

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

PRIORITY FOCUS



IN THIS ISSUE:

May 16, 2008
Issue #19-2008

- Page 7: Support Letters Needed for SB 1236
Monday Is Last Day to Register for Mayors and Council Members Executive Forum
- Page 8: Governor's Office of Homeland Security Conference: May 28-30
California Climate Action Network Launches Survey
- Page 9: Green Purchasing Workshop Offered by U.S. Communities
U.S. House Passes Mortgage Relief Legislation
- Page 10: Find a Bill, Legislator, Leg Committee, or Ask League Leg Staff

GOVERNOR KEEPS PROPS. 1A AND 42 COMMITMENT AS CITIES STRUGGLE WITH LOCAL REVENUE LOSSES AND BUDGET CUTS

On Wednesday, May 14, Gov. Arnold Schwarzenegger released his May revision to the 2008-2009 state budget. The Governor's revised budget proposes a number of creative solutions to a now-estimated \$17.2 billion shortfall. One aspect of the Governor's proposal includes seeking voter approval in November to "securitize" \$15 billion based upon future state lottery revenues, using \$5.1 billion of that amount for the FY 2008-09 budget and placing the remainder in a reserve fund mechanism which would also need to be approved by voters. If voters reject the lottery proposal, a 1 percent sales tax increase would be triggered for three years.
For more, see Page 2.



CITY OFFICIALS URGED TO ATTEND BUDGET ACTION DAY ON MAY 21

The League is holding a special one-day event on Wednesday, May 21 to bring city officials to Sacramento to lobby their legislators and administration officials on the impact of the Governor's revised budget on cities. *For more, see Page 5.*



SUPPORT LETTERS NEEDED FOR TWO REVENUE AND TAXATION BILLS

The League encourages cities to send letters supporting two revenue and taxation bills that benefit local government, AB 1957 (Eng) and AB 1836 (Feuer). The first relates to the collection of use taxes, and the second concerns infrastructure financing districts. *For more, see Page 6.*

'May Revise' Continued from Page 1...

Important to cities is the fact that the Governor's plan does not propose to borrow cities' share of property taxes through Proposition 1A and continues to provide full Proposition 42 transportation funding.

The Governor's reluctance to borrow local funds to fill the deficit appears to be based upon his philosophy that the state must address its own budget problems. In his annual State of the State address in January, the Governor acknowledged that previously, in times of budget shortfalls, the Legislature took money from local governments, transportation, bonds and pension funds. He told Californians that those avenues are now limited due to several voter-approved initiatives.

This theme was reiterated when the Governor discussed his May revise proposal on May 14. In response to a reporter's question about proposed additional cuts to Health and Human Service programs, he said, "Everyone has to tighten their belts. Local government has to tighten their belts, we have to tighten our belts."

The Governor also mentioned his recent travels and town hall meetings held throughout California this spring. In those meetings, he said he repeatedly heard that the state must fix its budget system and not spend beyond its own means. The Governor said in his opening remarks on May 14, "What they want us to do is to fix our dysfunctional budget system once and for all, so that we don't have to go through this pain every time the economy cools off."

The Governor's revised budget retains the proposed 10 percent across-the-board cuts to state agencies, but increases funding for K-12 education to meet the minimum threshold for Proposition 98, eliminates the prior proposal for the early release of 20,000 inmates, and prevents state park closures by increasing fees.

Through executive order, the revised budget would also create a bipartisan tax commission called the Tax Modernization Commission. The created body would be comprised of legislative and gubernatorial appointees charged with budget reform that would improve the state's tax laws.

Funding Areas of Specific Interest to Cities

The Governor's revised budget includes funding allocations for these programs of importance to California cities.

Public Safety

COPS/Juvenile Justice Grants. The Citizen Option for Public Safety (COPS)/Juvenile Justice Crime Prevention Act Program is subject to the Governor's across-the-board January proposed 10 percent cuts to state agencies. The revised budget would continue to fund these programs at a level of \$214 million.

Booking Fees. Payments to counties for Local Detention Facilities (Gov Code 29552) were also subject to the January budget's proposed 10 percent reduction. The revised budget maintains the amount proposed in January of \$31.5 million. Current law stipulates that in any year that the budget appropriation is less than \$35 million, counties may impose booking fees on cities in proportion to the amount under appropriation. In this case, it would be up to 10 percent of cost.

Early Release/Summary Parole. While the Governor's May revise withdraws the "early release" proposals, the summary parole program included in his January budget continues as a proposal for a cost savings of \$173.6 million, approximately \$75.7 million more than previously estimated for FY 2008-09.

"Summary parole" is defined as the status of a person who is under the jurisdiction of the California Department of Corrections and Rehabilitation (CDCR) during their parole period but is not subject to regular and active supervision by the CDCR. The CDCR has the authority to continue to provide services, as deemed necessary, to any person on summary parole.

Summary parole applies to all inmates serving a sentence in state prison at the expiration of their term except those who have been sentenced for, or committed in prison:

- A violent or serious felony, including murder, mayhem, rape, lewd or lascivious acts, or a threat of great bodily harm, or serious felonies involving dangerous or deadly weapons; or
- An offense requiring registration as a sex offender.

Additional conditions of summary parole include:

- Summary parolees are subject to drug testing and search and seizure, with or without a warrant, at the request of any peace officer in the performance of his or her duties.
- The parole authority may revoke an individual's summary parole status and order that person return to prison only upon conviction of a new offense, not related to the original cause for incarceration.
- An individual will be released from summary parole if he or she has been continuously on summary parole for one year since the time of confinement in a state prison, unless the CDCR recommends to the Board of Parole Hearings to retain that person on parole.

Law enforcement associations and agencies are continuing to review this proposal to estimate the impact it will have on public safety in local communities.

Adult Secure Re-entry Facilities. The revised budget maintains funding to bring the Northern California Re-entry Facility online and operational in 2009.

Emergency Response Initiative. The revised budget includes the creation of the Emergency Response Initiative (ERI) (formerly known as the Wildland Firefighting Initiative). Through this program, the emergency response capabilities of the California Department of Forestry and Fire Protection (CAL FIRE), the Office of Emergency Services (OES) and the Military Department are increased.

The new initiative proposes two levels for the surcharge assessed for those carrying insurance on residential or commercial property. For those in "high-hazard zones" as determined by CAL FIRE and OES risk maps, there is a 1.4 percent surcharge. This is roughly equal to the average cost of \$12.60 per household annually. For those in the "low-hazard zones" the surcharge is 0.75 percent, roughly equal to \$6.75 per household. Total revenues from the surcharge are estimated to reach \$69.3 million for 2008-09.

Collected monies will be deposited into the Emergency Response Account and will be used by CAL FIRE and OES in FY 2008-09 to cover full staffing for CAL FIRE fire engines during peak and transition fire seasons, maintenance for existing OES emergency vehicle fleet, and General Fund backfill for program and administrative costs.

Transportation

Highway User Tax Account Payments. The Governor's May revise makes no changes in the expected repayment to local government of approximately \$500 million in the Highway User Tax Account (HUTA) funds that were deferred for state cash-flow purposes as part of the FY 2007-08 mid-year budget cuts. The payments for the period between April and August are expected to be paid in full without interest in September.

Proposition 42 Funds. While the Governor's revised budget estimates a decrease in total Prop. 42 revenues from \$1.49 billion to \$1.43 billion, there are no changes to the payment schedule for FY 2008-09.

A city-by-city breakdown of allocations is posted online at www.californiacityfinance.com/Prop42alloc.pdf.

Proposition 1B Funds. As originally outlined in the Governor's January budget, there is no additional allocation of Prop. 1B Local Streets and Roads funds to cities for FY 2008-09. As of May 15, the Department of Finance reports that \$339.5 million has been allocated to 323 of California's 478 cities (from the total FY 2007-08 allocation of \$550 million).

The May revise contains no major alterations to any of the additional proposed allocations of Prop. 1B transportation funds that were listed in the Governor's January budget.

"Spillover" Funds from Gasoline Tax Revenues. Due to the increase in gas prices, the "spillover" monies collected from gasoline sales tax revenues are \$286 million higher than estimated in the Governor's proposed January budget, for a total of \$1.177 billion. The spillover is produced when the growth in revenue collected from sales taxes on gasoline sales taxes is higher than the growth in revenue derived from all other taxable sales.

An explanation of the "spillover" is posted online at www.californiacityfinance.com/SpilloverFAQ.pdf.

The May revise allocates \$306 million to the Public Transportation Account (PTA) with remaining funds from the "spillover" revenues going to K-12 home-to-school transportation and debt service on current and prior year transportation-related general obligation bonds.

The California Transit Association (CTA) provides an analysis of the PTA allocation for FY 2008-09, concluding that the allocation to transit should be greater than the amount stated in the May revise based on applicable statutory formulas and the historic intended use for these funds.

The CTA analysis of the PTA FY 2008-09 allocation is available at www.cacities.org/resource_files/26813.2008-09MayRevision.pdf.

Housing

The May revise contains no major alterations to any of the additional proposed allocations of Prop. 1C housing-infill funds that were listed in the Governor's January budget.

Resources and Environment

The Governor's revised budget proposes an additional \$13.3 million in funding for the Department of Parks and Recreation to provide funding for 48 state parks. The proposal provides \$11.8 million from the General Fund plus \$1.5 million generated by increasing state park fees (\$1-\$2 per person at selected parks).

The California Air Resources Board (ARB), under the revised budget, would transfer \$48.7 million from its Air Quality Improvement Fund to finance loans and loan guarantees to assist truck retrofits proposed by ARB. This would be a one-time transfer.

Local government fleets, to the extent that they qualify under the new regulations, may qualify for the loans and loan guarantees offered by ARB.

Propositions 84 and 1E. The May revise makes several minor adjustments related to specific projects funded by Props. 84 and 1E.

Debt Repayment and Local Government Finances

Reimbursement State Mandates Program

The Governor's January budget proposed payment of state mandates to local government as part of the repayment of mandates for costs incurred prior to July 1, 2004. Instead, however, the revised May budget would defer \$75 million in state mandate repayments. Cities receive about 30 percent of mandate repayments.

Details on Governor's Lottery and Budget Stabilization Proposals

The Governor is proposing to securitize the California State Lottery to finance the "rainy day" fund that would be created through his Budget Stabilization Act. Essentially, this process would borrow money against future earnings from the lottery. The Governor says that "modernizing" the lottery would improve its performance and increase pay-out in prizes to spur an elevation of ticket purchases and thus revenue. Generated funds would be used to make the initial down-payment to the Revenue Stabilization Fund.

The Administration estimates that this would provide about \$15 billion. For FY 2008-09, \$5.1 billion would be used to help reduce the deficit and the other \$10 billion would remain in the reserve account for future budget shortfalls.

The Budget Stabilization Act and lottery proposal would go before the voters for approval in November.

In presenting the revised budget, Gov. Schwarzenegger also put forth an insurance policy to protect the revenue streams that will help close the deficit for FY 2008-09 and into the future. He says, however, that he is confident this mechanism won't need to be used.

If revenues fall short, or if the lottery doesn't get approved, a temporary 1 percent sales tax increase would be triggered until the Revenue Stabilization Fund has a sufficient balance. Californians will receive a tax rebate equivalent to the revenues collected through the mechanism. This mechanism is similar to what Gov. George Duekmejian created in 1983.

Next Step in the Budget Process

The fiscal year officially ends June 30; however, since FY 1977-78, the Governor has only signed the next year's budget by that deadline eight times.

The LAO and the legislative budget subcommittees will review the May revise in-depth in the coming weeks. Given that some of the initial legislative reactions to the Governor's lottery and other proposals were both critical and skeptical, it is not clear how much traction this proposal will have as part of the budget solution.

The Governor has proposed a budget that cuts some state subventions to cities (COPS, booking fees, etc. by 10 percent) but does not propose using local tax funds to shore up the state budget. If the Legislature doesn't support the Governor's direction, the result will be a fresh effort to identify other ways to close the budget. This could involve additional proposals for cuts to state programs, raising tax revenues through various means, transferring or borrowing local government revenue, or other solutions. In short, expect the political climate to be volatile. **City officials should remain on alert and ready to respond quickly to budget-related action alerts.**

The League's Budget Action Day is May 21. Please see "City Officials Are Urged to Attend Budget Action Day," on page 1.

Budget Resources

A copy of the Governor's budget can be found online at www.ebudget.ca.gov.

The Governor's revised budget remarks can be found on his Web site at <http://gov.ca.gov/may-revise/webcast>.

'Budget Action Day' Continued from Page 1...

With California's fiscal crisis, the FY 2008-09 budget negotiations are expected to be extremely difficult. The final signed budget will likely include a combination of significant cuts and revenue-generating solutions, and the May revise (released May 14) has set the tone for the coming

weeks of negotiations. California cities need to join forces to respond to relevant May revise proposals to ensure cities' needs are heard and understood in the Capitol.

Schedule of Events

10 – 11:30 a.m., May Revise Budget Briefing

Sheraton Grand Hotel Sacramento, Bataglieri Room
1230 J Street
Sacramento, CA 95814

10 a.m.—Introduction:

Jim Madaffer, President, League of California Cities
Chris McKenzie, Executive Director, League of California Cities

The speakers below will discuss their reactions to the May Revise.

10:20 a.m.— Michael Genest, director, Department of Finance

10:40 a.m.— Assembly Member Roger Niello (R-Sacramento), vice chair, Assembly Budget Committee

11:15 a.m.— Assembly Member John Laird (D-Santa Cruz), chair, Assembly Budget Committee

11:30 a.m. – 3:30 p.m., Time for Scheduling Lunch and Lobbying Appointments with Legislators

3:30 – 4:30 p.m., Post-Lobbying Debrief (*Stop by the League offices for light snacks and refreshments*)

League of California Cities
1400 K Street, 4th floor conference room
Sacramento, CA 95814

R.S.V.P.

Please R.S.V.P to League Staff Meghan McKelvey immediately at mmckelvey@cacities.org or (916) 658-8253.

District Budget Meetings

City officials who are unable to make the trip to Sacramento on May 21 are encouraged to contact their League public affairs manager to schedule a district meeting with their legislator.

'Revenue and Tax Bills' Continued from Page 1...

AB 1957 (Eng): Collection of Use Tax

This bill improves the collection of use tax revenues owed to state and local government by consumers and businesses by clarifying the state's income tax forms to properly alert taxpayers about their use tax obligation. Consumers and business may be unaware of the existence of this tax.

A "use tax" is a tax imposed by a state to compensate for the sales tax lost when an item is purchased out of state, but is used within the state.

Each year, millions of dollars in state and local revenues owed by consumers and businesses in the form of use taxes go uncollected.

Assembly Member Eng's legislation is of growing importance in an economy where people are doing more and more of their shopping through the Internet. Although sales taxes are not collected for online purchases made at out of state retailers, use taxes, of the same amount, are

owed by the purchaser. Improved collection of these revenues could provide an important source of funding for vital state and local programs.

A sample letter can be found at www.cacities.org/billsearch. Search for AB 1957.

AB 1836 (Feuer): Infrastructure Financing Districts

This bill streamlines existing law related to the formation of Infrastructure Financing Districts (IFD) by removing an unnecessary voter approval requirement. The IFD law is a mechanism placed into statute in 1990 to allow local governments to finance projects through bonds secured by the growth of property tax revenues within that district. The law states that consent is required by local agencies in the district which would be affected by the diversion of the property tax for the IFD.

In the past, this law has been infrequently used due to cumbersome requirements. Essentially, AB 1836 is an attempt to improve its usefulness. Some communities may find this a helpful option for building local infrastructure that can spur local business and housing development and create jobs.

A sample letter can be found at www.cacities.org/billsearch. Search for AB 1836.

Support Letters Needed for SB 1236

City officials are urged to send letters of support on SB 1236 (Padilla). The bill would ensure that the Maddy Emergency Medical Services (EMS) funding stream can continue to provide physicians and hospitals with crucial funding reimbursements to retain the emergency care staff essential to city fire departments and citizens.

The California statute that allows a county board of supervisors to establish an additional \$2 charge on every \$10 fee collected on criminal offenses and deposit the increased fee into the Maddy EMS fund is set to expire this year. The funds collected through this additional fee are used to reimburse trauma centers for the treatment of uninsured patients, and SB 1236 extends the law's sunset date by five years until 2014.

Hospital emergency departments have continued to lose staff and discontinue their operations because of the high costs associated with treating uninsured patients. In the past decade, more than 65 emergency rooms have closed, and city fire department paramedic units have consistently been redirected to emergency service centers or hospitals due to low staffing or patient overcrowding.

Take Action

A sample letter is available for your city to fax to the Assembly Public Safety Committee and other key contacts at www.cacities.org/billsearch. Plug in SB 1236 to the bill search function to access the sample letter of support, along with faxing instructions.

Monday Is Last Day to Register for Mayors and Council Members Executive Forum

The last day to register for the 2008 Mayors and Council Members Executive Forum and Advanced Leadership Workshops is Monday, May 19. Slated for Wednesday, June 4 – Friday, June 6, the annual event will be hosted at the Resort at Squaw Creek in Squaw Valley.

Created for mayors, mayor pro tems, council members, city managers and assistant city managers, the three-day conference is designed to equip city leaders with the skills they need and offer practical workshops for planning ahead for the challenges their city is facing. Sessions include:

- Achieve Substantial Water Saving in Your City
- Strategies for Council-Manager Conflict Resolution

- Gang and Violence Protection
- Delivering Messages in the Media Interview
- Land Use and Climate Change
- And much more!

Advanced Leadership Workshops will be offered Friday, June 6 – Saturday, June 7. Participants may choose from one of three workshop tracks: economic development, meeting management or city finances. A separate fee is required for Advanced Leadership Workshops.

To register online, visit www.cacities.org/events.

For more information, contact Brian Sanders, the League's education program director, at bsanders@cacities.org or (916) 658-8238.

Governor's Office of Homeland Security Conference: May 28 – 30

The Governor's Office of Homeland Security (OHS) invites local government leaders to attend the 2008 Annual Conference "Managing the Threats of Today and Tomorrow," slated for Wednesday, May 28 – Friday, May 30 in Palm Desert.

Attendees will hear from national experts on the latest trends, threats and strategies to protect California and the nation with nationally known speakers highlighting current issues affecting homeland security. Lawrence Wright, world-renowned expert on terrorism and author of the best-selling book, *The Looming Tower: Al-Qaeda and the Road to 9/11*, will be the keynote speaker.

The conference will provide resources for local officials to bring back to their communities and the opportunity to meet and interact with homeland security partners and provide feedback on how OHS can better secure and prepare California.

The 2008 Annual Conference will be held at the Desert Springs J.W. Marriott. Conference agendas, speakers, and registration information can be found online at www.cce.csus.edu by searching for "Office of Homeland Security."
(<http://www.cce.csus.edu/conferences/ohs/08/index.htm>)

California Climate Action Network Launches Survey

The California Climate Action Network (CCAN), a program of the Institute for Local Government (ILG), continues to lead the way in assisting local agencies with networking, resources and tools for addressing climate change. In the next week, in collaboration with the Public Policy Institute of California, CCAN will launch a survey of city managers and county administrators to determine climate change-related policies and programs already undertaken at the local level and the kind of support needed for further action.

The survey will be distributed via e-mail and can be completed online or downloaded and submitted by fax. City officials are encouraged to complete the short survey. The information it will yield will be valuable in assessing a statewide picture of how local agencies are voluntarily addressing climate change at the local level.

The survey is the first of its kind and the results will be used to develop tools and resources to better assist local agencies with climate change programs.

New 'Best Practices Framework' Available

The new version of CCAN's "Best Practices Framework" – a guide to climate action in 10 climate leadership opportunity areas – has just been released and may be viewed at www.ca-ilg.org/bestpractices.

"Best Practices" may be used to develop specific programs to reduce greenhouse gas emissions or may be incorporated into broader climate change-related planning.

ILG is the nonprofit research arm of the League of California Cities and the California State Association of Counties.

Green Purchasing Workshop Offered by U.S. Communities

The League of California Cities, along with U.S. Communities and the California State Association of Counties (CSAC), will present a Green Purchasing Workshop in Sacramento on July 16.

This is the seventh and final regional workshop designed to help local officials gain knowledge from local and national experts about green purchasing best practices and the tools they need to successfully achieve their cities' green purchasing goals. The seminar is free and includes a boxed lunch.

Seminar Details

Date: Wednesday, July 16, 2008

Time: 9 a.m. – 4 p.m.

Location: CSAC Conference Center, 1020 11th Street, Sacramento, CA 95814

Advanced registration is requested so appropriate lunch arrangements can be made. For more information or to register, please contact Laura Li at lli@counties.org or (916) 327-7500 ext. 560.

Hundreds of California cities use U.S. Communities for efficient and cost-effective purchasing, including the purchase of a wide range of green products. For more information about U.S. Communities, visit www.uscommunities.org.

U.S. House Passes Mortgage Relief Legislation Bills Now Go to Senate

Cities across the nation achieved a major victory on May 8 when the U.S. House of Representatives passed HR 3221, The American Housing Rescue and Foreclosure Prevention Act, and HR 5818, The Neighborhood Stabilization Act. Both bills would help homeowners avoid foreclosure and ease the burden of vacant housing on cities and towns.

The National League of Cities (NLC) worked actively with House leadership to craft and advance this legislation to help cities respond to the home foreclosure crisis, and strengthen and stabilize the housing market.

HR 3221 would stabilize and strengthen the declining housing market by authorizing up to \$300 billion in new federal mortgage loan guarantees. The guarantees would help at-risk borrowers with adjustable rate mortgages keep their homes by helping them refinance into federally-insured conventional mortgages.

HR 5815 would direct \$7.5 million in federal grants and \$7.5 million in federal loans to the states to be used by state, county and local governments and nonprofit organizations to stabilize neighborhoods distressed by rising rates of vacant housing caused by foreclosure. The House also passed an amendment that would direct the grants and loans authorized under the bill to go directly to local governments heavily affected by foreclosure.

The bills will now be heard in the Senate. Although they passed the House with strong bipartisan support, with nearly 40 Republicans joining Democrats on the two bills, the measures did not gain veto-proof majorities. As a result, the Senate may choose to scale the bills down to levels more in line with President Bush, who threatened to veto the House-passed legislation.

A complete description of the legislation may be found in the May 12 issue of the NLC's *Nation's Cities Weekly*, available at www.nlc.org.

Find a Bill, Legislator, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) Web page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.

PRIORITY FOCUS



IN THIS ISSUE:

May 23, 2008
Issue #20-2008

- Page 5: Safe Neighborhoods Act Targeted for November 2008 Ballot
- Page 6: Support Letters Needed for AB 844: Scrap Metal Theft Bill
Caltrans Committee to Hear Speed Limit Setting Policies on May 29
- Page 7: More Cities Receive Prop. 1B Local Streets and Roads Funds Now
Sustainable Cities Feature: South Bay Energy Saving Center
- Page 8: Annual Conference Registration Open!
Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

**LEAGUE HONORS GOVERNOR WITH
“SUSTAINABLE COMMUNITY LEADERSHIP AWARD”
Award Recognizes Commitment to the Long-Term Vitality of Cities**

On Wednesday, May 21, the League of California Cities presented Gov. Arnold Schwarzenegger with its inaugural Sustainable Community Leadership Award. This award was created to honor California leaders who advance a broad vision and agenda of community sustainability for California and its cities. *For more, see Page 2.*



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**BUDGET ACTION DAY DRAWS CITY OFFICIALS FROM AROUND STATE
LAO’s Alternative Budget Proposal Presents Several Wild Cards for Cities**

More than 70 city officials descended on Sacramento on Wednesday, May 21 to lobby legislators as part of the League’s first Budget Action Day. *For more, see Page 2.*

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NEARLY EVERY CALIFORNIA NEWSPAPER OPPOSES PROP. 98

Leading organizations and nearly every California newspaper have come out against Proposition 98, the deceptive initiative on the June 3 ballot. As of the printing of this issue of *Priority Focus*, more than 50 newspaper editorial boards have urged readers to vote NO on Prop. 98. The proposition exposes local land use decisions to endless litigation, eliminates renter protections and rent control, guts environmental protections and jeopardizes the state’s ability to rebuild aging infrastructure. *For more, see Page 4.*

'Sustainable Community Award' Continued from Page 1...

In presenting the Sustainable Community Leadership Award, League President and San Diego City Council President Pro-Tem Jim Madaffer remarked that the Governor has a unique appreciation for the role of cities and their importance to California's quality of life.

"The Governor not only cares about global warming, renewable resources and air quality, but he understands the broader concept of 'sustainability,' and how it is connected to the practical challenges of making our communities work," said President Madaffer. "For cities, this means working to have cleaner water and reduced green house gas emissions, but it also means having balanced budgets, the ability to keep police officers on the street, attractive parks and well-maintained infrastructure."



(From left to right) Harry Armstrong, Ken Cooley, Jim Madaffer, Gov. Arnold Schwarzenegger, Judy Mitchell, Robert Jehn, Pat Eklund and League Executive Director Chris McKenzie.

Gov. Schwarzenegger expressed appreciation for both the meaning behind the award and its construction. The award is engraved on an actual section of a solar panel with a "live" wire in the back that can generate electricity if attached to a device. The specially-designed logo features a globe surrounded by a cityscape.

With this award, the League hoped to capture the spirit of the Governor's belief in the future of California as a leader in renewable energy development, clean technology and green communities. Madaffer commented how "Gov. Schwarzenegger's commitment to

excellence in rebuilding our infrastructure and leadership in environmental quality has established a positive roadmap for California's future."

President Madaffer was joined by several other members of the League's executive committee and board of directors: Harry Armstrong, mayor pro-tem, Clovis; Judy Mitchell, council member, Rolling Hills Estates and League second vice-president; Pat Eklund, mayor, Novato and League immediate past president; Ken Cooley, council member, Rancho Cordova; and Robert Jehn, mayor, Cloverdale.

The board members all thanked the Governor for his ongoing commitment to local government through his support for Propositions 1A and 42.

'Budget Action Day' Continued from Page 1...

Because the League's annual Legislative Action Days this year occurred in April, before the release of the Governor's May budget revise, Budget Action Day was planned for city officials to voice their concerns on the revised budget proposal to lawmakers, underscore the importance of city-provided services to residents, and remind them that the economic downturn has hurt cities' budgets, as well.

The day began at 10 a.m. at the Sheraton Grand Hotel Sacramento, where League President Jim Madaffer gave a welcoming address and provided some background on the state budget. He reported that both the Governor's original budget proposal, released in January, and the May revise are positive for cities because neither proposes to borrow cities' share of property taxes through Proposition 1A and each continues to provide full Proposition 42 funding.

In his May revise, the Governor proposed to securitize the state lottery to close the budget gap and fund a budget stabilization account with \$5.1 billion of revenue going into the FY 2008-09

budget. The proposal provides an “insurance policy” guarantee of a 1 percent sales tax increase trigger should the proposal fail at the November ballot.

Some Budget Wild Cards

Proposals from Legislative Analyst Elizabeth Hill have thrown some “wild cards” into the state's budget process. On Monday, May 19, Hill released her analysis of the Governor's revised budget and continued to offer an alternative budget.

The LAO has advanced numerous ideas on how to save the state money by shifting state parolees to county probation, but by paying for it largely by taking city public safety dollars, such as Proposition 172 funds. Other proposals have included taking all city Vehicle Licensing Fee (VLF) funds – at \$4.50 per capita – and taking enterprise special district property tax.

In addition, the LAO has proposed to save additional state dollars by eliminating funding for the Citizen Options for Public Safety (COPS) program and Booking Fees. And finally, the LAO has unveiled a new educational revenue augmentation funds (ERAF)-type proposal that seeks to shift \$200 million per year in local redevelopment funds to offset state budget expenses.

Another political “wild card” is the “Safe Neighborhoods Act: Protecting Victims, Stop Gang, Drug and Street Crime,” which is widely expected to qualify for the November 2008 ballot. This measure enhances criminal penalties for various gang and other crimes, protects state funding for COPS, booking fees and other state-funded local public safety programs, and proposes several new local public safety programs to be funded by the state General Fund. Partisan positioning has already begun on this measure. The League has not yet taken a position on the initiative and is currently analyzing its effect on cities.

For a full discussion on the Safe Act, please see “Safe Neighborhoods Act Targeted for November 2008 Ballot” on page 5.

Budget Action Day Materials

The League prepared an issue paper with messages for city officials to use in their meetings with legislators. This document is on the legislative resources page of the League's Web site at www.cacities.org/legresources.

Guest Speakers

Three important speakers addressed attendees at Wednesday's event.

California Department of Finance Director Mike Genest reminded city officials that the state is facing a \$17.2 billion shortfall – significantly greater than the amount faced in January due to a worsening housing market and faltering economy. He explained the components of the budget problem, and defended the “key” to the Governor's proposal, the securitization of the state lottery, by stating that the lottery is currently under-performing and that by modernizing it and selling the future profits of the incremental revenue increase, the state can have up-front cash-flow relief now.

“We need to be a team with cities, to ensure there is budget reform and that we keep our hands off ERAF and Prop. 42 funds,” he said.

Assembly Member Roger Niello (R-Sacramento), vice-chair of the Budget Committee, said that this is the third time in a decade and a half that the state has found itself in a budget crisis.

“The problem is that we spend based on how well we're doing,” Niello said. “There's a built-in weakness between spending and income during the bad times. Budget reform is needed. If we just pass the budget and don't address some of these other issues, we will have missed an important opportunity.”

On the Governor's lottery proposal, Niello said his concern is that the value of the securitization is totally dependent on the state's ability to modernize the lottery and significantly increase revenues. After that, he said, Wall Street has to be convinced of its value.

"We won't know what Wall Street says until after the budget is passed. Passing a budget with a hole in it, to be filled months later by voters in an election, is unprecedented."

Niello said he opposed raising taxes, particularly during tough economic times.

When asked how quickly he thought the budget would pass this year, Niello said, "The two Houses are working hard to be united. We are participating together in events and there is lots of communication."

Assembly Member John Laird (D-Santa Cruz), chair of the Budget Committee and a former Santa Cruz city council member and League board member, attributed the state's current financial crisis to an outdated budget structure created in the 1930s and a habit of passing bills without having the funds available to implement them.

"If we want reform, we don't vote on anything unless there's money for it."

The assembly member critiqued securitizing the lottery under the Governor's proposal, saying that in years the lottery doesn't perform well, the schools won't receive their share of the funds because the bond-holders will be paid first. He backed the LAO's lottery securitization proposal, however, saying it was a more reasonable solution.

Laird, too, emphasized reforming the budget structure so that cuts to health care and education won't have to happen in the future.

"We need to respond to this year's emergency now, but we need to fix this situation in the long-term."

'Newspapers Oppose Prop. 98' Continued from Page 1...

The League of California Cities also strongly opposes Prop. 98.

Editorials against Prop. 98 point out how supporters of the measure are using eminent domain as a Trojan Horse to mask its real agenda, and warn readers about the devastating impact this measure would have on the residents of California and the state itself.

A full list of the 51 California newspapers opposed to Prop. 98 as of May 23 appears below:

<i>Bakersfield Californian</i> (5/9/08)	<i>Monterey County Weekly</i> (5/15/08)
<i>Contra Costa Times</i> (5/4/08)	<i>North County Times</i> (5/11/08)
<i>East County Times</i> (5/4/08)	<i>Oakland Tribune</i> (5/4/08)
<i>Fremont Argus</i> (5/4/08)	<i>Palm Springs Desert Sun</i> (5/20/08)
<i>Fresno Bee</i> (5/11/08)	<i>Pasadena Star News</i> (5/7/08)
<i>Hayward Daily Review</i> (5/4/08)	<i>Pasadena Weekly</i> (5/7/08)
<i>Hollister Freelance</i> (5/20/08)	<i>Riverside Press Enterprise</i> (5/1/08)
<i>Inland Valley Daily Bulletin</i> (5/12/08)	<i>Sacramento Bee</i> (5/22/08)
<i>Lompoc Record</i> (5/12/08)	<i>Sacramento News and Review</i> (5/15/08)
<i>Los Angeles Times</i> (5/12/08)	<i>Salinas Californian</i> (5/22/08)
<i>Los Altos Town Crier</i> (5/22/08)	<i>San Bernardino Sun</i> (5/12/08)
<i>Marin Independent Journal</i> (5/19/08)	<i>San Diego City Beat</i> (5/13/08)
<i>Marin Pacific-Sun</i> (5/19/08)	<i>San Diego Union-Tribune</i> (4/23/08)
<i>Merced Sun Star</i> (5/16/08)	<i>San Francisco Bay Guardian</i> (4/30/08)
<i>Metro Santa Cruz</i> (5/14/08)	<i>San Francisco Chronicle</i> (5/4/08)
<i>Modesto Bee</i> (5/15/08)	<i>San Gabriel Valley Tribune</i> (5/7/08)
<i>Monterey County Herald</i> (5/15/08)	<i>San Joaquin Valley Herald</i> (5/4/08)

San Luis Obispo Tribune (5/8/08)
Santa Maria Times (5/12/08)
Santa Rosa Press Democrat (5/22/08)
San Mateo County Times (5/4/08)
San Ramon Valley Times (5/4/08)
Santa Cruz Sentinel (5/5/08)
Sonoma Index-Tribune (5/20/08)
Tulare Advance Register (5/8/08)
Tracy Press (5/16/08)

Tri-Valley Herald (5/4/08)
Visalia Times Delta (5/8/08)
Vacaville Reporter (5/7/08)
Valley Times (5/4/08)
Weekly Calistogan (5/22/08)
West County Times (5/4/08)
Whittier Daily News (5/7/08)
Woodland Daily Democrat (5/8/08)

Proposition 99 Offers Voters Responsible Eminent Domain Reform

Many of the papers who have opposed Prop. 98 are supporting Proposition 99, the Homeowners Protection Act, which is also slated for the June 2008 ballot. This measure offers true eminent domain reform by prohibiting the government from using eminent domain to take a home to transfer to a private developer. Prop. 99 is supported by a broad coalition of homeowners, businesses, labor groups, cities, counties and environmentalists. It contains no hidden provisions. The League strongly supports Prop. 99.

For more information about the two measures visit www.no98yes99.com.

Safe Neighborhoods Act Targeted for November 2008 Ballot

Supporters of the "Safe Neighborhoods Act: Stop Gang, Gun, and Street Crime" submitted signatures to election officials on April 25 to qualify the measure for the November 2008 ballot. To date, the Secretary of State's office has not announced that the measure has qualified.

Political positioning over this measure has already begun in the Legislature with the recent action of the Senate Budget Subcommittee #4 to eliminate funding for Citizen Options for Public Safety (COPS), Booking Fees and other local public safety programs from the Senate's version of the budget. Republicans and law enforcement groups are supporting this measure, while Democrats, teachers and other groups criticize the measure for its impact on the state budget. The Governor has not yet taken a position and continues in his May revise to propose that these local public safety programs be funded at traditional levels, but subject to the 10 percent across-the-board cuts he proposed in January.

The League of California Cities has not taken a position on the initiative and is in the process of analyzing this comprehensive proposal for its potential impact on cities. Cities are encouraged to delay any action on the proposal until it qualifies for the ballot and the League completes its analysis. The measure will be tracked and updates will be provided through *Priority Focus* and on the League's Web site.

What the Measure Proposes to Do

In brief, the Safe Neighborhoods Act would:

- Create a new state office, the "Office of Public Safety Education and Information" that would provide the public with information on crime and crime prevention via the Internet and other media outlets, administer various competitive law enforcement grant programs established under the initiative, and establish and maintain a gang database.
- Create a new state commission, the "California Early Intervention, Rehabilitation, and Accountability Commission," to evaluate publicly funded crime prevention programs.
- Lock in, prohibiting reduction or alteration by the Legislature, virtually all state funded law enforcement programs at their 2007 programmatic designs and funding levels plus annual inflationary growth. These programs include:
 - COPS – including city/county frontline law enforcement subventions increased from \$119 million to \$125 million (plus annual growth factor thereafter)
 - Juvenile Justice Crime Prevention subventions increased from \$119 million to \$125 million (plus annual growth factor thereafter)
 - Jail Detention Facility (Jail Efficiency Fund) Subventions (re: Booking Fees)

- California Multi-Jurisdictional Methamphetamine Enforcement Team (CAL-MMET)
- Central Valley Rural Crime Prevention Program
- Central Coast Rural Crime Prevention Program
- Juvenile Probation Camp Funding
- Add new crimes and increase penalties for existing crimes.
- Impose new costs on the state of California for programs and facilities in excess of \$500 million (per the LAO's analysis).
- Require increased spending in excess of \$500 million on specified law enforcement programs (per the LAO's analysis).
- Prohibit all state and local agencies that are recipients of these funds (meaning all cities, counties and other recipient public agencies) from reducing the funding of law enforcement programs below FY 2007-08 or FY 2008-09, whichever is higher.

Web Resources

Safe Neighborhoods Act Web site: www.safeneighborhoodsact.com

Opponents Web site: www.ellabakercenter.org/?p=defeat_runner

Legislative Analyst's Office brief description of Safe Act:

www.lao.ca.gov/laoapp/ballot_source/BalDetails.aspx?id=684

Support Letters Needed for AB 844: Scrap Metal Theft Bill

City officials are urged to send letters of support on AB 844 (Berryhill). This bill would require that junk dealers and recyclers comply with additional record-keeping and identification procedures to ensure that they are not purchasing stolen scrap metal.

In recent years, scrap metal theft has increasingly become a public safety issue for a number of California cities. Stolen items include copper tubing, brass grave markers and platinum-faced catalytic converters. A large portion of these thefts are linked to individuals who steal the metal to fund illegal activities, such as buying drugs.

The League supports AB 844 because the bill would help reduce such thefts by requiring additional identification of consumers who recycle nonferrous materials, requiring a three-day delay in payment to consumers, and allowing local governments to go beyond state law when they feel the local needs warrant a stronger ordinance to prevent these thefts.

AB 844 will be heard in the Senate Business, Professions and Economic Development Committee on Monday, June 9.

Take Action

City officials can download a sample support letter on the League's Web site at www.cacities.org/billsearch.

Plug in AB 844 into the bill search function to find the letter and fax instructions. The letter should be sent to the Senate Business, Professions and Economic Development Committee and other key contacts.

Caltrans Committee to Hear Speed Limit Setting Policies on May 29

The California Traffic Control Devices Committee (CTCDC) will revisit the issue of how local speed limits are set at its meeting on Thursday, May 29 in San Francisco.

The current proposal under consideration is intended to help to clarify numerous issues with the way the Traffic Control Devices Manual is written to help with adherence to and enforcement of local speed limits.

During its January 31 meeting, the committee recommended that Caltrans adopt revised language into the Traffic Control Devices Manual to state that when a speed limit is to be posted, it shall be established at the nearest 10 km/h or 5 mph increment of the 85th-percentile speed of free-flowing traffic, with exceptions for hazardous road conditions, as specified.

For the full agenda and proposed language change, please visit www.dot.ca.gov and search for "California Traffic Control Devices Committee." Once on the page, click on "Meeting Agendas" on the left-hand side and look for Item Number 08-14.

More Cities Receive Prop. 1B Local Streets and Roads Funds Now

As of mid-May, 334 of California's 478 cities had received their FY 2007-08 Proposition 1B Local Streets and Roads funds, according to the Department of Finance (DOF). To date, for FY 2007-08, \$349 million of the \$550 million of Prop. 1B Local Street and Road funds have been allocated.

The current city-by-city list of the funds is posted on the infrastructure page of the League's Web site at www.cacities.org/infrastructure.

Cities that have not already submitted their applications for Prop. 1B Local Streets and Road funds should do so immediately.

DOF sent all California cities a letter in January with Prop. 1B application instructions as well as a list detailing each city's proportional share of the funds. These materials and the Prop. 1B Implementation Guidelines are posted on the infrastructure page of the League's Web site at www.cacities.org/infrastructure.

FY 2008-09 Budget Update

As originally outlined in Gov. Arnold Schwarzenegger's January budget and reaffirmed in his May revise, there is no additional allocation of Prop. 1B Local Streets and Roads funds for cities for FY 2008-09.

Sustainable Cities Feature: South Bay Energy Saving Center

A group of 15 cities in southwestern Los Angeles County takes sustainability so seriously they've formed a coalition to collaboratively tackle the issue.

The South Bay Energy Saving Center (SBESC) is educating cities, residents, business owners and public agencies about the energy conservation programs and incentives available in the community and how to incorporate more energy saving practices into everyday life.

Established through funding from the California Public Utilities Commission, the SBESC includes the 15 cities that comprise the South Bay Cities Council of Governments (SBCCOG), and is associated with Southern California Edison and Southern California Gas Company. Member cities include Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Torrance, and the Harbor City and San Pedro communities of Los Angeles.

The distribution of water brooms to business owners is one of the Center's most successful projects to date. Targeted mainly to restaurant owners, the water brooms can be used instead of a hose and nozzle or power washer. Using a combination of air and water pressure, the brooms are water efficient and clean dust, dirt, food spills, leaves, litter, sawdust, and bird droppings from concrete, asphalt, or any other hard surface.

So far, the Center has distributed 350-400 water brooms. Marilyn Lyon, SBESC program manager, estimates that each broom can save 50,000 gallons of water annually. As Southern California cities face the possibility of significant water shortages in the future, and at least one

nearby city (Long Beach) has already implemented mandated water rationing, the brooms serve as an important way to conserve one of Southern California's most valuable resources.

"It's been a hugely successful event," Lyon said. "Besides being a fun thing that also does some good, it's a great opportunity to get them thinking about other ways to reduce utility costs and be good to the earth at the same time."

The Center also hosted a community lamp exchange in Torrance last year in which about 2,000 residents exchanged their traditional lamps for lamps with compact fluorescent light bulbs, free of charge. Edison donated the florescent lamps and residents were invited to exchange up to 10 household lamps apiece. Lyon and her staff also distribute free Edison-provided fluorescent light bulbs wherever they go to entice constituents to try them.

According to Judy Mitchell, council member for Rolling Hills Estates and League second vice-president, the Center has helped raise awareness about resource efficiency and provide residents with ways to conserve.

"The community is more and more interested in incorporating energy efficient measures in their homes," Mitchell said. "People are concerned about the environment and want to do the right thing. But most of the cities in our council are smaller, with fewer resources. The Energy Savings Center allows us to collaborate in order to maximize our own efficiencies and reduce costs."

Currently, each SBCCOG city is developing its own green building standards. Leading the way is Manhattan Beach, which has already assessed its own carbon footprint and is working on ways to comply with AB 32, the Global Warming Solutions Act of 2006.

According to Lyon, one of the most rewarding aspects of the Center is that volunteers in the community are talking with their city officials and giving feedback about the green initiatives in their cities, and opening up the conversation about green to a broader audience.

For more information on the South Bay Energy Saving Center, visit www.sbesc.com.

Annual Conference Registration Open!

Conference and housing registration is now open for the League of California Cities 2008 Annual Conference and Exposition.

The event will take place September 24-27 at the Long Beach Convention Center. To register, visit www.cacities.org/events.

Look for more details in next week's *Priority Focus*.

Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) Web page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.

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

PRIORITY FOCUS



IN THIS ISSUE:

May 30, 2008
Issue #21-2008

- Page 5: Crucial Vote Pending on Public Works Contracting Legislation Registration Now Open for 2008 Annual Conference
- Page 6: Civic Engagement Grants Available to Municipalities, School Districts, and Nonprofits Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

LOCAL PUBLIC SAFETY FUNDS CONTINUE TO SERVE AS PAWN IN BUDGET DYNAMICS

Late Wednesday night, the Assembly Budget Subcommittee #4, chaired by Assembly Member Juan Arambula (D-Fresno), completed its business on a variety of issues, including public safety. In recent budget discussions, the level of state public safety funding has been hotly debated. *For more, see Page 2.*



LEADING ORGANIZATIONS, ELECTED OFFICIALS AND NEWSPAPERS MAKE FINAL PUSH AS ELECTION DAY NEARS – NO ON 98/YES ON 99 Election Day Is Tuesday, June 3

When voters head to the polls just four days from now on Tuesday, June 3, they will have a critical choice to make that will affect California for generations to come. While there are only two statewide measures on the June 3 ballot, the outcome of Propositions 98 and 99 could transform local planning and local government services in a remarkable way. *For more, see Page 3.*



AB 2176 PASSES OFF ASSEMBLY FLOOR

AB 2176 (Caballero), a bill that would aid in distribution of federal funds to cities through the Federal Energy Efficiency Block Grant (EEBG) program, passed off the Assembly floor on a vote of 76-0 on Wednesday, May 28. *For more, see Page 4.*

'Budget Dynamics' Continued from Page 1...

The Assembly Budget Subcommittee #4 voted to fund the Citizen Option for Public Safety (COPS) and the Juvenile Justice Crime Prevention program at the level proposed in Gov. Arnold Schwarzenegger's budget of \$214 million (\$107 million for each). This amount reflects the Governor's proposed across-the-board 10 percent cuts.

However, the subcommittee voted along party lines (Democrats-Yes, Republicans-No) to drastically reduce the proposed funding for rural sheriffs and Booking Fees. The Governor's January and May budgets propose to support these programs at 10 percent less than the FY 2007-08 levels at \$17 million for rural sheriffs and \$32 million for Booking Fees. The subcommittee, however, reduced the proposed amounts allocated to each of these programs to a token amount of just \$1,000 each.

While this action continues to allow the funding levels for these programs to be revisited by the full Budget Conference Committee, the signal the Democrats are sending to Republicans suggests that if additional revenues are not part of the final budget solution, vital public safety programs could be sacrificed.

In a similar move, the actions of the Senate Budget Subcommittee #4 on May 8 were much more drastic. They, along partisan lines, voted to entirely eliminate funding from the budget for COPS, Booking Fees and other local public safety programs from the Senate's version of the budget.

Thus, the combined action of these two committees communicates that local public safety funds are clearly emerging as a pawn in the budget dynamics.

Safe Act

Another piece of the budget public safety dance involves the "Safe Neighborhoods Act: Stop Gang, Gun and Street Crime," for which signatures were submitted on April 25. As of May 29, the measure had yet to qualify.

The initiative would secure an annual appropriation from the General Fund for significant state and local public safety programs. It would also require local government funding to be maintained at same or greater levels indefinitely.

While many Democrats support public safety programs, the actions taken by the two Budget Subcommittees #4 also suggest that political positioning over this initiative has begun.

The League has not taken a position on the Safe Neighborhoods Act. City officials are encouraged to delay any action on it until it qualifies and the League finishes an analysis of the measure.

The League reported on this initiative in the May 23 issue of *Priority Focus* (http://www.cacities.org/resource_files/26823_may23.pdf). Please see the article titled "Safe Neighborhoods Act Targeted for November 2008 Ballot."

Next Steps

The work of the Assembly Budget Subcommittee #4 is now done. The Senate Budget Subcommittee #4 is expected to conclude its business next week. Once all of the budget subcommittees have finished their work, the action will move to the full budget committees of each house. Following that, the Senate and Assembly will appoint a budget conference committee to reconcile differences between the two houses. Also to be expected are meetings among legislative leadership and the Governor which may inject other ideas into the mix.

Take Action!

The League urges city officials to communicate to their legislators the importance of supporting public safety funding at the levels proposed by the Governor. Public safety funding is extremely vulnerable and will remain so because of the "hostage taking" actions by the budget subcommittees and the introduction of the Safe Neighborhoods Act.

A complete list of each house's budget committees is included below.

Members of the Budget Committees

Senate Budget and Fiscal Review Committee

Denise Ducheny (D-San Diego) – *Chair*
Robert Dutton (R-Inland Empire) – *Vice Chair*
Elaine Alquist (D-Santa Clara)
David Cogdill (R-Fresno)
Tom Harman (R-Orange)
Christine Kehoe (D-San Diego)
Alan Lowenthal (D-Long Beach)
Mike Machado (D-Linden)
Alex Padilla (D-Los Angeles)
Gloria Romero (D-Los Angeles)
Darrell Steinberg (D-Sacramento)
Mark Wyland (R-Escondido)

Assembly Budget Committee

John Laird (D-Santa Cruz) – *Chair*
Roger Niello (R-Sacramento) – *Vice Chair*
Juan Arambula (D-Fresno)
Jim Beall (D-San Jose)
John Benoit (R-Palm Desert)
Patty Berg (D-Eureka)
Sam Blakeslee (R-San Luis Obispo)
Julia Brownley (D-Santa Monica)
Paul Cook (R-Yucaipa)
Hector De La Torre (D-South Gate)
Chuck DeVore (R-Irvine)
Michael Duvall (R-Brea)
William Emmerson (R-Redlands)
Noreen Evans (D-Santa Rosa)
Michael Feuer (D-Los Angeles)
Jean Fuller (R-Bakersfield)
Mary Hayashi (D-Hayward)
Ed Hernandez (D-Baldwin Park)
Bob Huff (R-Diamond Bar)
Dave Jones (D-Sacramento)
Paul Krekorian (D-Burbank)
Bill Maze (R-Visalia)
Gene Mullin (D-South San Francisco)
Ira Ruskin (D-Redwood City)
Jim Silva (R-Huntington Beach)
Sandre Swanson (D-Oakland)
Lois Wolk (D-Davis)

'Election Day' Continued from Page 1...

That's why leading California organizations, elected officials and more than 55 newspapers are making a final push this week to urge voters to vote No on 98, and Yes on 99 on Election Day.

The supporters of Proposition 98 tout its eminent domain reforms, but in reality, the measure, which is funded almost exclusively by apartment and mobile home park owners, would also abolish renter protections and rent control, weaken environmental protections and threaten the state's ability to rebuild its aging infrastructure.

On the other hand, Prop. 99 directly protects single-family homes from being taken by the government for private development.

Opposition Against Prop. 98 Swells

Prop. 98 is so destructive that only four newspapers in the state endorse the measure, compared to the more than 70 papers which have urged their readers to vote against it. For a complete list of papers against Prop. 98, please visit the No on 98/Yes on 99 Web site, www.noprop98.org.

Over the past few months, numerous high level state officials have publicly opposed Prop. 98, including Gov. Arnold Schwarzenegger, U.S. Senators Dianne Feinstein and Barbara Boxer, former Governor Pete Wilson, Speaker of the House Nancy Pelosi (D-San Francisco) and many others.

These elected officials are joined by one of the most diverse coalitions ever formed to defeat a ballot measure, including leading organizations like:

- AARP
- League of Women Voters of California
- California Professional Firefighters
- California Teachers Association
- California Labor Federation
- California Chamber of Commerce
- Every leading environmental organization
- Nisei Farmers League
- Western Growers Association
- More than 300 organizations

When voters head to the polls in just a few days, they'll have plenty of reasons – and company – to oppose Prop. 98 and support Prop. 99.

Make Your Vote Count

On June 3, vote No on Prop. 98 and Yes on Prop. 99.

For more information about the two measures, visit www.no98yes99.com.

'AB 2176' Continued from Page 1...

The legislators unanimously agreed that AB 2176 will help local governments in California achieve additional reductions through this federal block grant program.

As the sponsor of AB 2176, the League is working with the California Energy Commission to ensure efficiency of the funding mechanism once this grant money is allocated by the federal government.

Background

The EEBG program is part of the Energy Independence and Security Act (H.R. 6), which President Bush signed into law in December 2007. The program would provide cities with federal funding for innovative practices to improve energy efficiency, lower energy usage and reduce fossil fuel emissions. Although H.R. 6 authorizes \$10 billion (\$2 billion per year from 2008-2012), the funds need to be appropriated by Congress each year as part of the federal budget process.

H.R. 6 splits up the \$2 billion annual allocation into four different funding pots: 68 percent is designated for cities and counties (local government pot), 28 percent for states (state pot), 2 percent for Indian tribes, and 2 percent for competitive grants to local governments or a consortia of local governments who are ineligible for funding out of the other funding streams.

Cities with a population of 35,000 or more, and counties with a population of 200,000 or more (as well as the top 10 most populous cities and counties in each state) will be eligible for funds out of the local government pot.

AB 2176 addresses California's portion of the state funding and would establish a mechanism through which funds received by the state would then be passed on to cities and counties. H.R. 6 mandates that 60 percent of the state portion must go to cities and counties that are not eligible to receive funding out of the local government pot (those not eligible would be cities under 35,000 in population).

Crucial Vote Pending on Public Works Contracting Legislation Opposition Letters Requested for AB 983

A crucial vote on the Senate Floor is pending for AB 983 (Ma). The League opposes this bill because of the negative consequences it would create for any local agency entering into a public works contract. City officials are urged to request that AB 983 be referred back to the Senate Local Government and Appropriations committees before it is voted upon by the full Senate.

Reasons AB 983 Should be Referred

This bill was dramatically amended after it already passed through the Assembly and was never heard by the appropriate policy and fiscal committees in the Senate. Because of the major implications for cities, public infrastructure, and taxpayers, AB 983 should first be reviewed and voted upon in committee hearings before the full Senate votes on it.

Background

AB 983 would require local agencies to provide full, complete and accurate plans and specifications, including cost estimates, for public works projects *before* entering into any contract. This would essentially absolve a contractor from any responsibility for reviewing plans before submitting a bid on a public works project.

The League opposes AB 983 because under the proposed contracting law revision, a contractor would have no desire or incentive to report any omissions to a public agency prior to submitting a bid, resulting in expensive change orders to the benefit of the contractor and the detriment of the city.

Public contracting is a collaborative process through which a public agency and contractor work together to identify omissions or changes to provided plans and specifications. In fact, public agencies often rely on the expertise of contractors, who are professionals in their field and are in the best position to notify a public agency if project plans may be incomplete or inaccurate.

AB 983 is awaiting action on the Senate Floor, and could be voted on as early as Tuesday, June 3. Please fax your letters as soon as possible to help defeat this legislation.

Take Action!

A sample letter is available for your city to fax to your senator and other key contacts at www.cacities.org/billsearch. Plug in AB 983 to the bill search function to access the sample letter of opposition, along with faxing instructions.

Registration Now Open for 2008 Annual Conference

Conference and housing registration is now open for the League of California Cities 2008 Annual Conference and Exposition. The event will take place September 24 – 27 at the Long Beach Convention Center.

2008 Annual Conference at a Glance

Attendees may register for the optional pre-conference workshop, "California Public Officials Emergency Preparedness." Registration opens on September 24 at noon, and a "first-timers" orientation will be offered at 2:30 p.m. before the expected 2,000 attendees gather at 4 p.m. for the Opening General Session, featuring keynote speaker Neal Petersen, who will present "No Barriers – Only Solutions." Peterson will tell of his 27,000 mile, nine-month adventure at sea in a home-built boat and what can

happen when one truly lives by goals, planning and preparation. Later in the evening, attendees can enjoy the annual CITIPAC Casino Night festivities.

On Thursday, September 25, breakout sessions and professional department business meetings will be offered. The Exposition will open at 11 a.m. Attendees can have lunch in the Expo hall or purchase a ticket to the Institute for Local Government's (ILG) fourth annual lunch symposium, "Local Leadership and the Changing Demographics of California's Communities." The afternoon program concludes with keynote speaker Richard Florida whose talk is titled "Who's Your City." Florida takes a look at the way people choose the places they live and how that affects everything from their real estate to their families. In the evening, the Long Beach Host City reception will offer great food, music and entertainment.

The final full day of the conference, Friday, September 26, offers a regional networking breakfast. This full day includes breakout sessions, lunch in the Expo hall, installation of the new League board of directors and officers and an outstanding Closing General Session keynote speaker, Doris Kearns Goodwin. Goodwin is a gifted historian and storyteller who illustrates lessons relevant to today's issues and headlines from some of the country's greatest figures. In the evening, participants can join the fun at one of four League Caucus receptions or watch the first Presidential Debate with colleagues.

On Saturday, September 27, attendees are encouraged to participate in the concluding Annual Business Meeting from 8:30 – 9:45 a.m. Remember to register your voting delegate and be sure they are present at the business meeting for voting.

To register for the 2008 Annual Conference and make hotel reservations, visit www.cacities.org/events.

Civic Engagement Grants Available to Municipalities, School Districts, and Nonprofits

Common Sense California (CSC), a nonprofit organization supporting civic engagement, is offering a total of \$125,000 in grants to municipalities, school districts, and nonprofit organizations that are attempting to engage their citizens in informed decision-making through its "Citizen Engagement Grant Program."

The Citizen Engagement Grant Program is offering four "Common Sense Grants" of up to \$25,000 and multiple "Catalyst Grants" in amounts ranging from \$1,000 to \$7,500. Recent examples of citizen engagement projects include land use/infrastructure decisions at the city and county levels, K-12 school budget and curriculum policy formation, city-wide five and 10-year visioning plans, and school regionalization/shared service decisions.

Applications for the top-level Common Sense Grants must be submitted by September 12. Recipients will be notified in early October. Applications for Catalyst Grants will be awarded on a "rolling basis," beginning June 18. Proposals for these grants may be submitted immediately and will be reviewed as they are received.

For more information or to apply for a grant, visit the CSC Web site: www.commonseca.org.

Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) Web page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.
