

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

May 7, 2004  
Issue #18-2004

**Hot Bills  
Act Now**

There are no Hot Bills  
at this time.

**LEAGUE PLANS MEMBERSHIP BRIEFING ON PROPOSED STATE  
BUDGET/CONSTITUTIONAL AMENDMENT PACKAGE  
GENERAL ASSEMBLY SET FOR MAY 13**

Discussions continued this week among the League, our LOCAL Coalition allies and the Administration about the proposed alternative constitutional amendment and two-year state budget package. The League board of directors was briefed on recent developments by conference call on Wednesday, May 5, and they agreed to hold another conference call on Monday, May 10. It now appears that a meeting of the League board scheduled for Saturday, May 8 in the League's Sacramento offices may have to be postponed due to a lack of a quorum, but if this happens an informal workshop for interested city officials will be held instead. City officials should expect further details from the League early next week prior to the May 13 General Assembly meeting. *For more, see page 2.*



**LOCAL LEGISLATIVE ACTION DAYS**

**When: Wednesday & Thursday  
May 12-13, 2004**

**Where: Sheraton Grand Hotel  
Sacramento, CA**

**Also: League Board Meeting and General Assembly**

Legislative Action Days is coming at a critical time in the budget process, following weeks of negotiations with the administration and the legislature over a possible budget agreement that would secure the governor's support for constitutional protection of local revenues, in exchange for two years of state takeaways of local government revenues. Additionally, the governor is expected to release his May Revise to the budget on May 13. *For more, see page 2.*

*Want more details on  
these and other bills?  
Log on to the League of  
California Cities Web site  
at [www.cacities.org/legtracking](http://www.cacities.org/legtracking).*

**Page 2 LATINO CAUCUS WORKSHOPS AT LOCAL LEGISLATIVE ACTION DAYS**

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LEGISLATIVE BILL SUMMARIES**

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**BUDGET from page 1** ..... **LOCAL LEG ACTION DAYS from page 1** . . .

We have appreciated the hard work of all those involved in refining the alternative proposal, including state officials from the offices of the Department of Finance, State Controller and Legislative Analyst, along with our LOCAL Coalition partners with CSAC, CRA and CSDA. Some final details are in the process of being pinned down, and more details will be known soon and will be shared with city officials in the next few days.

Due to the importance of the proposal to the League's number one goal of achieving constitutional protection of local revenues from state raids, the General Assembly of the League will be briefed on it and the status of the LOCAL initiative on **Thursday, May 13, 2004 at The Grand at 1215 J Street, Sacramento** (across the street from the Sheraton) **beginning at 8:30 a.m.** in connection with LOCAL Legislative Action Days. Breakfast will be available beginning at 8:00 a.m. Every city has been notified of this meeting by mail and is urged to appoint a voting delegate and attend.

City officials and their LOCAL coalition partners attending Leg Action Days will:

- ✓ Hear from State Controller Steve Westly and possibly other invited state officials about the state's fiscal situation, and the implications for local governments.
- ✓ Discuss details about the governor's commitment to support a constitutional measure to protect local funds, in exchange for local government support of a \$1.3 billion/year takeaway of local government funds for two years.
- ✓ Talk to legislators about the importance of legislative support for any final budget package agreed to by the LOCAL partners that also includes constitutional protection of local revenues.
- ✓ Participate in events that show local leaders are united in our efforts to protect local services.

If you have any questions about Legislative Action Days, please contact Meghan Meisel at 916-443-0872 or [mmeisel@bickerassociates.com](mailto:mmeisel@bickerassociates.com)

**League Meetings During Legislative Action Days**

The League will hold two meetings during this period:

✓ **A board of directors meeting on Wednesday, May 12, from 11:45 – 12:30** immediately preceding Legislative Action Days. This meeting will be held at **The Grand, located at 1215 J Street**, across the street from the Sheraton Hotel. The purpose of this meeting is to provide the board with additional opportunities to review and discuss the governor's proposal, and prepare for the General Assembly of the League membership the following day. (See below.)

✓ **A General Assembly meeting of the League members on Thursday morning, May 13 at 8:30 a.m.** at **The Grand, located at 1215 J Street**, across the street from the Sheraton Hotel. The purpose of the meeting is to brief the membership on the budget package presented by the governor, and any recommendations from the League board of directors regarding the proposal. Cities are urged to send delegates to this important meeting.

**UPCOMING LATINO CAUCUS WORKSHOPS AT LOCAL LEGISLATIVE ACTION DAYS**

The League's Latino Caucus is offering two special workshop sessions beginning at 8:30 on the morning of Wednesday May 12, preceding the start of the Legislative Action Days in Sacramento. The sequential sessions will cover "Making Workers' Compensation Work for You," and "PERS: A Costly Investment." All are welcome, though seating is limited. For more information, call the Caucus at 916-669-1340, or email to [CalLatinoCaucus@aol.com](mailto:CalLatinoCaucus@aol.com).

## WORKSHOP HELD ON SB 621 (BATTIN) INDIAN GAMING

Implementation issues relating to a new law intended to help mitigate the impacts of tribal gaming on local governments and neighboring communities were discussed on Wednesday, May 5, in a workshop hosted by Assembly Member Jerome Horton, State Controller Steve Westly and the California State Association of Counties. City of Los Alamitos Council Member Fred Freeman, a member of the League's Indian Gaming Task Force, represented the League and California cities.

The new program was established by SB 621, Battin (Chapter 858, Statutes of 2003), enacted last year to establish policies and procedures for the distribution of \$25 million from the Indian Gaming Special Distribution Fund (IGSDF) to local agencies to mitigate the impacts of Indian casinos.

The workshop focused on the June 30, 2004 deadline for local agencies to receive funds from the IGSDF for local projects, among other issues. To receive allocations from the IGSDF, local agencies must work through county Indian Gaming Local Community Benefit Committees, composed of two county representatives, three city representatives, and two tribal representatives.

The workshop also discussed SB 621 cleanup issues. Bills that will be used as cleanup vehicles are SB 3084, AB 3089 and SB 1275.

For more information on SB 621 fund distribution, please visit the State Controller's Web site at [www.sco.ca.gov](http://www.sco.ca.gov).

**Bill Description:** Existing law creates in the State Treasury the Indian Gaming Revenue Sharing Trust Fund and the Indian Gaming Special Distribution Fund for the receipt and deposit of monies received by the state from Indian tribes pursuant to the terms of those gaming compacts and authorizes monies in those funds to be used for certain purposes. SB 621 provides for the allocation of the Special Distribution Fund (SDF) monies estimated at \$25 million for mitigation of tribal gaming with the intent of addressing impacts on local governments and neighboring communities. More

specifically, SB 621 distributes monies into separate Tribal accounts and any project funded requires the approval of a seven member Indian Gaming Local Community Benefit Committee and Tribal sponsorship with consultation from local governments. No project may be approved unless the Tribe has approved and sponsored the project.

## 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](http://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](http://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

**SCA 20 (Torlakson) Motor Vehicle Fuel Sales Tax Revenue.** SCA 20 would authorize the Proposition 42 suspension only if the suspension is necessary because of a disaster, including, but not limited to, flood, fire, earthquake or terrorist attack. In addition, this measure would require a 4/5 vote of each house, rather than a 2/3 vote, to suspend Proposition 42 monies. SCA 20 requires the amount of any suspension to be repaid, with interest, to the TIF within three fiscal years. Finally, this bill automatically transfers the repayment amount from the General Fund to the TIF if the suspended transfer is not fully repaid by the end of the third fiscal year. This bill passed out of committee by a vote of 11-0. **Staff:** Natasha Fooman, **Status:** SenApps, **Position:** Support.

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# Legislative Bill Action

**ACA 29 (Harman) Transportation Investment Funds.** ACA 29 passed out of Assembly Elections, Redistricting and Constitutional Amendments committee on 5/4 by a vote of 4-0. Article XIX B authorizes this transfer to the Transportation Investment Fund to be suspended in whole or in part for a fiscal year during a fiscal emergency pursuant to a proclamation issued by the Governor and the enactment of a statute by a 2/3 vote of both houses of the Legislature if the statute does not contain any unrelated provision. This measure would delete the provision authorizing the Governor and the Legislature to suspend the transfer of revenues from the General Fund to the Transportation Investment Fund for a fiscal year during a fiscal emergency. ACA 29 is intended to protect transportation funding by closing a loophole in the state constitution that allows for the suspension of Proposition 42. **Staff:** Natasha Fooman, **Status:** AsApps, **Position:** Support.

## PUBLIC SAFETY

**SB 1152 (Scott). Ammunition.** SB 1152 will require ammunition sellers to check the identification of ammunition buyers to verify their age. SB 1152 will also require ammunition sellers to maintain a log of individuals who purchase ammunition, allowing it to be checked by law enforcement personnel. Currently, there is no requirement in state law that vendors check the identification of ammunition purchasers to verify their age, thus allowing unsafe materials to get in to the hands of those not qualified to use them. City police departments are the primary providers of public safety services in California and frequently respond to incidents involving firearms. Tracking ammunition sales will help keep ammunition out of the hands of children and criminals, resulting in safer communities. **Staff:** Natasha Fooman, **Status:** SenApps, Hrg. 5/10, **Position:** Support.

## ENVIRONMENTAL

**ACA 10 (Harman). Storm Water Fees. Prop 218.** Several cities have inquired recently about the status of ACA 10, now on the Assembly Inactive File. ACA 10 would include storm water fees in the short of list of exemptions to the public vote requirement under Proposition 218. As a Constitutional Amendment, ACA 10 requires a two-thirds vote in the Assembly and Senate to pass and be placed on the ballot. This means that both Democrats and some Republican members of the Assembly will have to vote "Aye".

Assembly Member Harman is talking with his Republican colleagues to secure enough support to pass the bill. This is a slow, but deliberative process. According to the author's staff, they are committed to moving ahead with the bill, indicating, "We are not letting it go."

Cities should reaffirm their support of ACA 10, especially those cities represented by Republican legislators. And, of course, be sure you've sent your letters of support to the author and the League. **Staff:** Yvonne Hunter, **Status:** Assembly Inactive File; **League Position:** Support.

For legislators' phone numbers, addresses and e-mail please see the League's website ([www.cacities.org/advocacycenter](http://www.cacities.org/advocacycenter)).

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

May 14, 2004  
Issue #19-2004

**LEAGUE GENERAL ASSEMBLY APPROVES NEW  
REVENUE PROTECTION STRATEGY**

Delegates from 273 cities at the League's General Assembly May 13 voted overwhelmingly by voice vote to ratify the recommendation of the League board of directors for a two-part strategy to protect local revenues and reform the mandate process. The resolution adopted reaffirmed the League's continued support for the Local Taxpayers and Public Safety Protection Act (the "LOCAL Initiative") and a proposal by Governor Schwarzenegger of package of local government funding reductions coupled with strengthened constitutional protections for local revenues.

A number of other city officials attended the General Assembly, creating a standing-room-only crowd that cheered the vote of city delegates. *For more, see page 2.*



**SO.....WHAT'S NEXT?**

by

**CHRIS MCKENZIE, EXECUTIVE DIRECTOR**

The resolution approved by the League General Assembly yesterday directs the League to do three things over the next few months: *For more, see page 4.*



**THE MAY REVISE: OTHER IMPACTS FOR CITIES**

The Governor's Budget May Revision included other revenue projections and program revisions of interest to cities. Some proposals that were included in the January budget announcement are unclear. All budget proposals will be subject to legislative review and negotiation. *For more, see page 9.*

**Hot Bills**

**Act Now**

**AB 2406**

(Bermudez). Fire Safety. Position: Oppose.

**AB 2702**

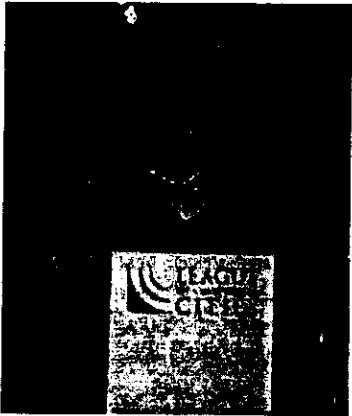
(Steinberg). Housing: second units. Position: Oppose.

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

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**BUDGET from page 1** .....

League President and Riverside Mayor Ron Loveridge opened the session by first presenting an award to Council Member Betty Putnam of Santa Fe Springs for her tremendous individual effort in the



**Santa Fe Springs Councilmember Betty Putnam is recognized for gathering over 1,700 signatures to qualify the LOCAL initiative.**

signature gathering drive for the LOCAL initiative. Putnam single-handedly amassed over 1,700 signatures. In her remarks Putnam expressed her enthusiasm for the LOCAL Initiative and the alternative constitutional measure that the League and its LOCAL partners had negotiated with the governor.

"We need to go forward," she urged the delegates, stating that a

partnership with the governor is the "best possible thing" for cities and local government.

Loveridge framed the issue before the General Assembly, calling it an historic opportunity that was created by the hard work of hundreds of city officials throughout the state working in coalition with their local government partners and dozens of other organizations through the LOCAL coalition.

"This budget package contains cuts that will be deeply painful for cities and our local government partners. But the board believes that the package will help us achieve our number one goal: a constitutional amendment that would end the practice of state raids on local funds," said Ron Loveridge, Mayor of the City of Riverside and President of the League. "We also believe that the governor's commitment to work with us to help pass a constitutional protection measure will be a critical advantage for our campaign."

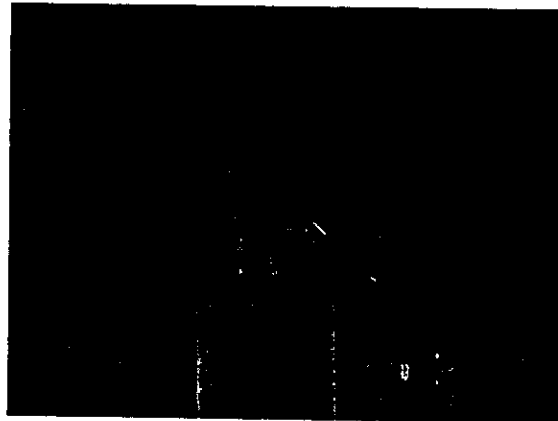
The motion to approve a resolution ratifying the Board's prior approval of the two-part strategy, including the budget/constitutional protection package, was made by League Immediate Past President John Russo, City Attorney for Oakland. Praising city

officials and the work they had done through the LOCAL coalition, Russo declared, "We are united, and the legislature knows it."

Russo outlined the advantages of the package worked out with the Governor as "certainty in what the cuts will be, better mandate protection, and a better chance of winning in November".

Governor Schwarzenegger had proposed the package on April 16 in a conference call with the League Executive Committee. The call came the same day that the League and its local government partners filed over 1.1 million signatures with county registrars to place an initiative on the November 2004 ballot that would strengthen constitutional protections for local revenues.

The budget portion of the package will mean that



**League President Ron Loveridge addresses the General Assembly.**

local governments will lose two years of revenues totaling \$1.3 billion for each year (\$350 million from cities, \$350 million from counties, \$350 million from special districts and \$250 million from redevelopment agencies). What they gain is Governor Schwarzenegger's commitment that he will work with local government officials for passage by the legislature and the voters of an alternative constitutional measure that would prevent any further state takeaways of local revenues needed to fund police, fire, health and welfare and other essential local services.

Additionally, the package would constitutionally guarantee repayment of the VLF Backfill Loan of FY

*Continued on Page 3*

**BUDGET from page 2 .....**

2003-04 to cities and counties in FY 2006-07, and repayment of previously deferred mandate reimbursements to local governments commencing in FY 2006-2007. (See "So...What's the Big Deal?" article. City-by-city breakdown of revenue losses is available at [www.cacities.org/budget](http://www.cacities.org/budget).)

**Governor Schwarzenegger Expresses Personal Commitment**

The General Assembly vote came one day Governor Schwarzenegger spoke of his personal commitment to work for passage of the constitutional protection measure to a roomful of more than 1,000 city officials and other participants at the LOCAL Legislative Action Days General Session.

He thanked local government officials for their willingness to work with him to help the state get back on a sound financial footing. Saying he is "proud of the partnership" he is undertaking with local government, the governor assured the audience that he would work as hard to pass a ballot measure providing constitutional protection of local revenues as he worked to pass Propositions 57 & 58 and workers' compensation reform. "I pledge to you that I will work hard for you... I will do all I can for you this fall, to make sure that we pass this (constitutional protection) measure."



The governor addresses thousands of local officials gathered in Sacramento at LOCAL Legislative Action Days.

The governor's speech was followed by that of State Controller Steve Westly. Westly congratulated the local officials on having submitted the signatures needed to qualify

"We will work together in the future, I guarantee it", he added, "and when we work together, we can do it."

The governor's

**SO.....WHAT'S THE BIG DEAL?**

Those who attended the May 13 League General Assembly were briefed on the elements of the two-year budget and constitutional amendment "agreement" with the Governor that was approved by the General Assembly the same day. Here are the "deal points" of the agreement, for those who could not attend. These elements would be embodied in a constitutional amendment:

- **VLF Repayment.** Require repayment in 2006-07 of 2003-04 VLF Backfill Loan (\$520 million back to cities).
- **VLF Reduction/New Property Taxes to Cities.** Lower the VLF permanently to 0.65% from 2%, and provide property taxes to cities and counties to offset VLF backfill (less \$700 million for 2 years—\$350 million city and \$350 million county).
- **No Future Tax Raids.** Prohibit the state from taking the property tax, sales tax, and the remaining VLF of local governments.
- **Mandate Reimbursements.** Require payment of deferred mandate reimbursements to local government, beginning in 2006-07.
- **Automatic Repeal of Mandates.** Require that failure to pay mandate reimbursements in timely way will trigger repeal of law imposing mandate.
- **Property Tax Backfill.** Guarantee payment of the property tax backfill to cities and counties due to the Prop. 57 "triple flip" (which suspended ¼ cent local sales tax).
- **Sales Tax Returned.** Guarantee that the Bradley-Burns sales tax is restored to the full rate when the Prop. 57 bonds are repaid.
- **No Property-Sales Tax Exchange.** Oppose addition of property-sales tax exchange.

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Continued on Page 5

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**WHAT'S NEXT? from page 1.....**

- Proceed with our campaign plan to secure voter approval of the *Local Taxpayers and Public Safety Protection Act* (the LOCAL Initiative) on the November 2004 ballot, including the fundraising and other activities to support its success.

- Work with the governor and legislature to achieve legislative passage of an alternative constitutional amendment that provides equivalent or better local revenue and mandate protection in conjunction with a two-year budget package, costing local governments \$1.3 billion per year.

- If the alternative is passed by the Legislature, campaign with the governor to get it passed in November. If the alternative fails to receive legislative support, campaign exclusively for the passage of the *Local Taxpayers and Public Safety Protection Act*.

First, we will stick with our campaign plan to pass the LOCAL Initiative. This requires a focus on fundraising for the only constitutional amendment we can be sure will be on the ballot in November. It also strengthens our partnership with the governor at the same time to secure legislative passage of the alternative constitutional amendment. When we know whether the legislature will join us in approving the alternative, we will make our choice on which measure to devote our exclusive attention. Funds raised for the LOCAL Initiative can be spent on the alternative constitutional measure if the legislature places it on the ballot.

Based on this member-approved strategy, here is what we ask from you:

**1. Join the Campaign Fundraising Team.** Help raise the funds to qualify the LOCAL Initiative or the alternative with the governor. Everyone can help with this. Go to [www.protectlocalservices.com](http://www.protectlocalservices.com) for information on how to donate or contact your Regional Representative at [www.cacities.org/ reps](http://www.cacities.org/ reps).

**2. Fight for the Alternative.** We have 6 – 8 weeks to get the alternative constitutional amendment through the legislature. It is being drafted right now, but it should be introduced in the near future. Go to the advocacy center at [www.cacities.org/advocacycenter](http://www.cacities.org/advocacycenter) for a sample letter to your legislator.

**3. Help Win In November.** Achieving constitutional protection of local revenues and mandate reform on the November 2 ballot is our goal. Contact your Regional Representative at [www.cacities.org/ reps](http://www.cacities.org/ reps) to help.



**ORANGE COUNTY FUNDRAISING EVENT  
ACKNOWLEDGES LOCAL EFFORTS**

A Californians to Protects Local Taxpayers and Public Safety fundraiser was held on Thursday, April 29, in Orange County. Approximately 100 elected officials, city managers, city employees, and local businesses attended the event at Joe's Garage in Tustin. Speakers included Council Member Richard Dixon, Lake Forest; Past League President John Russo; and League Executive Director Chris McKenzie. Singled out for special attention were Council Member Richard Dixon, Lake Forest; Council Member Patsy Marshall, Buena Park; Mayor Pro Tem Lou Bone, Tustin; and Mayor Peter Herzog, Lake Forest for their fundraising efforts.

The Orange County fundraiser also included the opportunity for guests to take part in a silent and live auction as well as a raffle of various donated gift baskets by city councils from the following cities: Anaheim, Brea, Buena Park, Cypress, Fountain Valley, Fullerton, Huntington Beach, Irvine, La Habra, La Palma, Laguna Hills, Laguna Woods, Lake Forest, Los Alamitos, Newport Beach, Orange, Rancho Santa Margarita, San Clemente, Santa Ana, Tustin, Villa Park, Westminster and Yorba Linda. Other donated baskets came from local businesses including Sunset Properties, The Planning Consortium, and Sole Technology.

## UPDATE ON HOUSING ELEMENT LEGISLATION: AB 2158 AND AB 2348

Two consensus housing bill have emerged following more than nine months of negotiations involving the League, interested legislators, the Department of Housing and Community Development (HCD), housing advocates and other interested parties.

The bills are AB 2158 (Lowenthal), with reforms to regional housing needs assessment (RHNA), currently on the Assembly Third Reading File; and AB 2348 (Mullin) which focuses on HCD housing element reviews, permitted use, and density bonus law. AB 2348 is currently on the Assembly Appropriations Committee Suspense File.

The League has worked over the past several years to reach consensus with key stakeholders to develop comprehensive reforms to the housing element process. Negotiations sponsored by Assembly Members Lowenthal and Wiggins were conducted during 2002 following the legislative defeat of SB 910 (Dunn), which sought to penalize cities that did not have an HCD-approved housing element as part of their general plan. More recently HCD convened a Housing Element Working Group (HEWG), with League representatives playing an active role in discussions.

The League board of directors has for the second year focused on housing as one of its three strategic goals. Among the League's priorities for housing element reforms are:

- Reducing conflict between state, regional and local governments over the development and distribution of regional housing needs numbers.
- Improving the housing element review process at HCD, specifically related to disputes over land inventories, adequate sites, and accounting for rehabilitated units.
- Allowing communities producing housing to self-certify their elements.

A detailed analysis of AB 2158 and AB 2348 is available on the League Housing and Community Development web page at [www.cacities.org/hced](http://www.cacities.org/hced).

## THE DEAL from page 3 .....

- **Governor to Chair Campaign.** Governor advocates legislative approval of the proposed amendment and serves as chairman of the campaign to secure voter approval in November 2004.

- **LOCAL Initiative Still on Ballot.** The *Local Taxpayers and Public Safety Protection Act* remains on the November 2004 ballot in the event legislature does not approve "agreement". If legislative approval were secured, the League and the LOCAL Coalition would devote all of our efforts to passage of the new constitutional amendment.

### SENATOR ACKERMAN TO SUCCEED BRULTE AS MINORITY LEADER

Senate Republicans unanimously elected Senator Dick Ackerman, R-Fullerton, as the new minority leader Monday to succeed Senator Jim Brulte, R-Rancho Cucamonga. Senator Brulte is termed out in November, and has been widely quoted as eager to promote a "smooth transition" in his party's leadership.

Senator Ackerman spent 12 years on the Fullerton City Council and two terms as mayor before winning a state Assembly seat in a special election in 1995. He was elected to the Senate in 2000. In his first session as a Senator, Ackerman served as vice-chairman of the Senate Committee on Budget and Fiscal Review. He has also served on the Senate committees for the Judiciary, Housing and Community Development and Local Government. Promoting economic growth, reducing crime and protecting consumers are among his legislative interests.

## MORE ON THE BUDGET: TRANSPORTATION

The Governor's May revision to the budget brought some good news on the issue of transportation funding. While his January budget proposed the suspension of the 2004-05 Proposition 42 transfer with no repayment, the May revise indicates that due to the availability of anticipated one-time tribal gaming revenues, the earlier proposed FY 2004-05 suspension of payments will be converted to a loan to the state, and repayment of the outstanding General Fund obligations will be accelerated.

The May Revise proposes to provide \$383 million for transportation purposes, of which \$243 million will be transferred from the General Fund to the Traffic Congestion Relief Fund (TCRF) and an additional \$140 million from the estimated 2004-05 "spillover" revenues to the TCRF.

The proposed \$383 million for transportation would be allocated as follows:

- \$184 million to the State Highway Account for State Transportation Improvement Program (STIP) projects
- \$163 million to Traffic Congestion Relief Projects (TCRP) and
- \$36 million to the Public Transportation Account

The May Revision also includes \$163 million in expenditures for the 2004-05 costs of projects with existing allocations. The 141 TRCP projects will be allocated based on a review of projects by the Business, Transportation and Housing Agency (BTHA), in cooperation with the CTC based on the following criteria: 1) Economic impact, including job creation, 2) Impact on goods movement, and 3) Leveraging of local, federal and private funds.

Further, the Administration proposes to continue to support the change proposed in the January budget in accounting from accrual to cash of the local obligational authority because this change will free up additional resources on a one-time basis.

However, as implementation has moved forward, it has become clear that the anticipated level of resources available to move to the General Fund will not be realized, primarily due to lack of federal access to apportionments, delayed federal reauthorization, and the complexity of matching apportionments to projects. It is still likely that roughly \$200 million will be available from this effort. Accordingly, the Administration is modifying its Mid-Year request to retain the benefit of these efforts with transportation, rather than accruing any of the benefit to the General Fund.

The League greatly appreciates the Administration's commitment to transportation and the significant improvement from the January Budget. However, it is important to note that the proposal does not include any funding for cities and counties for local streets and roads rehabilitation — meaning a loss of an estimated \$180 million-plus for 2004-05 on top of the \$188 million loss in 2003-04.

During a briefing on the May Revise from Secretary Sunne McPeak with the Business, Transportation and Housing Agency questions were raised about the allocation of future revenues, should they become available, and whether the Administration would abide by the Proposition 42 formulas and dedicate monies to local streets and roads. The response was "that if there is additional one-time money from the Indian Gaming negotiations the \$1.383 billion loan due in 2005-06 would be accelerated to 2004-05 and the Administration realizes that local streets and roads funding remains important."

**For more information on this and  
other League issues, visit  
[www.cacities.org](http://www.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](http://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](http://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.

## ENVIRONMENTAL

**SB 999 (Machado). Air Quality. San Joaquin Valley Air Pollution Control District.** As amended May 3, **SB 999** would make significant changes to the composition of the governing board of the San Joaquin Valley Air Pollution Control District, including both the number of and type of city representation on the board. Currently, the eleven member governing board consists of one county supervisor from each of the eight counties in the district and three city representatives, representing small, medium and large cities, rotating between the northern, central and southern part of the district.

The proposed new governing board would consist of the fifteen members representing the following:

- Seven members appointed by the supervisors of Fresno, Kern, Merced, San Joaquin, Stanislaus and Tulare counties;
- Five city members, appointed by the city councils of Fresno (two members), Bakersfield, Modesto and Stockton;
- Three public members with specified qualifications.

The author's office indicates that the new governing board structure was designed to reflect the current demographics of the valley which is becoming more urbanized and less agriculturally based. The author's office also indicates that they are willing to talk with cities to explore alternative governing board structures that could involve smaller and medium sized cities, but still maintain the goal to reflect the evolving new demographics of the Valley.

No hearing date has been set for **SB 999**. Interested cities should review the bill carefully and send their comments to the author. This is an issue

which the League's Central Valley and South San Joaquin Valley Divisions should review and debate and in which they should become engaged. Traditionally, on regional bills like this, the statewide League does not take a position until the cities and divisions involved adopt a position. **Staff:** Yvonne Hunter; **Status:** AsApps; **Position:** Review and Comment.

## HOUSING AND LAND USE

**AB 2702 (Steinberg). Housing: second units. Passes Assembly Appropriations on a 13-7 Vote:** **AB 2702**, legislation sponsored by the California Association of Realtors and housing advocacy groups which mandates numerous standards for local second unit ordinances, passed the Assembly Appropriations Committee on Wednesday. The measure now moves to the Assembly Floor where it must be voted on before May 28<sup>th</sup>.

The Appropriations Committee vote was as follows: Ayes: Chu, Berg, Calderon, Corbett, Correa, Firebaugh, Goldberg, Leno, Negrete McLeod, Oropeza, Ridley-Thomas, Wesson and Wiggins; Noes: Bates, Daucher, Keene, Nation, Pavley, Runner, and Yee; Not Voting: Haynes. Members voting "No" should be thanked. An "Aye" vote on this measure should result in a conversation with the legislator, since legislators will have another opportunity to vote on the Assembly Floor.

The legislation remains severely flawed. Policies in this bill such as those limiting local ability to prohibit absentee-landlord duplexes to be created in single-family neighborhoods, reducing parking standards, dictating irrational minimum lot and unit sizes regardless of lot dimensions have already provoked a reaction from residents. Furthermore, the mandated densities for housing on school sites

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## Legislative Bill Action

provision in this bill not only usurps local zoning authority, it represents irresponsible planning, with no appreciation or understanding of location, traffic, site conditions, or other local issues.

Over 60 cities have sent letters of opposition to this legislation: Agoura Hills, Alhambra, Antioch, Atherton, Bellflower, Belmont, Brea, Camarillo, Campbell, Chino Hills, Chula Vista, Clayton, Coalinga, Concord, Coronado, Costa Mesa, Culver City, Cypress, Daly City, Elk Grove, Fremont, Hercules, Lafayette, Lakewood, Lake Forest, Malibu, Monterey, Monterey Park, Moorpark, Moreno Valley, Napa, Oakley, Ontario, Orinda, Pacific Grove, Palos Verdes Estates, Pasadena, Pleasanton, Rancho Cucamonga, Redwood City, Riverside, Rolling Hills Estates, Roseville, San Luis Obispo, San Mateo, Santa Clara, Santa Monica, Santa Rosa, Scotts Valley, Seal Beach, Selma, Sierra Madre, Signal Hill, South San Francisco, Sunnyvale, Thousand Oaks, Torrance, Walnut Creek, Westlake Village, Yucca Valley

City officials can help on this bill in the following ways:

- Writing and calling their legislators PRIOR TO THE ASSEMBLY FLOOR VOTE.
- Informing local resident organizations about the bill, including the League's Citizens for Local Control (CLC) information network. [www.cacities.org/clc](http://www.cacities.org/clc)
- Writing a letter to the editor of the local newspaper to increase awareness. (Sample on League website at [www.cacities.org/hced](http://www.cacities.org/hced).)
- Having a conversation with their local Realtor's representative about some of the impacts of this legislation.

Copies of the League's opposition letter, specific comments on the amended language, sample letters, and a list of cities opposed to the bill are available on the League's website. Staff: Dan Carrigg; Status: AsmFlr; Position: Oppose.

### Public Safety

**AB 2406 (Bermudez). Fire Safety.** The League of California Cities asks that you send in **your opposition letters to oppose AB 2406** unless it is amended to: 1) reference "goals" instead of "1710 standards," 2) provide for immunity to cover increased liability, 3) provide for a task force of

interested parties, to work with the State Fire Marshal to define what is a true response time and what are allowable exceptions within the report and 4) include an 18-month phase-in period for reporting by local governments. As amended on May 3, 2004, **AB 2406** would require local governments to report statistical information to the State Fire Marshal to be compatible with the National Fire Incident Reporting System (NFIRS) established by the Federal Emergency Management Agency (FEMA), and include specified information. By increasing the duties of cities, counties and special districts, this bill would impose a state-mandated local program. **AB 2406** would also require the State Fire Marshal to make the report available on the State Fire Marshal Website, and would proscribe specific information to be included in the report. Furthermore, it would require specific information from the State Fire Marshal's report to include, but not be limited to, a comparison of response time and staffing performance objectives specified in Chapter 4 (commencing with Section 4.1) and Chapter 5 (commencing with Section 5.1) of standard 1710 of the National Fire Protection Association (2001 Edition) to all of the following: (1) Each reporting fire department. (2) Average of all fire departments in each county. (3) Average of all fire departments reporting. In addition, **AB 2406** will increase liability for local governments because governments will be measured against an arbitrary unattainable standard of a four-minute response time as set forth by NFPA 1710. This will result in lawsuits where local governments will have to defend themselves based on an unattainable standard, which is an inadequate approach. **AB 2406** has the potential to have *tremendous* fiscal impacts on the state and local governments due to mandated reporting requirements, and also creates a perception that would increase liability for cities and counties.

**Take action immediately. The opposition letter is available to download at [www.cacities.org/legtracking](http://www.cacities.org/legtracking). Please fax completed opposition letters to Mary Ader, Consultant to Assembly Appropriations, fax: 916-319-2181, and the League. Don't forget to cc: the author of the bill, your district's Assembly Member and Senator. Staff: Natasha Fooman, Status: AsApps, 5/19 Position: Oppose unless amended.**

**MAY REVISE from page 1** .....

**Revenues Improve.** On the revenue side, the January sales tax revenues projections for fourth quarter 2003 and first quarter 2004 were below estimates. The anticipated sales tax growth for calendar year 2004 is estimated to be 4.1 percent and in 2005 5.2 percent. Local sales tax revenues vary broadly from the statewide estimate. The Board of Equalization uses the Department of Finance as a benchmark for estimating sales tax quarterly advance payments. This decline in sales tax revenues was more than offset at the state level with projected growth in personal income tax receipts in both FY 2003-04 and 2004-05.

**Transportation, Libraries, COPS.** In addition to the ERAF contributions by cities and local government and the transportation funding changes noted on page 6, some other changes to state funding for local programs were included in the May Revise. The Public Library Foundation, which provides funding for local libraries, suffered a ten percent reduction of \$1,406,000. The May Revise also suggested funds currently set aside for the Citizens Option for Public Safety (COPS) be used to pay mandate claims for Police Officers Procedural Bill of Rights. Any remaining funds after mandate claims are paid would be used for the COPS program. This recommendation appears to be open for negotiation and may be removed.

**Booking Fees.** The May Revise is silent on booking fees, which is assumed to mean that Governor Schwarzenegger continues to support his January proposal that would remove the booking fee subvention and the authority of counties to charge booking fees. There are two bills currently circulating on this issue. SB 1808 would allow for cities to readjust their subvention to actual costs paid in 2002-03 up to a maximum of \$50 million and would then sunset the subvention in 2007. The second bill AB 2467 would require the State Auditor to study the charging and collection of booking fees and the fiscal-impact and concerns of local law enforcement agencies related to the booking fee repeal proposed in the Governor's January budget. Expect a legislative debate on this issue.

**BOE Staffing.** On a positive note, the State Board of Equalization is authorized to restore positions previously cut and fill 55 collector positions. The budget summary noted that these changes would prevent revenue losses of \$2.9 locally for the restored positions and generate \$6.6 million additional with the

filled collector positions, which is certainly good news for cities.

As the legislative hearings begin over the next several weeks, there may be changes to the proposals as outlined. The hearings will be closely monitored and reported in upcoming issues of Priority Focus.

**BUDGET from page 3** .....

LOCAL initiative for the November 2004 ballot, and on the ongoing success of the LOCAL coalition. Westly described local governments as "where the rubber meets the road", providing the services that citizens have come to value and expect from their tax dollars.

"The state must stop using locals as their piggy banks," he said, pledging his support for the protection of local services.

**"Short-term Pain, Long-Term Gain"**

Speaking after the Legislative Action Days session, League First Vice President Pat Eklund, Mayor of the City of Novato said, "The cuts in this package will be painful for cities and other local agencies. But the long term stability and predictability in our revenues will make a huge difference to our communities."

"It means short-term pain for long-term gain," said League Second Vice President Alex Padilla, Council President in the City of Los Angeles. "But we appreciate the governor's leadership and his commitment to help get this measure passed, first by the legislature and then by the voters in November."

"Our next focus will be to work with our legislators to pass this package," said League Executive Director Chris McKenzie. "They play a crucial role in this process. We need their help and support to restore the fiscal stability and predictability to local budgets that is so badly needed by their constituents. We look forward to working with them to achieve this important goal. In the final analysis, however, if the legislature does not agree with the recommended constitutional amendment, we will be united in our continued support for passage of the LOCAL Initiative. We can't lose either way."