

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

PRIORITY FOCUS



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VOTERS SUPPORT EMINENT DOMAIN REFORM AS PROP. 99 WINS IN A LANDSLIDE AND PROP. 98 LOSES

Tuesday's election made it clear that California voters want responsible eminent domain reform, not a law that appears to provide such reform but in reality would have eliminated renter protections and rent control, weakened environmental protections and threatened the state's ability to rebuild its aging infrastructure. *For more, see Page 2.*

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BUDGET COMMITTEES CHOOSE NOT TO INCLUDE SEVERAL LAO-SUGGESTED GRABS OF CITY FUNDS

Cities received good news this week when neither the Assembly nor Senate Budget Committees elected to adopt proposals by the Legislative Analyst to take city funds to support state parole realignment to county probation or for an ERAF-style grab of local redevelopment funds. Legislators should be thanked for this positive decision. *For more, see Page 2.*

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POSITIVE RESULTS FOR LOCAL TAX MEASURES ACROSS CALIFORNIA

Along with Propositions 98 and 99 and primaries for congressional and legislative seats on the June 3 ballot, California voters also considered over 100 local measures. Seventy-eight of these related to city, county, special district, school bonds or taxes. In addition, voters in Riverside County made Menifee the state's 480th city. *For more, see Page 3.*

'Eminent Domain Reform' Continued from Page 1...

Sixty-three percent of voters supported Proposition 99, the Home Owners Protection Act, which directly protects single-family homes from being taken by the government for private development. On the other hand, 61 percent of voters rejected Prop. 98, signaling that they were not willing to sacrifice decades of progress or future investments in new water supplies, affordable housing, environmental protections and well-planned communities for an ill-conceived scheme.

Prop. 98 would have been so destructive that more than 70 newspapers statewide opposed the measure as "cynical and devious" (*L.A. Times*) and a "wolf in sheep's clothing" (*Palm Springs Desert Sun*).

In the months leading up to the June 3 election, numerous high level state officials 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. A large and diverse coalition of organizations also denounced Prop. 98, including the California Chamber of Commerce, the Natural Resources Defense Council, the League of Women Voters and the AARP.

Prop. 99 was supported by a broad coalition of environmental groups, business, housing rights, seniors, local government and more. This coalition included the California League of Conservation Voters, Sierra Club California, Silicon Valley Leadership Group, Consulting Engineers and Land Surveyors of California, the California Mexican American Chamber of Commerce, Silicon Valley Leadership Group, the League of Women Voters, the Mobile Home Owners Coalition, California Alliance for Retired Americans and the League of California Cities.

For more information about the No on 98/Yes on 99 campaign, please visit www.no98yes99.com.

'Budget Committees' Continued from Page 1...

Below is a summary of the status of key city funds before the full Budget Conference committees begin to meet next week:

- Proposition 1A (local property taxes) and Prop. 42 (transportation revenues) remain untouched.
- Prop. 172 (local public safety), city allocations of Vehicle License Fees (VLF), and special district property tax revenues remain untouched.
- Local redevelopment funds remain secure (with the exception of a separate discussion involving correcting redevelopment pass-through reporting errors identified in a recent State Controller's audit.)
- Local Citizen Options for Public Safety (COPS) funding and Booking Fees remain vulnerable. (Gov. Arnold Schwarzenegger proposes full funding with a 10 percent cut; the Assembly proposes to fund COPS at the Governor's level, but only allocates a token \$1,000 for Booking Fees; the Senate proposes to fund neither; the recently qualified initiative, the Safe Neighborhoods Act, requires COPS to be fully-funded at FY 2007-08 levels, plus inflation, and also funds Booking Fees at FY 2007-08 levels.)
- Transit Funding: Both the Assembly and Senate budget committees propose increased levels of funding over the Governor's May budget revise.

The Budget Conference Committee will next begin to work on reconciling the differences between the Senate and Assembly versions of the budget. As listed above, the fate of local public safety funding for COPS and Booking Fees is uncertain and the budget deficit remains large.

Although some form of a lottery "securitization" proposal may be part of the final package, the Democrats have not embraced the Governor's budget stabilization reforms. Recent revenue raising and "loophole closing" proposals by Democrats have been rejected by Republicans, while Democrats oppose the notion of closing the budget with cuts only.

Sports fans have learned that it is unwise to be too positive about the scoreboard at halftime, and those same lessons apply to evaluating the vulnerability of city funds in this year's legislative budget process. City officials should remain in close contact with their legislators and ready to react to a variety of proposals during what may be a long summer.

The League will continue to communicate major developments and action alerts through its network of regional representatives, upcoming issues of *Priority Focus* and other means.

'Local Tax Measures' Continued from Page 1...

The results were generally positive for most California cities with revenue measures on the ballot this week. Among the 19 city measures, five were special taxes requiring two-thirds voter approval and 14 concerned general taxes, which needed a simple majority to pass. Of the five special taxes on local ballots, two passed. Twelve of the 14 general taxes passed.

League fiscal consultant Michael Coleman has prepared a preliminary breakdown of the measures. To access the report, visit www.californiacityfinance.com and look under "votes."

Cities Encouraged to Take Positions on List of Major Bills Affecting Cities

The Legislature just passed its traditional half-way point, when legislation has crossed from its house of origin to the other house—bills authored by Assembly Members have moved to the Senate and vice versa.

Each legislative session, the League tracks hundreds of bills with potential impacts to cities but focuses its lobbying on a much smaller amount of legislation with the greatest potential impact. As the session goes on, many bills stall due to opposition, costs, or other reasons.

What remains is a smaller list of priority legislation supported and opposed by the League. The League's lobbying team has assembled a list of some of the major bills of interest to cities. Of course, the Legislature is a place of constant change, so other measures of interest to cities are certain to emerge.

Below is a list of 19 major bills affecting cities. The bills are listed by policy area, with a brief description and summary of the League's position. The League's letters and sample letters are available for each of these bills. It is important that city officials submit letters of support or opposition to their legislators on these bills. These letters are valuable and help with city lobbying efforts, not only in the Legislature but in helping make the case for Gov. Arnold Schwarzenegger to sign or veto legislation that may reach his desk.

Community Services

AB 2427 (Eng): Prohibits a city or county from incidentally regulating a local business that is licensed or certified by the State Department of Consumer Affairs. (Oppose)

Employee Relations

AB 2716 (Ma): Mandates that all part-time workers who work seven or more days in a calendar year are entitled to paid sick days. (Oppose)

AB 2754 (Bass): Expands the scope of presumptions to include any methicillin-resistant *Staphylococcus aureus* (MRSA) skin infection. (Oppose)

SB 1296 (Corbett): Makes declarations and findings relating to the jurisdiction of the Public Employment Relations Board to bolster firefighter rights. (Oppose)

SB 1338 (Migden): Deletes the 12/31/09 repeal date pertaining to an employee's pre-designation of a personal physician. (Oppose)

Environmental Quality

AB 2176 (Caballero): Establishes a mechanism through which the federal Energy Efficiency Block Grant (EEBG) funds received by the state would then be passed on to cities and counties in an cost efficient and expedited manner. (Support/Sponsor)

AB 844 (Berryhill): Requires that junk dealers and recyclers comply with additional recordkeeping and identification procedures to ensure that they are not purchasing stolen scrap metal. (Support)

SB 1357 (Padilla): Authorizes the Department of Conservation to expend up to \$20 million to fund grants for beverage container recycling and litter reduction programs or focused, regional community beverage container recycling and litter reduction programs. (Support)

Housing/Land Use

AB 2000 (Mendoza): Provides an incentive to approve housing units by allowing local agencies to credit any excess of housing units that are actually constructed over the RHNA category allocation to the next planning period. (Support)

AB 2097 (Coto): Allows no more than 5 percent of the total redevelopment set aside funds for low and moderate income to be used for supportive services for transitional housing. (Support)

AB 2280 (Saldana): Makes changes to the Density Bonus Law to assure that developers make clear what concessions they are seeking at the beginning of the review process and makes several other technical fixes. (Support)

AB 2594 (Mullin): Addresses some issues related to high foreclosure rates by allowing redevelopment agencies to use low and moderate income housing funds to retain or purchase foreclosed units to be retained as a source of affordable housing. (Support)

SB 375 (Steinberg): Provides a detailed process for identifying resource areas and designating growth areas within the regional transportation plan in order to guide investment of transportation funds to reduce greenhouse gas emissions. Also provides for limited California Environmental Quality Act (CEQA) relief in infill and areas where development pattern is consistent with designations in regional transportation plan. (Oppose, Unless Amended)

SB 1103 (Cedillo): Requires local agencies to provide ongoing reporting of costs and expenditures related to economic development; and cost made or incurred for the purpose of stimulating economic development is reportable (except for expenses related to affordable housing). (Oppose)

Public Safety

AB 38 (Nava): Consolidates the Governor's Office of Emergency Services and Office of Homeland Security into a single state Department of Emergency Services and Homeland Security to streamline disaster response and emergency assistance for local government agencies. (Support)

Revenue and Taxation

AB 1836 (Feuer): Streamlines existing law related to the formation of Infrastructure Financing Districts by removing an unnecessary voter approval requirement. (Support)

AB 1957 (Eng): Improves the collection of use tax revenues owed to state and local government by consumers and businesses through clarifications made to state income tax return forms. (Support)

Transportation

AB 642 (Wolk): Allows cities to use design-build contracting for building construction projects as well as wastewater facilities, solid waste management facilities, or water recycling facilities for more efficient, cost-effective public works projects. (Support)

AB 983 (Ma): Requires cities to provide full, complete, and accurate plans, including cost-estimates on all public works projects, which would reduce incentives for contractors to report errors in plans during bidding because additional expenses could be recouped through change-order claims against the public agency. (Oppose)

Menifee to Become 480th City in California
June 3 Election Also Makes Victorville, Carlsbad Charter Cities

On Oct. 1, Menifee will officially become California's 480th city.

Voters in Riverside County approved cityhood for Menifee with 61 percent of the 8,507 votes cast in favor of incorporating the 48-square-mile areas of Menifee, Sun City, Quail Valley and parts of Romoland. The new municipality will be home to about 60,000 residents.

Voters approved the name of Menifee over Menifee Valley and also chose to elect council representatives by districts rather than at-large.

In February, Riverside County voters approved the incorporation of Wildomar, a community of about 29,000. Wildomar will officially become the state's 479th city on July 1.

The cities of Victorville and Carlsbad also voted on Tuesday to become "charter" cities rather than remain "general law" cities. Becoming a charter city allows voters to determine how their city government is organized and, with respect to municipal affairs, enact legislation different than that adopted by the state.

Information about the differences between general law and charter cities is available on the League's Web site at www.cacities.org and click on "All About Cities."

Public-Private Partnerships Conference Registration Opens

Registration is now open for "Performance-Based Infrastructure: Making Public-Private Partnerships Work for California." This informative conference that will help city leaders explore the possibilities available with public-private partnerships is slated for Friday, July 18 from 8 a.m.–4 p.m. at the San Jose City Hall. The event is organized by the Silicon Valley Leadership Group and is co-sponsored by the League of California Cities.

California is facing an estimated \$500 billion infrastructure shortfall over the next 20 years. Public-private partnerships are one way for cities to get more for the money when building libraries, fire stations, transit lines, schools and other infrastructure.

Through public-private partnerships, governments can shift some of the risk to private sector partners for financing, designing, constructing, and sometimes operating and maintaining public improvements. Done right, the partnerships pay off in lower costs, better design, faster construction and better performance.

Attendees at the July 18 conference will learn about:

- What authority local governments have now to use public-private partnerships;
- How public-private partnerships might address infrastructure needs in your community;
- When and where the traditional methods for public projects still work best;
- Arguments being made by unionized workers pressing for and against greater use of such partnerships; and

- Other local and state agencies (and countries) who are using them to build an array of improvements.

To register online or view a full conference agenda, visit www.svlq.net. For more information, contact Laura Stuchinsky at lstuchinsky@svlg.net.

Sustainable Cities Feature: Vacaville's CNG Vehicle Program Improves Local Air Quality

With 25 Toyota electric RAV4s, the City of Vacaville holds the distinction of being the city with the most of that model in any municipality in the nation. The city is also the first in the country to get federal money designated for air quality improvement to support the city's clean vehicle program and subsidize the purchase price of compressed natural gas (CNG) running Honda Civic GX for people who live or work in Vacaville. This distinction has earned Vacaville the name "Voltageville."

Vacaville's Vehicle Incentive Program (VIP) began in 1999 when the city first applied to the Congestion Mitigation and Air Quality Improvement Program for money to reduce the cost of purchasing alternative fuel vehicles. Allocated through the federal Safe, Accountable Flexible, Efficient Transportation Equity Act (SAFETEA-LU), the funding is designated for air quality improvement programs. The city's mission is to help reduce pollution in the Solano County air basin by giving locals an incentive to buy cleaner cars.



Vacaville transportation department director Ed Huestis fills his Honda Civic GX with compressed natural gas.

Advantages of CNG

Running the city's transportation department, Ed Huestis has become an evangelical about the benefits of cars that run on CNG. While the Honda Civic GX gets about the same gas mileage as a traditional Civic (24 mpg in town and 36 mpg on the freeway), because it is "fueled" by CNG it is 90 percent cleaner than a gasoline-powered car. Greencars.org, part of the American Council for an Energy-Efficient Economy (ACEEE), has named the GX as the most clean and green car for model years 2004-2008. Visit www.greencars.org and click on "ratings highlights" for a complete list of vehicles ranked.

Huestis' comment on the GX sums up its extremely low emission output. "You can put your finger in the tailpipe—there's nothing there!"

The U.S. gets all of its CNG from North America, with 85 percent coming this country and Canada supplying the remaining 15 percent, meaning drivers of CNG cars have no dependence foreign oil.

Traditionally, CNG costs about 30 percent less than gasoline. However, with today's high and rapidly increasing gas prices Huestis says it's about 40 percent cheaper. At PG&E refueling stations, customers paid the equivalent of \$2.45 per gallon in May to fill up their CNG tanks. (PG&E sets its CNG price once a month). Owners of CNG vehicles can also purchase a special device that allows them to tap into their home natural gas supply to refuel their vehicles.

Civic GX drivers have access to high occupancy vehicle (HOV) lanes on the freeway during rush hours and are also exempt from bridge tolls.

Huestis says VIP is really about quality of life. "Our residents can save on car maintenance costs, are not dependent on foreign oil and improve air quality. Because drivers who commute to the Bay Area can use the HOV lanes, they get home in time for dinner with their families."

How the Compressed Natural Gas Vehicle Incentive Program Works

Originally, Vacaville used federal funding for the electric vehicles (EVs), but when manufacturers stopped production, the city switched to supporting the purchase of cars that run on compressed natural gas in 2002. Currently the city's VIP has funding to help about 50 people buy a Honda Civic GX annually. Since the program started, 101 people have purchased cars with 50 of those in the last year alone. Huestis reports that he's now getting calls daily from people who want to know how to qualify for the program.

A traditional Honda Civic costs approximately \$18,000 but the GX model, which runs on CNG, isn't mass-produced so the MSRP of this model is \$25,225. Through city incentive programs, a federal tax credit and a new state program, the cost of the GX model for Vacaville residents or people who live outside Vacaville but work within the city is reduced to the price of a regular Civic.

Here is a summary of the incentives available.

- Federal tax credit: \$4,000
- State Alternative Fuel Vehicle Incentive Program: \$3,000 rebate for Honda Civic GX cars purchased after July 1, 2007. (This program is currently out of funding but the California Air Resources Board is working to secure new funding to reinstate the incentive.)
- City of Vacaville incentive: \$1,000 for qualified GX buyers (people who live or work full time in Vacaville, Dixon or Rio Vista)
- Local dealership incentive: Vacaville Honda, Mel Raption Honda (Sacramento) and Lodi Honda have agreed to reduce the MSRP on GX models to purchasers who qualify for Vacaville's program.

The City of Vacaville's Web site www.ci.vacaville.ca.us has information about VIP.

Western Municipal Conference Unites Local Governments across the West

Founded 10 years ago, the Western Municipal Conference (WMC) has recently re-energized. The WMC includes 17 Western States: Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington and Wyoming.

Novato Mayor and League Immediate Past President Pat Eklund was appointed chair of the organization in November 2007. Chris McKenzie, League executive director, serves as secretary/treasurer.

WMC's mission is based on four key purposes:

- **Policy** – to establish a cohesive, effective voice for a stronger federal-state-local partnership and relationships in the region in the development and implementation of municipal policy issues for the Western Region.
- **Political** – to provide an effective forum and to develop a coordinated Western legislative effort for members of the Western state municipal leagues on national, state, and local issues affecting the municipal governments of the Western region.
- **Information Exchange** – to serve as a forum for the exchange of comparative research and information, current issues and emerging trends among participating leagues in the West.
- **Collaboration** – to facilitate communication and collaboration among Western state and local public officials and their associations.

More information about WMC can be found online at www.westmc.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.
