

FOCUS

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

April 22, 2005
Issue #16-2005

HOT BILL

SB 1059 (Escutia).
TRANSMISSION LINES.
LAND USE PREEMPTION.
POSITION: OPPOSE
UNLESS
AMENDED.

HOUSE DEFEATS MTBE PROTECTION FOR LOCAL GOVERNMENTS

An attempt to protect local governments from billions of dollars in drinking water cleanup costs was defeated in a House floor vote yesterday of 219-213. The vote was on an amendment successfully offered by California Rep. Lois Capps to strike the Methyl Tertiary Butyl Ether (MTBE) liability waiver provision in the House energy bill, arguing that it violated the 1995 Unfunded Mandate Reform Act. *For more see page 2.*

LEGISLATIVE ACTION
DAYS, MAY 11-12,
2005. SHERATON
GRAND HOTEL, SACRA-
MENTO.

STATE RELEASES REPORT ON MILITARY BASE SUPPORT AND RETENTION

The California Council on Base Support and Retention has released a report identifying actions that the state should take to help support or retain military bases in California. A complete copy of the report is available online at California Office of Military and Aerospace Support website: www.omas.ca.gov. *For more see page 3.*

WANT MORE DETAILS ON BILLS?

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

WESTERN CITY MAGAZINE WINS FIRST PLACE AWARDS

The League's monthly magazine, *Western City*, won two first place awards last week from the California Association of Public Information Officers (CAPIO). *For more see page 2.*

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**LEGISLATIVE ACTION DAYS: WE NEED YOU!
REGISTRATION IS FREE**

**REGISTER ONLINE FOR THE 2005 LEGISLATIVE ACTION DAYS ON MAY 11- 12 IN
SACRAMENTO, CALIFORNIA AT THE SHERATON GRAND HOTEL**

Local government won a great victory last November with Prop 1A. But the League has urgent priorities for 2005: housing, infrastructure and protecting redevelopment funding. The Legislature is reviewing bills affecting all these issues. And the budget is still in play: issues relating to transportation funding are likely to be in play in the budget debates.

Your voice is needed in Sacramento on these and other issues! We continue to press our cause and protect city resources from erosion by other means, and work equally hard to protect the many other authorities and protections cities have that allow us to serve the public as it desires. Our fight is not over!

Be part of the League's annual Legislative Action Days at the state Capitol. Join hundreds of local elected officials and appointed leaders from around the state and urge Legislators to protect our local services. Together with our colleagues in the LOCAL Coalition (Leave Our Community Assets Local) we will succeed in preserving local authority and responsibility.

Plan to have an influential delegation attend and carry the message clearly and emphatically. Bring your elected leaders, public safety leaders, business and community leaders to demonstrate the broad support in your city for protecting funding for locally delivered programs and services. Help get the public attention needed to preserve local services by being part of this impressive conference. Meet one-on-one with legislators in their Capitol offices.

There is **NO REGISTRATION FEE** for this program, but please **REGISTER IN ADVANCE** so we can help coordinate meetings with your legislators, and prepare materials and food for you. Use the attached registration form or register on-line at www.cacities.org/events.

Hotel Reservations

Reserve your hotel room directly with the Sheraton by calling (800) 325-3535 and identifying yourself as part of the League meeting, by faxing the reservation form to the hotel at (916) 341-3600, or mailing the attached form to the Sheraton Grand Sacramento, 1230 J Street, Sacramento, CA 95814.

MTBE from page 1

The League opposes the inclusion of the liability waiver in the energy bill, as MTBE has contaminated drinking water in several locations throughout the state. Currently, the language as passed in the House energy bill would shift the burden of clean up costs from manufacturers to local governments and their citizens.

Following the lively debate over the Capps amendment, the House passed the energy bill on a vote of 249 to 183. The House-passed bill is similar to legislation that was approved by the House-Senate conference in 2003, which died as a result of a Senate filibuster.

The Senate energy bill has not been introduced, but the League will continue to monitor this issue closely. Opposition to the waiver is stronger in the Senate, a factor that contributed to the last Congress' inability to pass an energy bill.

AWARDS from page 1

Out of approximately 100 total entries in all categories, the magazine picked up a first-place award in the Special Publication category. The series "Everyday Ethics for Local Officials" won in the writing category. The *Western City* ethics series was written by the League's research arm, the Institute for Local Government.

Congratulations to the Western City team and to the Institute!

UPCOMING HOUSING FORUMS, EDUCATIONAL OPPORTUNITIES

• **The Hahn University Center at the University of San Diego** will hold the third of a series of housing workshops on **Friday, April 29 from 8:30-11:30 a.m. at the USD Forum B.**

Entitled **Workforce Housing Workshop #3: Creating Programs**, this workshop will include 75 people from the public sector, labor, employers, environmental coalitions, military and the real estate industry (e.g., builders, brokers, farmers). In the workshops, each participant will receive a package of materials about the topic to be discussed and related issues. There is no admittance charge.

The workshop will be the final one in the series before the University hosts a **Workforce Housing Conference on May 17**. For more information, refer to the USD, Burnham-Moores Center for Real Estate, website at www.sandiego.edu/business.

• The **California Redevelopment Association's Redevelopment Institute** provides in-depth, hands-on technical and advanced training for city officials and others who work in the area of housing and redevelopment. This year's institute will be held the week of May 16 - 20 at the Coast Anaheim Hotel.

Courses will address the following areas:

- Advanced Affordable Housing Development
- Basic Affordable Housing Development
- Basic Pro Forma Analysis
- Critical Elements of the DDA/OPA
- Effective Agency Administration
- Effective Negotiating and Deal Making
- Financing Redevelopment: Understanding Public Finance
- Fundamentals of Real Estate Development
- Redevelopment Law

These courses have limited enrollment and a small-forum, adult-learning atmosphere. Because courses run concurrently and sequentially, you may participate in up to three of them. Registration and course descriptions are on-line on the CRA website, www.calredevelop.org click on Seminars, then Redevelopment Institute.

BRAC from page 1

The report notes that its single most important recommendation is one that it believes Governor Schwarzenegger and others have already taken: to work in a bipartisan way, with all concerned parties, to preserve and strengthen California's defense complex.

Council Urges Support for Local Communities

Two recommendations of great importance to local government are that the state should provide assistance to local communities impacted by BRAC throughout the entire BRAC process; and the Council should develop action teams to assist local communities in responding to potential targeting by DoD for closures.

The Council's complete list of recommendations consist of the following:

1. California must present a clear vision of its unique and irreplaceable role in the nation's defense.
2. California must remain a strong partner for the military and work to become an even better one.
3. California must demonstrate that maximizing the national readiness for the threats of the future requires maximizing the use of California unique defense assets.
4. California must preserve and strengthen the regional defense complex that stretches across the Southwest.
5. California must extend and deepen its leadership in developing technological expertise and resident human capital.
6. The state should provide assistance to local communities impacted by BRAC throughout the entire BRAC process.
7. The California Council shall develop action teams to assist local communities in responding to potential targeting by DoD for closures.
8. Should communities be affected by BRAC 2005, California must help them deal with the impact of closure and help them plan for reuse, if necessary.
9. California must remain united in its approach to BRAC 2005 and beyond.

Continued on Page 4

BRAC from page 3

The Council was co-chaired by Leon Panetta, Co-Director of the Panetta Institute and Former Chief of Staff to President Clinton; and Donna Tuttle, Chairman and Co-owner of Elmore Tuttle Sports Group and Former Deputy Secretary of the U.S. Department of Commerce.

Legislative Bill Action
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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.

REVENUE AND TAXATION

ACA 7 (Nation). Local Government Taxation: Special Taxes: Voter Approval. Current law dictates that increases in special taxes are required to be passed by 2/3rds of the voters. The League of California Cities has consistently advocated for more flexibility of revenues at the local level. ACA 7 would provide additional flexibility to locals by changing the threshold for voter approval of special taxes to 55% from the 2/3rds requirement. This is a critical step forward in giving local governments the tools they need to obtain necessary funds to meet the services that the local community requires. Letters should be written to your Assembly representatives, with copies sent to the Assembly Local Government Committee **Staff:** Jean Korinke; **Status:** Assembly Local Government Committee, Hrg. May 4; **Position:** Support.

Legislative Bill Action
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AB 236 (Bermudez). Sales and use taxes: exemptions: fuel and petroleum products: air common carriers. This bill would exempt from state sales and use taxes the gross receipts in excess of \$0.632 per gallon derived from the sale in this state of, and the storage, use, or other consumption in this state of, fuel and petroleum products sold to or purchased by an air common carrier on a domestic flight as specified. The State Board of Equalization estimates that the total loss would be \$130.7 million annually, with the local government and special district portion of this estimated at \$44.1 million. The League is opposed to this measure unless it is amended to limit the impact of this bill to the state portion of the sales tax only. **Staff:** Jean Korinke; **Status:** Assembly Revenue and Taxation Committee, Hrg. May 2; **Position:** Opposed Unless Amended.

AB 500 (LaMalfa) State Mandates. Prior to 2002, the minimum amount of a mandate claim was set at claims in excess of \$200. As a result of AB 3000 passed in 2002, the minimum claim requirement was increased to claims in excess of \$1,000. The League of California Cities opposed this increase as it might limit some local governments from being allowed to file claims for mandate reimbursements that are due to them under law. AB 500 seeks to reverse the 2002 action and reduces the minimum claim level to once again be claims in excess of \$200. **Staff:** Jean Korinke; **Status:** Assembly Local Government Committee, Hrg. April 27; **Position:** Support.

SB 995 (Florez) Tax Exempt Bonds for Tribal Nations. This legislation would exempt from taxation the interest on bonds issued by federally recognized Indian tribal governments located in this state. Currently in California, both state and local governments are eligible to receive tax-exempt bonds. In addition, the Indian tribal governments have access to tax-exempt bonds through conduit revenue bonds process. The conduit process offers the opportunity for public participation and input into the decision to issue tax-exempt bonds. We believe that expanding the eligibility of tax-exempt bonds to Indian tribal governments outside

Legislative Bill Action

of the conduit process might limit the public participation in the process of issuing these bonds. In addition, we are concerned about expanding this state tax subsidy to an entity that is not currently required to comply with critical state laws, as are both state and local governments. **Staff:** Jean Korinke; **Status:** Senate Revenue and Taxation Committee, Hrg. April 27; **Position:** **Oppose**

ENVIRONMENTAL

SB 1059 (Escutia). Transmission Lines. Land Use Preemption. Beware!!! The California Energy Commission may become a new land use-permitting agency in your city if it decides that a high voltage electricity transmission corridor zone (TCZ) should go through your city sometime in the future. Beware again – the Energy Commission could change its mind in five or ten years and decide that the TCZ no longer should go through your city. And, in the intervening years, if SB 1059 is enacted as currently written, your city would be required to amend its general plan twice to be consistent with the Energy Commission's statewide plan, regardless of whether or not the proposed TCZ is consistent with your general plan and zoning and current and future land use projections. Projects proposed within the zone could only be permitted with commission approval. And, beware again – landowners whose property is within a designated area would have little or no certainty as to what they ultimately will be able to do with their property. And, as currently drafted, SB 1059 does not define the width of a TCZ. It could be 1000 feet wide, one mile or three miles wide, resulting in significant impacts on local land use plans and projects.

While the need for a statewide transmission planning process is a serious issue, the solution proposed in SB 1059 would preempt local zoning and results in bad planning at the local level. In doing so, it will have the effect of tying up large swaths of land in these zones for five to ten to twenty years, until the transmission project reaches the Public Utilities Commission, which

has the ultimate authority to approve or disapprove them (including, the ability to preempt local land use authority for a legitimate statewide need).

The bill requires the commission to review its plans periodically and if necessary, de-designate a TCZ. Although periodic review is appropriate, if a TCZ is de-designated, the local agency would be required once again to amend its general plan. This process would impose uncertainty on local governments and property owners about whether, and if so, how and when, land within the zone could be developed, since it would be unclear what the compatible uses would be.

The League, CSAC and RCRC have proposed an alternative proposal that includes a robust upfront collaborative planning process, notification of existing and prospective landowners and a public hearing and comment by the Energy Commission before a city or county could take any action on a project within the TCZ. The local government proposal deletes the preemption problems now in SB 1059.

While some Senate Local Government Committee members expressed concerns about local control, the uncertain impacts on land owners, and potential takings/compensation issues, the bill passed overwhelmingly in the Senate Local Government Committee. The League will continue to work with the author and administration to find a way to allow the state to engage in thoughtful long range planning for transmission corridors without allowing the Energy Commission to become the land use permitting authority in cities and counties.

In the meantime, cities should contact their senators and urge a no vote unless the local land use, planning and landowner issues are satisfactorily address. They should also begin to educate their local business and housing development community about the potential impacts of the bill, and the uncertainty that would result about permissible land uses should it be enacted in its current form. **Staff:** Yvonne Hunter; **Status:**

Legislative Bill Action

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Pending in Senate Appropriations Committee;
Position: Oppose Unless Amended.

WANT TO SEND A LETTER IN SUPPORT OF A LEAGUE POSITION? HERE'S WHO TO CALL:

ASSEMBLY LOCAL GOVERNMENT (7)—
Salinas (Chair), Emmerson (Vice Chair), De La
Torre, Houston, Lieber, Nation, and Wolk. 1020 N
Street, Room 157. Phone: 319-3958.

ASSEMBLY REVENUE AND TAXATION (7)—
Klehs (Chair), Walters (Vice Chair), Canciamilla,
Chu, DeVore, Jones, and Lieber. 1020 N Street,
Room 162. Phone: 319-2098.

SENATE REVENUE AND TAXATION—(8)—
Machado (Chair), Dutton (Vice-Chair), Alquist,
Bowen, Cedillo, Poochigian, Runner and Scott.
Consultants: Martin Helmke and Gayle Miller.
Assistant: Marisa Lanchester. Phone: (916) 445-
3808. Room 408.

SENATE APPROPRIATIONS—(13)—Migden
(Chair), Aanestad (Vice-Chair), Alquist, Ashburn,
Battin, Bowen, Dutton, Escutia, Murray, Ortiz,
Poochigian, Speier, and Vacancy. Staff Director:
Anne Maitland. Deputy Director: Bob Franzoia.
Consultants: George Cate, Miriam Barcellona
Ingenito, Nora Lynn, Lisa Matocq and Maureen
Ortiz, Assistant: Sally Ann Romo. Phone: (916)
445-3284. Room: 2206.

FOCUS

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

April 29, 2005
Issue #17-2005

COMING UP:

LEGISLATIVE ACTION
DAYS, MAY 11-12,
2005. SHERATON
GRAND HOTEL, SACRA-
MENTO.

2005-06 BUDGET AND BUDGET REFORM – WHERE ARE WE?

Budget hearings have begun on aspects of the FY 2005 – 06 Budget, as well as budget reform proposals put forward by the administration. The budget subcommittees of both houses of the Legislature have started to discuss spending items – taking preliminary actions on some, and deferring many for further discussion. The critical question on the minds of everyone is – “How much more money will we have to allocate than was originally planned for when the Governor released his budget proposals in January?” *For more, see page 2.*



CITY BALLOT MEASURE ACADEMY A HIT!

The League’s new City Ballot Measure Academy (CBMA) held its third training session in Walnut Creek on April 22. The course is designed for local officials and others considering placing a measure on the ballot. This session drew attendees from over a dozen East Bay cities. *For more, see page 2.*



SB 899 1-YEAR ANNIVERSARY DEMONSTRATES SUBSTANTIAL WORKERS’ COMPENSATION SAVINGS IN PRIVATE SECTOR; WHAT IS PUBLIC SECTOR EXPERIENCE?

The first anniversary of the enactment of SB 899, coupled with previous workers’ compensation reform measures finds the law working effectively in reducing employer costs in the private sector. This measure, carried by Senator Chuck Pochigian, was the key workers’ compensation reform proposal passed by the Legislature and signed into law by Governor Schwarzenegger last year. Information released by the State Labor and Workforce Development Agency on the anniversary date of the law demonstrate this cost savings. *For more, see page 8.*

WANT MORE DETAILS
ON BILLS?

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

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CALL FOR ENTRIES: HELEN PUTNAM AWARD DEADLINE, MAY 14
LATINO CAUCUS 14TH ANNUAL MAY LEGISLATIVE CONFERENCE
- Page 5 LEGISLATIVE BILL SUMMARIES

BUDGET UPDATE from page 1 •••••••••• ACADEMY from page 1 ••••••••••

The administration is required to provide its annual "May Revise" of the budget proposal no later than May 14. The Revise is designed to provide a more accurate prediction of revenues given the activity through April 15 (tax day). The benefits achieved through the much-publicized tax amnesty program, and general fund revenues that are running ahead of pace for FY 2004-05, lead to an expectation that there could be hundreds of millions more funds available to relieve some of the proposed budget reductions.

Windfall Revenues Raise Interesting Question

The windfall revenues from the tax amnesty program could present an interesting dynamic in the budget debate. Some legislators may be tempted to use the funds to restore program cuts. Other legislators and state officials are urging caution, since the largest percentage of the funds are from corporate income taxes that are currently under dispute. If the businesses win their tax case, the funds would have to be returned in future years, rekindling the structural deficit.

There is a strong push for restoring some of the transportation funds cut in the original proposed budget, and some administration officials have indicated their hope that they can achieve this. Final discussions on the budget begin in earnest after the May Revise is made public and the fiscal picture becomes clearer.

The CBMA helps local leaders decide whether a ballot measure would be feasible in their community by walking community leaders through the key elements of passing a local ballot measure. CBMA topics include legal do's and don'ts, building a campaign organization, organizing grassroots support and messaging.



Catherine Lew, of the Lew Edwards Group, talks to community leaders at the City Ballot Measure Academy in Walnut Creek.

Successful ballot measures are well-drafted and responsive to voter needs. They also require carefully planned and executed campaigns to pass. Additionally, no public resources may be used for ballot measure advocacy—including staff time.

Is your city or agency considering placing a measure on the ballot in an upcoming election? If so, please contact your area regional representative for information on CBMA.

These programs are intended for local officials who are in the exploratory stages relating to ballot measures. If your agency already has a measure on the ballot, please consult with your agency attorney about the extent to which public resources may be used to attend such a program.

Stay Up-To-Date on Bills That May Impact Your City

www.cacities.org/billsearch

Become a regular user of the League's online Legislative Tracking System. The League's Website is your gateway to all the information you need: bills sorted by subject areas, showing the bill history, current status, committee analyses, votes, and much more. You can even view League letters of support or opposition, and access the League lobbyist working on the bill.

"BECAUSE KNOWLEDGE IS POWER"

SENATE RULES COMMITTEE OFFERS CITIZENS' GUIDES

With over 5,000 local agencies, the structure and processes of California's public sector can confuse even informed citizens. The Senate Rules Committee's *Citizens Guides* cut confusion and make government more accessible. These short reports answer the most common questions about local governments' powers and duties.

Parks, Progress, and Public Policy. More than 90 recreation and park districts rely on the Recreation and Park District Law for their policies, powers, and procedures. In addition to reprinting the new Law's actual text, this document includes authoritative commentary on each section, plus a source table and a disposition table that show where the new Law's language came from and where the substance of the old statute went. This 140-page report also explains the legislative history of SB 707. October 2001. Report 1112-S. **\$6.73**

Science, Service, and Statutes. California's 46 mosquito abatement districts protect the public health by battling mosquitoes, rodents, and other vectors that spread human diseases. The Legislature rewrote the Mosquito Abatement and Vector Control District Law in 2002 (SB 1558). This 121-page document reprints the new statute and gives authoritative commentary on each section, including detailed source and disposition tables. September 2003. Report 1226-S. **\$6.20**

For Years To Come. For nearly a century, public cemetery districts have served California communities with respectful and cost-effective interments. The 253 cemetery districts look to the new Public Cemetery District Law (SB 341) for their policies, powers, and procedures. The Committee's 119-page report reprints the actual text and provides authoritative commentary on each section, including detailed source and disposition tables. August 2004. Report 1268-S. **\$6.20**

What's So Special About Special Districts? (Third Edition). The short answer is "focused service." Because most Californians don't understand special districts, this 18-page report sorts out the facts and emerging trends about the 3,400

local agencies that affect our daily lives. February 2002. Report 583-S. **\$3.23**

It's Time To Draw The Line: A Citizen's Guide to Local Agency Formation Commissions (Second Edition). What's a LAFCO? Who controls the boundaries of cities and special districts? In a 35-page report, readers learn about LAFCOs, boundary changes, and spheres of influence. May 2003. Report 872-S. **\$3.50**

Assessing The Benefits Of Benefit Assessments (Second Edition). How do special assessments work in California? This 22-page report explains the differences between assessments and taxes, answering the most common questions about benefit assessments. December 2004. Report 801-S. **\$3.23**

Order your copies directly from: Senate Publications & Flags, 1020 "N" Street, Room B-53, Sacramento CA 95814; Telephone: (916) 651-1538; Fax: (916) 327-8753. Prepayment required. Credit cards not accepted.

Prices include sales tax, shipping, and handling. Discounts may be available for multiple copies; call for details and include your fax number. Make checks payable to **Senate Rules Committee**. Specify the **report number** when ordering. Please allow two weeks for delivery.

For more information, visit the Committee's Website at www.sen.ca.gov/locgov or call the Committee's office at (916) 651-4115.

League Mission

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

NOW AVAILABLE! THE 2005 CALIFORNIA MUNICIPAL LAW HANDBOOK

The *California Municipal Law Handbook* editorial board and volunteer municipal attorneys have completed the 2005 update of the handbook. The handbook provides municipal law practitioners a "source of first resort" in researching California municipal law. This is the first update since the comprehensive revision of the handbook in 2004. The new, revised version includes new chapters and expanded coverage of important issues not addressed in other publications. The *California Municipal Law Handbook* is available in three formats:

• **Bound Edition.** For those ordering the handbook for the first time, the traditional bound version is available with a reusable binder and chapter tabs. For those who bought a handbook or new binder in 2003, a 2005 handbook insert without a binder and tabs is also available. Just put it in your current binder. Those with older binders should order the complete version with the new expanded binder. To order, contact CityBooks at (916) 658-8257, or visit www.cacities.org/store.

• **CD-ROM Edition.** The 2005 CD-ROM edition of the handbook features the award-winning Folio VIEWS® search-and-retrieval software to locate information throughout the entire handbook. Users can search for words, phrases, section numbers, statutory cites, or case law, and personalize their handbook with electronic notes, bookmarks and highlighters. The CD-ROM edition is available from American Legal Publishing at (800) 445-5588.

• **Online Edition.** Users can also access the CD-ROM edition free of charge from the League's website. Visit www.cacities.org/mlh.

The annual update of the *California Municipal Law Handbook* represents the work of many volunteer municipal law practitioners throughout the state. The League thanks them for their dedication to ensuring that the handbook continues to be a valuable resource for California cities.

CALL FOR ENTRIES: HELEN PUTNAM AWARD DEADLINE, MAY 14

The Helen Putnam Award for Excellence submission deadline is fast approaching - May 14, 2005. This program recognizes outstanding cities that deliver the highest quality and level of service in the most effective manner possible. Helen Putnam (1909-1984), defined excellence in the most positive way. Complimentary booths are offered to winning cities during the 2005 Annual Conference and Exposition, Moscone Center, San Francisco, Oct. 6-8. Show off your city's great efforts!

For more information or to download the brochure/requirements go to www.cacities.org/helenputnam. You may also contact Rebecca Caporaso at rebeccac@cacities.org for specific questions.



LEAGUE OF CALIFORNIA CITIES-LATINO CAUCUS 14TH ANNUAL MAY LEGISLATIVE CONFERENCE

WEDNESDAY, MAY 11, 2005, 9 A.M.-NOON
CARR ROOM, SHERATON HOTEL, SACRAMENTO

Supporting the Foundation: Land Use, Smart Development & Transportation

Exciting trends in land use and affordable, infill and mix-use housing and public transportation are offering realistic alternatives to communities throughout California. Join us on May 11 to learn how these new initiatives can effect change in your region. Hear perspectives on current issues impacting the development of rural and urban areas from such speakers as:

- Assembly Member Torrico, Chair, Assembly Public Employees Retirement & Social Security Committee
- Lucy Dunn, Director, Department of Housing & Community Development
- Daniel Carrigg, League of California Cities Legislative Director
- Dolores Gallegos, League of California Cities-Latino Caucus Board Member

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 to access information about legislation, policy issues and related developments. You can track information on bills (www.cacities.org/billsearch), locate legislators and legislative committees, send letters to legislators or the media through the online Advocacy Center (www.cacities.org/advocacycenter), research League policy positions, access useful related links, and much more.

ENVIRONMENTAL

SB 44 (Kehoe). Air Quality. General Plans.

SB 44 would require cities and counties to adopt separate elements or amend their general plans to address air quality. Recently amended, **SB 44** now reflects the extensive discussions between the author's office, the League, CSAC and the American Planning Association (APA) to narrow the scope of the bill. The League, CSAC and APA had expressed concerns that as introduced, **SB 44** would have required cities and counties address air pollution sources over which they have no control, such as pollutants from other air basins or adjacent communities, freeways, stationary sources that are regulated by local air districts, or agricultural activities.

The April 20 version of the bill recognizes that cities and counties "...must balance air quality with other state and local policies and priorities, such as promoting housing development, the protection and conservation of farmland, natural resources, and open space, the avoidance of natural hazards, the promotion of job growth and economic development, and other issues of local, regional and statewide importance." It also would require cities and counties to either adopt a separate air quality element or amend its general plan to address air quality based upon data provided to it by the local air district. Any city or county that has adopted an air quality element or amendments to its general plan will be deemed to have met the requirements of the bill if it adopts a finding that its actions are substantially consistent with the objectives of **SB 44**.

A few outstanding issues remain to be resolved, including agreeing upon a definition of "feasible implementation measure" and special consideration for rural cities and counties that may not have much air pollution. We anticipate that an agreement will be reached on these and other outstanding issues.

Based upon these amendments, the League's policy committees on Environmental Quality and Housing, Community and Economic Development both recommend that the League adopt a neutral position on **SB 44**. This position must be confirmed by the League board of directors in mid-May. The League had indicated to the author's office that we would withhold opposing **SB 44**, which would have been our traditional position, in order to have an opportunity to work to resolve our concerns. The League thanks Senator Kehoe and her staff for the excellent collaborative effort.
Staff: Yvonne Hunter; **Status:** SenLG; **Position:** Neutral.

SB 1059 (Escutia). Transmission Lines.

Land Use Preemption. Amended recently, **SB 1059** still preempts local governments' land use authority. Proposed as a way of planning for California's long term transmission line needs, the bill still is seriously flawed. It would require the California Energy Commission (CEC) to engage in an upfront planning process to evaluate the need for new transmission lines and designate so-called "transmission corridor zones" (TCZ). Unfortunately, the bill also would require a local government to amend its general plan to be consistent with the CEC determined TCZ.

Legislative Bill Action

New provisions added are similar to those in current law regarding mining resources. They would require a city or county to notify CEC of proposed development projects that the jurisdiction "determines would threaten the potential to construct a high-voltage electric transmission line." CEC would provide comment to the jurisdiction if CEC finds that the proposed development "would threaten the potential to construct a high-voltage ... line" and may recommend revisions to redesign or mitigate the project that would eliminate or reduce the threat. The local government would be required to consider these comments and if CEC objects to the project, the local jurisdiction would be required to provide a written response to address in detail "why it did not accept the commission's comments and recommendations."

Although the amendments are a small step in the right direction, the League continues to strenuously oppose SB 1059 for several reasons.

Most importantly, it would authorize the state (i.e., CEC) to designate a TCZ. The city or county would be required to amend its general plan to be consistent with the TCZ. CEC would periodically review the TCZ plan and could de-designate a TCZ – which would, of course, require another general plan amendment.

Besides preempting local land use authority, the bill is silent on the width of a TCZ. Would it be 1000 feet, one mile or three miles wide? Regardless, the bill would tie up large swaths of land for five, 10, 20 or more years until the transmission line planning process moves to the Public Utilities Commission phase. In that time, property owners would have no certainty about whether they could develop their property or what the compatible uses could be.

Consider the plight of a property owner that, with the agreement of the local government, anticipates in three years beginning construction of 500 homes over a period of five years. If included within a TCZ, future development options for that property would be uncertain and could not proceed since it is likely CEC would determine that the homes

would threaten the construction of a transmission line. Even if in five years CEC de-designates the TCZ, the potential impact on the property owner could be profound, especially if the project is no longer viable due to the lost time.

The League understands the need to do better long term transmission line planning. However, we believe that the process proposed in SB 1059 continues to be flawed. Cities should send letters of opposition to their senators and members of the Senate Appropriations Committee, where the bill will be heard next. **Staff:** Yvonne Hunter; **Status:** SenApps; **Position:** **Oppose Unless Amended.**

ACA 13 (Harman). Storm Water Fees.

Proposition 218. ACA 13 has been amended and now includes storm water fees! This administration-sponsored measure would add flood control and storm water fees to those types of fees that are exempt from the voter approval requirement of Proposition 218.

The measure is now strongly supported by the League, CSAC and numerous local governments. If passed by the Legislature, ACA 13 would appear on the next statewide general election ballot. If passed by the voters, it would authorize cities and counties to adopt storm water and flood control fees without voter approval. This is similar to fees that are already exempt from the voter approval process of Proposition 218 for sewer, water or refuse collection services. The League continues to work with the author, the administration, and storm water experts to fine tune the language of the bill so that it appropriately references stormwater.

At this point, it is unclear in which statewide general election ACA 13 would be included. The bill currently contemplates a November 2006 election. However, this could change if the governor calls a special election for 2005 and ACA 13 has passed both houses of the legislature in time to meet the election deadlines.

Legislative Bill Action

Cities should write letters of support to committee members and their Assembly Members.
Staff: Yvonne Hunter; **Status:** AsLG; **Position:** Support.

PUBLIC SAFETY

ACA 16 (Gordon). Taxation to Supplement Public Safety Funding. Approval by Electorate. ACA 16 would allow a local government to impose, extend, or increase any special tax for the purpose of providing supplemental funding for sheriff, police, or fire protection services. Specifically, ACA 16 would allow local governments to impose a special tax if approved by 55 percent of voters, instead of the two-thirds margin currently required by the California Constitution.

Like the state, most cities are facing severe budget crises and are faced with potential cuts in essential services, including public safety. ACA 16 takes a positive step towards providing local governments with the authority they need to provide a level of public safety service that communities require and allows cities to raise revenues consistent with local priorities. **Staff:** Liisa Lawson Stark; **Status:** AsLG, Hrg. 5/4; **Position:** Support.

WANT TO SEND A LETTER IN SUPPORT OF A LEAGUE POSITION? HERE'S WHO TO CALL:

ASSEMBLY LOCAL GOVERNMENT (7)— Salinas (Chair), Emmerson (Vice Chair), De La Torre, Houston, Lieber, Nation, and Wolk. 1020 N Street, Room 157. Phone: (916) 319-3958.

SENATE APPROPRIATIONS—(13)—Migden (Chair), Aanestad (Vice-Chair), Alquist, Ashburn, Battin, Bowen, Dutton, Escutia, Murray, Ortiz, Poochigian, Speier, and Vacancy. Staff Director: Anne Maitland. Deputy Director: Bob Franzoia. Consultants: George Cate, Miriam Barcellona Ingenito, Nora Lynn, Lisa Matocq and Maureen Ortiz. Assistant: Sally Ann Romo. Phone: (916) 445-3284. Room: 2206.

SENATE LOCAL GOVERNMENT—(7)— Kehoe (Chair), Cox (Vice-Chair), Ackerman, Machado, McClintock, Soto, and Torlakson. Consultants: Peter Detwiler and Jennifer Swenson. Assistant: Elvia Diaz. Phone: (916) 445-9748. Room: 410.

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SB 899 from page 1

• The Workers' Compensation Insurance Rating Bureau of California (WCIRB) reported a peak level of \$6.35 per \$100 of payroll as the actual average rates for insured employers in the last quarter of 2003. In the third quarter of 2004, after passage of SB 899 the rate dropped to \$5.34 per \$100 of payroll. If insurers pass through the projected savings from the permanent disability schedule changes, it is expected that the rates per \$100 of payroll will drop to \$5.22 for early 2005 and \$4.68 by late 2005.

• Insurance rate drops were recommended and those rates were reduced by 2.2 percent in January 2005 with the WCIRB proposing another 10.4 to be effective July 1, 2005. (The drops in insurance rates is taking place without the effect of the changes in permanent disability schedule which was a central part of the SB 899 reforms).

• In April of 2003, a total of 17,104 new disputed workers' compensation claims were recorded. In January of 2005, the number of new disputed claims was down to 10,878.

The permanent disability rating schedule was at the heart of the reforms to the workers' compensation system made in SB 899. Permanent disability benefits are paid to injured workers who will never recover completely from an injury and will always be somewhat limited in their ability to work. Before those benefits can be paid, a workers permanent disability must be "rated." In this rating system is where most of the problems have been.

Because of the lack of objectivity in the rating system, California has experienced the highest amount of disputed permanent disability claims in a five-state median. California's rate of disputed claims is 30 percent, compared to 9 percent in New Mexico, 11 percent in Washington, 7 percent in Wisconsin and 15 percent in Oregon.

The final regulations for this change in the law have yet to be finalized, but are nearing completion. Prior to the passage of the new reforms, of indemnity payments paid by insurers in 2003,

permanent partial disability accounted for 40.9 percent of every dollar! There is definitely something wrong when that amount of money is going for permanent disability ratings.

The fix for the excessive permanent disability costs is the adoption of more objective permanent disability rating guidelines created by the American Medical Association. These are the same guidelines now used by 41 other states.

Public Sector?

What's the experience in the public sector? We expect it is tracking in similar fashion to the private sector, but there may be more dramatic results with some of the reforms. The League will be contacting you shortly to help establish a data bank on this issue as some in the Legislature are asking to revisit and rollback the workers' compensation reforms made in SB 899. We will be contacting the offices of the city manager, finance director and human resource director in trying to compile this data. Any help you could provide would be greatly appreciated.

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