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PRIORITY

FOCUS

Analysis, Commentary and Updates on Legislative and Policy Issues that Affect California Cities

February 11, 2005
Issue #6-2005

**Oversight Hearings
on Pension Reform
Proposals:**

- **Senate Budget #4 (Feb. 15)**
- **Assembly PERS Committee (Feb. 16)**

PRESIDENT'S BUDGET PROPOSES CUTS TO VITAL LOCAL PROGRAMS

Local government programs for community development, housing and public safety could be significantly impacted by the FY 2005 budget proposal released by President Bush on Monday, February 7. The proposal includes elimination of the Community Development Block Grant (CDBG) Program, COPS hiring grants and possible cuts to Section 8 housing. For more see page 2.



UPDATE ON LEAGUE'S PENSION REFORM TASK FORCE

The League's Pension Reform Task Force is continuing to review issues and alternative approaches to respond to the pension reform debate. For more see page 4.



OPR TO ADDRESS SB 18 IMPLEMENTATION ISSUES DRAFT GUIDELINES AVAILABLE FEBRUARY 21

Local officials concerned about how SB 18 (Burton, 2004) might affect their general plans should be sure to review draft changes to the General Plan Guidelines that will be available February 21 on the Website of the Governor's Office of Planning and Research (OPR), at www.opr.ca.gov. For more see page 5.

**Want More Details
on Bills?**

Visit the League of California Cities Website at www.cacities.org/legtracking.

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FEDERAL UPDATE from page 1

The CDBG program is the signature program for cities and counties to create jobs, increase economic development opportunities and expand homeownership. Under the new proposal, CDBG will be consolidated with 17 other programs into a new program, called Strengthening America's Communities Grant Program.

League, NLC Opposes Community Development Proposal

The League **opposes** the elimination of this program because of the importance CDBG brings to the economic vitality of local communities. The National League of Cities (NLC) also denounced the proposal in a joint press held this week in Washington, D.C. with the United States Conference of Mayors (USCM), the National Association of Counties (NACo), and a coalition of local officials and business leaders.

According to NLC, in FY 2004 CDBG created or retained 90,637 jobs. For every one dollar of CDBG funding, approximately \$2.79 in private funding was leveraged for economic development projects like shopping centers and grocery stores. Another major component of CDBG is the ability to expand homeownership and provide affordable housing.

A Double Hit For Community Development in California

Local community development efforts in California already face funding cutbacks as a result of the Proposition 1A budget agreement reached last year with Governor Schwarzenegger and legislative leaders. That agreement calls for redevelopment agencies to contribute to state coffers \$250 million a year during California fiscal years 2004-05 and 2005-06.

City officials are urged to write and call Senators Feinstein and Boxer and their representative to OPPOSE this proposal. Visit the League's Advocacy Center (www.cacities.org/advocacycenter) to access a sample letter. (See related story for additional information.)

Additional Impacts to Public Housing, Public Safety

The budget also indicated that legislation will be proposed to provide public housing agencies with

new flexibility to manage the voucher program "in a way that controls costs." Details are not yet available to explain how this proposal would impact local housing efforts.

Further concerns in the president's budget proposal include the elimination of COPS Hiring Grants, COPS law enforcement Technology Grants, Byrne Justice Assistance Grants, Byrne Discretionary Grants and Juvenile Accountability Block Grants.

While details on many proposals are not yet available, the NLC is gearing up its advocacy program to provide city officials around the country with information and talking points to be used to contacting their representatives. The League will continue to monitor budget developments in Washington and also keep our members apprised of developments.

WRITE AND CALL YOUR REPRESENTATIVES TO OPPOSE ELIMINATION OF COMMUNITY DEVELOPMENT BLOCK GRANTS

City officials are urged to immediately contact Senators Feinstein and Boxer and your representative to tell them how elimination of this program would impact their cities. Specific examples of local impacts are essential to help tell the story. Please visit the League's Advocacy Center (www.cacities.org/advocacycenter) to access a sample letter that you can personalize with information about how your city would be impacted by the president's CDBG proposal.

You can send this letter as an email or fax from the advocacy center. The most effective method, however, is to download and send the letter through "snailmail", using your city letterhead. An even better approach is to **both** send the letter, and for the mayor, a council member or the city manager to call Senators Feinstein and Boxer and your representative to review the impacts this proposal would have on your city.

INSTITUTE FOR LOCAL GOVERNMENT ANNOUNCES LEGACY PROGRAM

Looking for a way to make an enduring contribution to good local government at a statewide level? The Institute for Local Government's Legacy Program is one opportunity.

The Institute (formerly known as the Institute for Local Self Government) is the League's research arm. Founded in 1955, the Institute's mission is to develop forward-thinking resources to assist local officials in their service to their communities.

In 2004, the Institute's board of directors established the Institute's endowment fund as a way of providing individual local officials with a way to support the Institute's ongoing efforts in support of good government at the local level. The Institute's endowment, known as the Legacy Fund, accepts individual contributions, surplus campaign funds and bequests.

Donors to the Legacy Fund will be recognized on the Institute's Website (www.ilsg.org). Other forms of recognition are under discussion and suggestions are welcome.

The Institute's work is focused in four key areas:

- Ethics in public service;
- Housing and land use;
- Fiscal stewardship; and
- Civic engagement and public participation.

For more information about the Institute's work, visit www.ilsg.org or contact the Institute's Executive Director, JoAnne Speers, at 916.658.8233.

**For more information on this and
other Institute issues, visit
www.ilsg.org.**

HELEN PUTNAM AWARDS CALL FOR ENTRIES: CELEBRATING EXCELLENCE IN CITY GOVERNMENT

Does your city have a program that resulted in a more effective delivery of services to the community? Then now is the time to get your deserved recognition by applying for the 2005 California Cities Helen Putnam Award for Excellence. It's an opportunity to thank your employees and collaborators, gain the appreciation of your residents and feel proud of outstanding contributions made to better your city.

The Helen Putnam Award recognizes the excellence of California cities as demonstrated by beneficial innovations, resourceful efficiencies, improved public service and overall enhanced public trust and support.

Categories for the 2005 Helen Putnam Awards

1. Effective Advocacy, Intergovernmental Relations and Regional Cooperation
2. Housing Programs and Innovations
3. Enhancing Public Trust, Ethics and Community Involvement
4. Community Services and Economic Development
5. Planning and Environmental Quality
6. Internal Administration
7. Public Safety
8. Public Works, Infrastructure and Transportation
9. Ruth Vreeland Award for Engaging Youth in City Government
10. League Partners Award for Excellence

To qualify, entries must demonstrate that your city offered a program or service that has proven measurable success within a minimum of one year of actual implementation.

The submission deadline is May 14, 2005. Applications were recently mailed to all cities. The application is also available to download on the League's Website at www.cacities.org/helenputnam.

PENSION REFORM from page 1.....

The debate heated up over the past month as both Governor Schwarzenegger and Assemblyman Keith Richman have proposed constitutional amendments that would require that new state and local public employees participate in defined contribution plans, rather than the defined benefit plans currently in place for most public sector employees.

The task force last met on February 3 during the League's City Managers' conference. Their analyses of issues and possible solutions is being aided by the work of an actuary engaged by the League, who is helping the group analyze the short and long term costs or savings under various scenarios.

The goal of the Task Force is to have a "working draft document" submitted to the League's board of directors for consideration at their meeting in Novato, February 24 and 25.

Input and discussion with all stakeholders is also continuing. Among the parties the League has or will meet with are the chairs of the Assembly and Senate Public Pension Committees, labor, the administration, and the author of ACA 5, Assemblyman Keith Richman.

Two Legislative Hearings on Pension Reform

The Legislature is also reviewing pension reform issues. On February 15, the Senate Budget and Fiscal Review Subcommittee 4 will examine the "Budget Implications of the Privatization of Public Pensions: Defined Benefit v. Defined Contribution". On February 16 the Assembly Committee on Public Employees, Retirement and Social Security will hold a hearing on "The Condition of California's Public Retirement Systems". Both meetings will be held in the Capitol.

CHALLENGE TO CITY'S INTERPRETATION OF ITS GENERAL PLAN

A recent court of appeal ruling has challenged the long-established principle of substantial deference to a local agency's interpretation of its own regulations and policy documents in the CEQA context. The opinion, in effect, renders negative declarations obsolete. As a result, any project with any likelihood of public opposition will be forced to prepare a much more expensive and time-consuming Environmental Impact Report. This would be true regardless of whether substantial evidence demonstrates that significant environmental impacts may actually result.

The League thanks Audrey Williams Pearson of the Office of the City Attorney for the City and County of San Francisco for writing the friend-of-the-court letter in support of review and letter requesting depublication of the opinion. The name of the case is Pocket Protectors v. City of Sacramento.

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!

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www.westerncity.com

SB 18 from page 1.....

The goal of SB 18 is to achieve better protection of Native American sacred sites. The bill promotes early consultation between local governments and Native American tribes at the local general plan stage.

Specifically, SB 18 requires counties and cities to notify and consult with California Native American tribes about proposed local land use planning decisions. Beginning March 1, 2005, counties and cities are directed to send their plan proposals to California Native American tribes that are on the Native American Heritage Commission's contact list, if the tribes have traditional lands within the county or city. Also starting on March 1, counties and cities must allow tribes to request a consultation with local officials before a general plan or specific plan is adopted or amended.

Since enactment of the bill a number of city attorneys have offered technical advice to the League and OPR on issues associated with creating draft guidelines.

OPR Workshop February 25

Following the release of the draft General Plan Guidelines on February 21, OPR will hold a workshop on the draft changes at 9:30 a.m., February 25, at the California State Association of Counties Board Room, 1020 K Street, Sacramento. City officials interested in this issue are encouraged to attend.

City officials with questions or comments about the draft guidelines are encouraged to contact League Policy Analyst Jennifer Lewis at 916.658.8226, email jlewis@cacities.org.

Senate Committee To Hold Oversight Hearing

Implementation issues for cities and counties relating to SB 18 (Burton, 2004) will also be discussed by the Senate Local Government Committee at an oversight hearing on Wednesday, February 16 in the State Capitol.

The committee is holding the hearing to provide an opportunity for state, local and tribal officials to gain a better understanding of the mutual obliga-

tions that SB 18 created.

League Legislative Director Dan Carrigg will testify at the hearing. Other witnesses are:

- Jan Boel, Chief Deputy Director, Governor's Office of Planning and Research
- Larry Myers, Executive Secretary, Native American Heritage Commission
- Dennis Barry, President, California County Planning Directors Association
- Courtney Coyle, Tribal Attorney, Quechan Indian Nation
- Laura Y. Miranda, Deputy General Counsel, Pechanga Tribe

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HOUSING FORUMS – SOUTHERN CALIFORNIA

The Southern California Association of Non-Profit Housing (SCAMPF) is holding a number of forums to discuss various issues and concerns relating to housing issues. Some examples that may of interest to city officials:

February 24 – Los Angeles: Getting the Best Bid. This Brown Bag luncheon discussion will focus on how to get the best bid from a general contractor, examine the differences between competitive and negotiated bids, and explore ways to reduce costs and increase efficiencies. **Who should attend:** Executive Directors & Sr. Housing Development Staff. For question on how to register, please email shernandez@scanph.org or click on the workshop's name to download registration form.

May 23-25, San Francisco. Four days of interactive learning with practitioners who are making tracks in urban communities across the nation. Network with hundreds of professionals as we navigate the highs and lows of restoring neighborhood commercial districts. Conference information will be available at www.lisc.org beginning November 1, 2004.

For information on these and other SCAMPF forums, please visit their Website at www.scanpf.org.

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COMING UP:

League Board Meeting
February 25 - 26, 2005,
Novato

2005 City Attorneys
Department Continuing
Education Conference

“Current Issues in
Housing and Land Use”

- February 24, 2005,
Newport Beach
- February 25, 2005,
Oakland

**Want More Details
on Bills?**

Visit the League of
California Cities
Website at
[www.cacities.org/
letracking](http://www.cacities.org/letracking).

IRS RULES WILL AFFECT LOCAL GOVERNMENT GASOLINE PURCHASES

State or local government and non-profit educational organizations may no longer be able to use credit cards to purchase gasoline at a tax-excluded price as a result of recent IRS regulations due to effective on March 1. *For more see page 2.*

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GOVERNOR WITHDRAWS PLAN TO RESTRUCTURE 88 BOARDS AND COMMISSIONS

In a surprise, but not entirely unwelcome move, the governor formally withdrew his plan to abolish or turn into departments, eighty-eight independent boards and commissions. *For more see page 3.*

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BUILDING STANDARDS COMMISSION TO REVIEW STATE MODEL BUILDING CODES

The California Building Standards Commission (CBSC) has decided to reexamine which of two model building codes should serve as the basis for the California Building Standards Code: the International Building Code, produced by the International Code Council (ICC); or the NFPA 5000 Building Code, produced by the National Fire Protection Association. *For more see page 3.*

IN THIS ISSUE.

Page 2 **GOVERNOR TO SPONSOR FLOOD CONTROL AND STORM WATER FEE
LEGISLATION**

GOVERNOR TO SPONSOR FLOOD CONTROL AND STORM WATER FEE LEGISLATION

The administration announced this week that "the governor has given his full support to sponsor three bills" to deal with flood control issues, including exempting storm water fees the 2/3 vote requirement of Proposition 218. This exciting announcement culminates several months of quiet behind the scenes lobbying by several local government and other groups, including the League.

The administration's package will include legislation to address liability and funding related to flood control. Of importance to cities, it will include a constitutional amendment to exempt storm water/drainage and flood control project fees from Proposition 218's two-thirds voter requirement (The current exemptions only apply to sewer, water and garbage assessments).

Assembly Member Tom Harman will be the author of the storm water-flood control/Proposition 218 piece of the package. It is our understanding that the bill initially will cover a flood control exemption, but will be amended to add storm water fees. The language will be similar to that included in last session's ACA 10, carried by Assembly Member Harman. Unfortunately, ACA 10 stalled in the Assembly, since it needed a two-thirds vote to pass. With the governor's support, this year's effort to reach the 2/3 vote threshold is likely to be more successful. If passed, this bill would appear on the next statewide general election ballot, which will be March 2006, unless a special election is called earlier.

The League thanks the governor and Assembly Member Harman for taking on this important legislative effort and for recognizing the need also to include storm water fees in any legislative to address Proposition 218 constraints that they relate to flood control. As soon as more details are available, we'll let city officials know. For more information contact Yvonne Hunter, 916.658.8242, email yhunter@cacities.org.

IRS FUEL REG. from page 1

The regulations have been prepared to implement the American Jobs Creation Act, which was enacted in 2004. The act contained provisions that would change the procedures under which state and local governments (and nonprofit educational organizations) may claim an exemption from federal motor fuel excise taxes and apply for a refund of any taxes paid.

The changes affect only refunds for tax paid on gasoline purchased at retail outlets, but not refunds on diesel fuel. As passed, the tax on gasoline purchased in bulk would continue to be handled as it has in the past.

Under the recently issued IRS regulations, credit card and fleet card companies that have been handling the administration of tax refunds on these types of purchases will no longer be able to do so as of March 1, 2004. As a result, local governments may have to begin collecting information on their retail gasoline purchases so that they can be in position to apply directly for refunds.

The National League of Cities (NLC) is actively lobbying the IRS to extend the effective date to provide Congress with adequate time to pass legislation that will specifically allow fleet card issuers to continue administering refunds. NLC anticipates a response from the IRS in the coming days, and will forward any additional information to its members as it develops.

A background paper with more information on the issue is available on the Federal Priorities page of the League of California Cities' website at www.cacities.org/federal.

Questions regarding this issue can be address the NLC staff Janine Jones-Smith or Nicole Young at jones-smith@nlc.org or young@nlc.org or 202-626-3020.

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

GOVERNOR'S PLAN from page 1

The plan, known as Governor's Reorganization Plan 1 (GRP1), was withdrawn Thursday in a one paragraph, two sentence letter to the Little Hoover Commission. The governor noted that he has "concluded that this proposal will benefit from further review." GRP 2, which proposes to reorganize the Department of Corrections, remains before the Little Hoover Commission and is on track to be submitted to the Legislature.

GRP 1 had become a lightning rod for criticism from a wide range of interest groups who were critical of different aspects of the proposal. While the League did not oppose GRP 1 in its entirety, we did oppose the proposal to abolish the six-member California Integrated Waste Management Board and instead turn it into a department within the California Environmental Protection Agency.

The word on the street in Sacramento and in the Capitol is that GRP 3 is due out within a few weeks, although the time line continues to change. GRP 3 will cover energy, resources and environmental quality – or more specifically, the Energy Commission and Public Utilities Commission, the Resources Agency and the California Environmental Protection Agency. Next to no specific information is available about the proposal, other than that included in the California Performance Review. Unfortunately, the CPR recommendations in this area are short on details. Stay tuned. It promises to be an interesting spring and summer.

CBSC from page 1

In 2003, the CBSC voted in favor of adopting the NFPA 5000 Building Code.

The Coordinating Council for the commission will hold a public hearing on the question in Sacramento on Tuesday, February 22. Key concerns are issues impeding the progress of adopting the NFPA 5000 Building Code, and local government issues regarding the recommendation of adopting the NFPA 5000 for California.

During the 2003 code adoption process, the League supported the International Building Codes,

produced by the International Code Council (ICC). The League plans to testify at the February 22 hearing, and will once again strongly recommend that the commission adopt the International Building Codes for California.

The League's Position

The League believes that the process for selecting building codes should be objective and focused upon providing the highest level of public safety in the most efficient manner possible for both the consumer and construction practitioners. The League's position is that the International Building Codes best achieve this goal. Additionally, there are other substantive reasons that form the basis for the League's recommendation:

- The ICC Building Code is the successor of the Uniform Building Code, which California has used since 1927. Switching to the untested National Fire Protection Association (NFPA) 5000 code would cost cities hundreds of thousands of dollars to retrain fire and building officials, as well as architects, engineers and others complying with California fire and building requirements.
- Local governments will incur substantial costs in order to purchase and update the reference library required by adoption of the NFPA 5000 Building Code.
- The code selection and development process works best when it relies primarily upon the expertise and independence of local and state code officials to make final decisions. It is the League's view that the ICC code development process offers better opportunities for local government participation than does the NFPA 5000 code.
- Finally, a change to the new NFPA Model Codes would take California out of sync with surrounding states, and most of the United States (43 states use the ICC International Building Code and 32 states use the ICC International Fire Code).

An agenda for the February 22 hearing can be accessed at www.bsc.ca.gov. For more information, please contact Stephanie Davis at 916-263-0916 or stephanie.davis@dgs.ca.gov.