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COURT REQUESTS ADDITIONAL BRIEFING IN LEAGUE'S VLF LAWSUIT TO ADDRESS PROPOSITION 30 QUESTIONS

Sacramento County Superior Court Judge Lloyd Connelly, last month, requested the parties provide additional briefing in the League's lawsuit, *League of California Cities v. Chiang*, to address the potential impacts of Proposition 30. The League's lawsuit brings constitutional challenges to SB 89/AB 118, enacted in 2011, which shifted vehicle license fee (VLF) revenues to fund public safety programs that were previously state-funded prior to SB 89/AB 118. *For more, see Page 2.*



SEN. LOIS WOLK REINTRODUCES LEGISLATION ON INFRASTRUCTURE FINANCING DISTRICTS

Monday, Dec. 3 was the first day legislation for the 2013-14 legislative session could be introduced and Sen. Lois Wolk (D-Davis) wasted no time in introducing SB 33 (Wolk), a measure to update Infrastructure Financing District law, to make it a useful tool to help cities maintain, repair, and rebuild critical infrastructure and create economic development in their communities. SB 33 is a reintroduction of last year's SB 214 (Wolk) that was supported by the League, the California Building Industry Association and other organizations. *For more, see Page 2.*



MUNICIPAL BOND INTEREST TAX-EXEMPTION TARGETED IN FEDERAL BUDGET DISCUSSIONS

As 2012 draws to a close, the federal government is struggling with the looming fiscal cliff. While there is bipartisan support to avoid sequestration, how to do that remains controversial. Eliminating or limiting the federal tax exemption on interest earned from municipal bonds is one particularly troublesome proposal on the table in both the fiscal cliff and future federal tax reform discussions. *For more, see Page 2.*

'VLF' Continued from Page 1...

Proposition 30, adopted by the voters on Nov. 6, places provisions in the California Constitution that require VLF to be used for public safety services as defined in that measure. This definition of "public safety services" is not as restrictive as the definition of that same term in SB 89.

The League in its initial brief, filed Dec. 3, argues, in part, that Prop. 30 did not explicitly amend or repeal any of the constitutional provisions relied upon by the League in challenging SB 89/AB 118, and therefore the court is required to harmonize Prop. 30 with these existing constitutional provisions.

The League will have the opportunity to reply to the state's brief, also filed on Dec. 3, by Dec. 17. Once this briefing is complete, the court will take the case under submission, although it is not yet clear when the court intends to issue its decision.

'IFD' Continued from Page 1...

Infrastructure Financing Districts

Updating Infrastructure Financing District law was one of the key recommendations of a League task force formed in 2012, chaired by Pasadena Mayor Bill Bogaard, who now serves as President of the League.

The League worked in a collaborative effort with Sen. Wolk to identify amendments to the law that would make it more workable by removing cumbersome voting thresholds that were not legally necessary, authorizing rehabilitation and maintenance, and other changes. For more background on SB 214, please see the Sept. 13 *CA Cities Advocate* story "SB 214 (Wolk) Is Most Useful Tool on Governor's Desk for Infrastructure Development" at [http://www.cacities.org/Top/News/News-Articles/2012/September/SB-214-\(Wolk\)-Is-Most-Useful-Tool-on-Governor's-De](http://www.cacities.org/Top/News/News-Articles/2012/September/SB-214-(Wolk)-Is-Most-Useful-Tool-on-Governor's-De).

While SB 214 was vetoed by Gov. Jerry Brown, as were several other infrastructure bills, the Governor's veto messages seemed open to the possibility of revisiting the issue. For more on this, please see the Oct. 5 *CA Cities Advocate* story "Veto Messages on Infrastructure – Related Bills Point to Revisiting Issue in 2013" at <http://www.cacities.org/Top/News/News-Articles/2012/October/Veto-Messages-on-Infrastructure-Related-Bills-Poin>.

SB 33 (http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0001-0050/sb_33_bill_20121203_introduced.pdf) is identical to SB 214. The League has produced a two-page summary explaining SB 33 which is available on the League's website at <http://bit.ly/UKtmAz>.

The League's support letter for SB 33, as well as a sample support letter, is available on the League's website at www.cacities.org/billsearch by typing "SB 33" into the search box. Cities that supported SB 214 last year are strongly encouraged to express their support for SB 33 as well.

Sen. Steinberg Reintroduces Redevelopment Replacement Tool

Also of interest to cities is the introduction of SB 1 (Steinberg) (http://ct3k1.capitoltrack.com/Bills/13Bills/sen/sb_0001-0050/sb_1_bill_20121203_introduced.pdf). This measure is a reintroduction of last year's SB 1156 (Steinberg), which was also vetoed by the Governor. While the League had various technical and implementation concerns with the final version of SB 1156, we look forward to working with the Senator during this legislative session to help craft a tool that is as useful as possible for cities.

'Bond' Continued from Page 1...

Municipal bond interest is, and has always been, exempt from taxes. This distinction provides a significant benefit to investors, and allows cities access to investors they would not typically reach in the taxable bond market. If the bond interest exemption is either eliminated or capped, the

costs for infrastructure financing for things like schools, roads, sewer systems, bridges and fire stations will increase.

When talking to congressional representatives, cities should stress the importance of keeping municipal bonds exempt from taxes. Representatives should remember:

- Tax exempt bonds fund local infrastructure that creates and supports jobs and competitive businesses nationwide.
- It is imperative that Congress protect the ability of state and local governments to access cost-effective capital through the use of tax-exempt municipal bonds.
- While deficit reduction is important, it is also important that the federal budget is not balanced at the expense of local governments that are already struggling with their own budget challenges.

More information on this issue can be found at www.munibondsforamerica.org. A copy of the League's letter, as well as a sample letter for cities, can be found on the League's website at www.cacities.org/federal.

Legislature Assigns New Leadership, Assembly Member Achadjian New Local Government Chair

This week, both the Senate and the Assembly elected leadership for the 2013-14 legislative session. These legislators will play important roles in the progress of key bills affecting cities. The Assembly also announced its committee chairs; Senate chairs have not yet been revealed. The Assembly Local Government Committee, where many of the bills the League tracks during the legislative session are assigned, will now be chaired by Assembly Member Katcho Achadjian (R-San Luis Obispo), while newly elected Assembly Member Marc Levine (D-San Rafael) will serve as vice chair.

City officials are always encouraged to reach out to their representatives throughout the legislative session to discuss important issues, but establishing early relationships with members is one of the most effective ways to help further the League's advocacy efforts and help cities throughout the state.

The following leadership positions have been set for the 2013-14 session. For an explanation of these leadership roles and responsibilities, please visit the California Legislature's website at http://www.legislature.ca.gov/the_state_legislature/leadership_and_caucuses/leadership.html.

Senate:

- Majority Leader: Sen. Ellen Corbett (D-San Leandro)
- Rules Committee Members: Sen. Hannah-Beth Jackson (D-Santa Barbara), Sen. Kevin de León (D-Los Angeles), Sen. Bill Emmerson (R-Riverside), Sen. Jean Fuller (R-Bakersfield)
- Republican Caucus Chair: Sen. Ted Gaines (R-Rocklin)

Assembly: (*new member)

- Speaker pro Tempore: Assembly Member Nora Campos (D-San Jose)
- Assistant Speaker pro Tempore: Assembly Member Kevin Mullin (D-South San Francisco*)
- Majority Floor Leader: Assembly Member Toni Atkins (D-San Diego)
- Assistant Majority Floor Leader: Assembly Member Anthony Rendon (D-Lakewood*)
- Majority Whip: Assembly Member Chris R. Holden (D-Pasadena*)
- Democratic Whip: Assembly Member Jimmy Gomez (D-Los Angeles*)
- Democratic Whip: Assembly Member V. Manuel Pérez (D-Coachella)
- Democratic Caucus Chair: Assembly Member Philip Y. Ting (D-San Francisco*)
- Rules Committee Chair: Assembly Member Nancy Skinner (D-Berkeley)
- Accountability and Administrative Review: Assembly Member Jim Frazier (D-Oakley*)
- Aging and Long-Term Care: Assembly Member Mariko Yamada (D-Davis)
- Agriculture: Assembly Member Susan Talamantes Eggman (D-Stockton*)

- Appropriations: Assembly Member Mike Gatto (D-Los Angeles)
- Arts, Entertainment, Sports, Tourism and Internet Media: Assembly Member Ian Calderon (D-Whittier*)
- Banking and Finance: Assembly Member Roger Dickinson (D-Sacramento)
- Budget: Assembly Member Bob Blumenfield (D-Los Angeles)
- Budget Subcommittee No. 1 on Health and Human Services: Assembly Member Holly J. Mitchell (D-Los Angeles)
- Budget Subcommittee No. 2 on Education Finance: Assembly Member Susan A. Bonilla (D-Concord)
- Budget Subcommittee No. 3 on Resources and Transportation: Assembly Member Richard Bloom (D-Santa Monica*)
- Budget Subcommittee No. 4 on State Administration: Assembly Member Tom Daly (D-Anaheim*)
- Budget Subcommittee No. 5 on Public Safety: Assembly Member Reggie Jones-Sawyer, Sr. (D-Los Angeles*)
- Budget Subcommittee No. 6 on Budget Process, Oversight and Program Evaluation: Assembly Member Bob Blumenfield (D-Los Angeles)
- Business, Professions and Consumer Protection: Assembly Member Richard Gordon (D-Menlo Park)
- Education: Assembly Member Joan Buchanan (D-Alamo)
- Elections and Redistricting: Assembly Member Paul Fong (D-Cupertino)
- Environmental Safety and Toxic Materials: Assembly Member Luis Alejo (D-Watsonville)
- Governmental Organization: Assembly Member Isadore Hall (D-Compton)
- Health: Assembly Member Richard Pan (D-Sacramento)
- Higher Education: Assembly Member Das Williams (D-Santa Barbara)
- Housing and Community Development: Assembly Member Norma Torres (D-Pomona)
- Human Services: Assembly Member Mark Stone (D-Scotts Valley*)
- Insurance: Assembly Member Henry Perea (D-Fresno)
- Jobs, Economic Development, and the Economy: Assembly Member Jose Medina (D-Riverside*)
- Judiciary: Assembly Member Bob Wieckowski (D-Fremont)
- Labor and Employment: Assembly Member Roger Hernández (D-West Covina)
- Local Government: Assembly Member Katcho Achadjian (R-San Luis Obispo)
- Natural Resources: Assembly Member Wesley Chesbro (D-Eureka)
- Public Employees, Retirement and Social Security: Assembly Member Rob Bonta (D-Alameda*)
- Public Safety: Assembly Member Tom Ammiano (D-San Francisco)
- Revenue and Taxation: Assembly Member Raul Bocanegra (D-Pacoima*)
- Transportation: Assembly Member Bonnie Lowenthal (D-Long Beach)
- Utilities and Commerce: Assembly Member Steven Bradford (D-Gardena)
- Veterans Affairs: Assembly Member Al Muratsuchi (D-Torrance*)
- Water, Parks and Wildlife: Assembly Member Ben Hueso (D-San Diego)
- Joint Legislative Audit: Assembly Member Adam Gray (D-Merced*)
- Assembly Legislative Ethic: Assembly Member Cristina Garcia (D-Bell Gardens*), and Assembly Member Alan Mansoor (R-Costa Mesa)
- Select Committee on Agriculture and the Environment: Assembly Member Marc Levine (D-San Rafael*)
- Select Committee on Community Colleges: Assembly Member Steve Fox (D-Lancaster*)
- Select Committee on Job Creation for the New Economy: Assembly Member Sharon Quirk-Silva (D-Fullerton*)
- Select Committee on Regional Approaches to Addressing the State's Water Crisis: Assembly Member Rudy Salas (D-Bakersfield*)
- Select Committee on Regional Transportation Solutions: Assembly Member Sharon Quirk-Silva (D-Fullerton*)
- Select Committee Workforce and Vocational Development in California: Assembly Member Rudy Salas (D-Bakersfield*)

Local Measures November 2012 - Near Final Results

Final results are close to complete for the 368 local measures on the 2012 November ballots. In the tallies of additional votes since election night, four school bonds and one school parcel tax have flipped from failure to passage.

A full report has been posted on the California Local Government Finance Almanac website at <http://californiacityfinance.com/Votes1211nearfinal.pdf>. Additional information on local measures has also been posted on the website at <http://californiacityfinance.com/#VOTES>.

For continued updates, follow the California Local Government Finance Almanac on Facebook at <https://www.facebook.com/FBmuni1> or Twitter at [@MuniAlmanac](https://twitter.com/MuniAlmanac).

Are You Current on Your AB 1234 Ethics Training?

December 2012 and January 2013 Workshops Coming Up

Since 2005, as required by AB 1234, public officials are required to attend ethics training. Public officials are required to complete the training within one year of taking office, and repeat the training every two years. The Institute for Local Government (ILG) is offering a session at the Association of Bay Area Governments' (ABAG) 2012 Ethics Training Workshop on Dec. 20 in Oakland.

Workshop Details

Dec. 20, 9:30 – 11:30 a.m.
Joseph P. Bort MetroCenter Auditorium
101 8th Street, Oakland

Register online at <http://www.abag.ca.gov/events/ethics> or email Fred Castro at fredc@abag.ca.gov or call (510) 464-7913.

For public officials unable to attend ABAG's December workshop, ILG will also offer AB 1234 training in January 2013, as part of the League's New Mayors and Council Members Academy.

For information about the New Mayors and Council Members Academy, please visit the League's website at www.cacities.org/events.

To learn more about AB 1234 requirements, please visit the ILG's website at <http://www.ca-ilg.org/ethics-transparency>.

FY 2012 and FY 2013 Federal Grant Opportunities

Eligible cities are encouraged to apply for the following federal grants being offered by the Federal Emergency Management Agency (FEMA), the Economic Development Administration (EDA), the Department of Education (ED), and the Institute for Museum and Library Services.

ED: Model Demonstration Projects on Promoting Reentry Success Through Continuity of Educational Opportunities

Application Open Date: Currently Open
Application Deadline Date: Dec. 26

ED has announced a new, nearly \$1 million grant that will invest in innovative programs preparing incarcerated individuals to successfully reenter society with education and workforce training. The purpose this program is to demonstrate the benefits of implementing a reentry education model, as described in ED's November 2012 publication entitled "A Reentry Education Model, Supporting Education and Career Advancement for Low-Skill Individuals in Corrections" ([Reentry Education Model](#)). This model is focused on: (1) Supporting individuals, especially low-skilled adults, in their transition from correctional institutions into the community by strengthening and

aligning educational services provided in those settings; (2) establishing a strong program infrastructure to support and improve education services in correctional institutions; (3) ensuring that education is well integrated into correctional institutions by making it a critical component of the intake and pre-release processes, and by aligning it with support and employment services; and (4) encouraging individuals in correctional institutions to identify and achieve education and career goals, recognizing that their education paths are not linear or uniform.

For information on grant requirements and on how to apply for this grant, please visit ED's website at <https://www.federalregister.gov/articles/2012/11/20/2012-28068/applications-for-new-awards-model-demonstration-projects-on-promoting-reentry-success-through#h-4>.

EDA: FY 2013 Economic Development Assistance Programs

Application Open Date: Currently Open

FY 2013 Application Deadline Dates:

- Cycle 2 – Dec. 13
- Cycle 3 – March 13, 2013
- Cycle 4 – June 13, 2013

FY 2014 Application Deadline Dates:

- Cycle 1 – Sept. 13, 2013

Pursuant to EDA's authorizing statute, the Public Works and Economic Development Act of 1965 (PWEDA), eligible applicants for and eligible recipients of EDA investment assistance include cities, counties, and federally recognized Native American tribal governments.

EDA provides strategic investments that foster job creation and attract private investment to support development in economically distressed areas of the United States. Under this FFO, EDA solicits applications from both rural and urban areas to provide investments that support construction, non-construction, technical assistance, and revolving loan fund projects under EDA's Public Works and Economic Adjustment Assistance programs.

Grants made under these programs are designed to leverage existing regional assets to support the implementation of economic development strategies that advance new ideas and creative approaches to advance economic prosperity in distressed communities.

For information on grant requirements and how to apply for this grant, please visit EDA's website at <http://www.grants.gov/search/search.do;jsessionid=knDpQzXGJ6gWnzy1h6Tn3D1fjKBNK9Fw40vITDxWx3xrJGpLpCN4!-861966415?oppld=208353&mode=VIEW>.

IMLS: Sparks! Ignition Grants for Libraries and Museums

Application Open Date: Currently Open

Application Deadline Date: Feb. 1, 2013

The Sparks! Ignition Grants for Libraries and Museums are a special funding opportunity within the IMLS National Leadership Grants program. These small grants encourage libraries, museums, and archives to test and evaluate specific innovations in the ways they operate and the services they provide. Sparks Grants support the deployment, testing, and evaluation of promising and groundbreaking new tools, products, services, or organizational practices.

To maximize the public benefit from federal investments in these grants, the Sparks Grants will fund only projects with the following characteristics:

- **Broad Impact:** Proposals should address key needs and challenges that face museums, libraries, or archives. Projects should show the potential to broadly impact practice throughout the museum, library or archive profession; and reflect awareness and support of current strategic initiatives and agendas in the field. Proposed innovations should be widely adoptable or adaptable.
- **Significant Innovation:** Proposals should demonstrate a thorough understanding of current practice and knowledge about the subject matter, and show how the project has

the potential to strengthen and improve services to benefit the audiences and communities being served.

Examples of activities that may be funded by this program include, but are not limited to:

- Rapid prototyping and testing of new ways to engage learners;
- Offering innovative new types of services or new service options;
- Exploring the potential of highly original, experimental collaborations;
- Implementing new workflows or processes with potential for substantial cost savings;
- Addressing community challenges through new types of partnerships, services, processes, or practices; and
- Developing and testing new tools or services that facilitate access, presentation, management, preservation, sharing, or use of museum and/or library collections.

For information on grant requirements and on how to apply for this grant, please visit IMLS's website at http://www.imls.gov/applicants/2013_sparks_ignition_grants_guidelines.aspx#toc2.

FEMA: FY 2012 Fire Prevention and Safety Grants

Application Open Date: Dec. 17

Application Deadline Date: Jan. 18, 2013 at 2 p.m.

The Fire Prevention and Safety (FP&S) Grants are part of the Assistance to Firefighters Grants (AFG) and support projects that enhance the safety of the public and firefighters from fire and related hazards. The primary goal is reduce injury and prevent death among high-risk populations. In 2005, Congress reauthorized funding for FP&S and expanded the eligible uses of funds to include Firefighter Safety Research and Development.

For information on grant requirements and how to apply for this grant, please visit FEMA's website at <http://www.fema.gov/fire-prevention-safety-grants>.

League's 2012 Legislative Report Available Online Now

On Nov. 13, via webinar, and on Nov. 14, in Riverside, the League held its Annual Legislative Briefings. The presentations focused on the state budget and key developments from the 2011-12 legislative year.

As part of their registration fee, each attendee received an advanced copy of the League's 2012 Legislative Report which details key bills in each of the League's issue areas, the actions taken by Gov. Jerry Brown, and the impact on cities.

The comprehensive report is now available for public download on the League's website at <http://bit.ly/TP1doN>. Presentation slides have also been posted to the League's website and are available at <http://bit.ly/YBaqZ4>.

Education and Conferences Updates – December 2012

Submit Your 2013 Annual Conference Session Ideas

The League's 2013 Annual Conference & Expo will be held Sept. 18–20 in Sacramento. The League is currently accepting session ideas through its [website](#). Submissions must include: a title (up to 10 words), description (100 words) and suggested speaker(s). The submission deadline for session ideas is Jan. 7, 2013.

Session format options:

- **Breakout Sessions:** 75–90 minute traditional session where a specific topic is discussed, followed by Q&A with two to three presenters;
- **CityTalk:** 15–20 minute bursts of learning by one presenter with one concept that offers inspiration, grounded in substance and driven by data, with a touch of humor and fun; and

- **Discussion Forum Table Topics:** Niche topic ideas for informal learning.

Upcoming Conferences and Events

For a full calendar of League conferences and event please visit www.cacities.org/events or follow @CaCitiesLearn on Twitter at www.twitter.com/cacitieslearn.

Register Online for:

- New Mayors and Council Members Academy, Jan. 16–18, Sacramento (Registration closes Jan. 7)
- City Managers Department Meeting, Jan. 30–Feb. 1, 2013, San Francisco (Registration closes Jan. 8)
- Public Works Officers Institute, Feb. 27–March 1, Pasadena
- Planning Commissioners Academy, Feb. 27–March 1, Pasadena **(New learning format)**

Save the Dates:

- Legislative Action Day, April 24, Sacramento
- City Attorneys Spring Conference, May 8–10, Napa

The Hit List from WesternCity.com

The most popular articles on the *Western City* magazine website in the past month included features on pension reform, new requirements for pension reporting, an easy reality check for public service ethics, innovative contracting techniques and more.

If you missed any of these helpful articles, you can read them online now.

- “The Power of Groupthink: The New Denial” – March 2012
<http://www.westerncity.com/Western-City/March-2012/The-Power-of-Groupthink-The-New-Denial/>
- “GASB's New Defined Benefit Pension Standards: Sunshine or Rain for Cities?” – November 2012 <http://www.westerncity.com/Western-City/November-2012/GASBs-New-Defined-Benefit-Pension-Standards-Sunshine-or-Rain-for-Cities/>
- “San Carlos Adopts Innovative Contracting Techniques to Maintain Service Levels” – November 2012 <http://www.westerncity.com/Western-City/November-2012/San-Carlos-Adopts-Innovative-Contracting-Techniques-to-Maintain-Service-Levels/>
- “Making Strides on Public Pension Reform” – November 2012
<http://www.westerncity.com/Western-City/November-2012/Making-Strides-on-Public-Pension-Reform/>
- “The ‘Front Page’ Test: An Easy Ethics Standard” – February 2012
<http://www.westerncity.com/Western-City/February-2012/The-Front-Page-Test-An-Easy-Ethics-Standard/>