highlight state and local government concerns with the legislation and to "call upon their Senate colleagues to pass an extension of the Internet tax moratorium that does not devastate the budgets of cities, counties and other local governments." As a former mayor herself, Senator Feinstein once again stood by the League, and the now 118 cities her office has heard from on S.150. At the event, she argued that a simple, temporary, two-year extension of the moratorium was the most responsible course of action to take on S.150 given all the confusion with regards to the definition of Internet Access and its application to rapidly changing technology, she argued.

A copy of Senator Feinstein's floor statement (11/7) and her release from yesterday's press

event can be found at the League's federal issues page, www.cacities.org/federal. In addition, a copy of a sample letter, thanking Senator Feinstein for all the hard work she's done on behalf of cities with regards to this issue is available at the federal issues page. Cities that contacted Senator Feinstein over the past month to urge her to oppose the expanded definition of Internet Access are encouraged to follow-up with her and let her know that we appreciate her taking city concerns so seriously. If you have any questions on this issue, please feel free to contact Jessica Mullan at 916.658.8243 (email jmullan@cacities.org) or Frances Medema, 916.658.8218 (email fmedema@cacities.org).

WORKERS COMP from page 1

The reform package is now being fast-tracked through the Assembly and Senate under bills AB X4 1 and SB X4 3, respectively.

The League and the California State Association of Counties have sent legislators a joint letter of support for the proposed workers compensation reforms, which can be viewed on the League's website at www.cacities.org/employeerelations. City officials are also encouraged to send letters of support for the reform package, which includes these elements:

- Enhanced benefits for the most severely injured, once the California's workers' compensation system is brought to the national average in costs.
- Reducing costs to employers by attacking the cost drivers from a multi-pronged approach – through managing medical costs and restructuring indemnity payments.
- Building on and fine-tuning SB 228 and AB 227, the workers' compensation bills passed earlier this year.

For more information, please contact League Legislative Representative Amy Brown at 916.658.8279, email abrown@cacities.org.

Legislative Bill Action

The following are summaries of just a few of the legislative bills that are currently being acted upon by the League of California Cities. For more information about these and other bills, please visit the League website's new "Issues and Advocacy" page (www.cacities.org/issuesandadvocacy) – a one-stop location to access information about legislation, policy issues and related developments. You can track information on bills (www.cacities.org/legtracking), locate legislators and legislative committees, send letters to legislators or the media through the online Advocacy Center, research League policy positions, access useful related links, and much more.

Transportation

ABX3 1 (Benoit). Vehicles. Social Security Account Number. Driver's License and Identification Cards. On November 17, 2003, Governor Schwarzenegger signed a proclamation to convene the legislature for an extraordinary session in order to debate repealing SB 60 (Cedillo) which will become effective January 1, 2004. ABX3 1 and its companion bill, SBX3 1 (Oller), are virtually identical bills that seek to repeal the provisions in SB 60. SB 60 makes several changes regarding the eligibility requirement for an original driver's license or identification card (ID) by allowing persons who do not have legal presence in the United States to be eligible to apply for a California driver's license or ID card, and permitting license applicants to submit a federal taxpayer ID number or other identifier number deemed appropriate by the State Department of Motor Vehicles, rather than a social security number where required by the department. Additionally SB 60 provides for a signed affidavit procedure if the applicant does not have a social security account, and increases fees for specified driver's licenses and deletes fees for senior ID cards.

Additionally, ABX3 1 reinstates the current law that requires an applicant for the issuance or renewal by the Department of Motor Vehicles of a driver's license or identification card to provide his or her social security account number. Current law requires an applicant for an original driver's license or identification card to submit satisfactory proof that the applicant's presence in the United States is authorized under federal law, and prohibits the department from issuing a license or card to a person who does not do so. Existing law also requires the department to adopt regulations including procedures for verifying citizenship or legal residency of applicants for driver's licenses and identification cards.

Staff: Natasha Fooman, **Status:** AsTrans, **Position:** Watch

SBX3 1 (Oller). Vehicles: Social Security Account Number: Driver's License and Identification Cards. This bill and its companion bill, ABX3 1 (Benoit), seek to repeal the provisions in SB 60. SB 60 makes several changes regarding the eligibility requirement for an original driver's license or identification card (ID) by allowing persons who do not have legal presence in the United States to be eligible to apply for a California driver's license or ID card, and permitting license applicants to submit a federal taxpayer ID number or other identifier number deemed appropriate by the State Department of Motor Vehicles, rather than a social security number where required by the department. Additionally SB 60 provides for a signed affidavit procedure if the applicant does not have a social security account, and increases fees for specified driver's licenses and deletes fees for senior ID cards.

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