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VOLUNTEER SIGNATURES PUT THE CAMPAIGN OVER THE TOP

We did it! The volunteer signature gathering campaign to help qualify the Local Taxpayers, Public Safety and Transportation Protection Act for the 2010 November statewide ballot officially ended last weekend with great success. The measure would close loopholes to prevent the state from borrowing, raiding or otherwise redirecting local government, transportation or public transit funds. *For more, see Page 2.*



LEAGUE BOARD DEFERS ACTION ON PROPOSED CHANGES TO LEAGUE CLIMATE CHANGE POLICIES AND RETAINS NO POSITION ON AB 32
Will Continue to Demand State Financing of SB 375 Costs

Yesterday, at its spring board meeting in Sacramento, the League board of directors deferred taking action at this time on recommended revisions to the League's current positions on AB 32 and SB 375, concerning climate change. The changes had been recommended by a special League Task Force after study of the issue by multiple League policy committees. The changes recommended specific actions by Gov. Arnold Schwarzenegger and the California Air Resources Board (ARB) to delay certain deadlines and take other actions with respect to AB 32 and to suspend or delay the implementation of SB 375 until state funding is provided for the implementation of its mandates. *For more, see Page 3.*



MUNICIPAL BANKRUPTCY BILL PASSES OUT OF SENATE LOCAL GOVERNMENT COMMITTEE ON PARTY-LINE VOTE

It was no surprise on Monday, April 19, when the three Democrats on the Senate Local Government Committee cast 'aye' votes in support of AB 155 (Mendoza). This bill would require municipalities seeking federal bankruptcy protection to obtain approval from a state committee (the California Debt and Investment Advisory Committee) with no experience in federal bankruptcy law. *For more, see Page 3.*

'Campaign' Continued from Page 1...

After nearly four months and countless signature events, volunteers gathered more than 82,000 signatures. These actions, combined with our equally successful paid signature collecting effort, gave the campaign the 1.1 million-plus signatures needed to ensure qualification of the measure for the November 2010 statewide ballot.

It was an incredible undertaking by League members who contributed countless hours on their own personal time to canvas for signatures at community events, farmers markets, malls, and many other venues.

The League thanks all of the city officials across the state who contributed their personal time to help gather signatures. Their tireless dedication and hard work will benefit all California cities and their residents.

The League also recognizes the outstanding regional public affairs managers who worked around the clock these past four months in support of this effort. Without their extraordinary efforts this would not have been possible.

Volunteer Signature Totals by Division, as of April 21:

Central Valley	4,156
Channel Counties	5,101
East Bay	5,744
Inland Empire and Desert Mountain	6,926
Los Angeles County	22,039
Monterey Bay	4,296
North Bay and Redwood Empire	4,051
Orange County	5,515
Peninsula	7,070
Riverside County	4,034
Sacramento Valley	3,141
South San Joaquin Valley	6,405
San Diego and Imperial Counties	4,010

A large number of city officials helped with this effort, but two were so dedicated that they actually collected more than 1,000 signatures: Ron Garcia, Mayor, City of Brea (Orange County Division) and Katherine Miller, Vice Mayor, City of Stockton (Central Valley Division) and member of the League board of directors. Our hats are off to these and the many other city officials who pounded the pavement and gathered signatures to qualify this important ballot measure.

Signature Submission News Conferences Scheduled

Signatures will be submitted to county elections offices starting April 30. A series of news conferences are being planned to announce the filing of the measure. For more information on news conferences in your area, please contact your regional public affairs manager at <http://www.cacities.org/advo/camp/index.jsp>.

Details about the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 are available at www.SaveLocalServices.com.

Just the Beginning... Not the End!

Submitting 1.1 million signatures all but assures our measure a place on the November ballot. We must now turn our attention toward waging a campaign to educate voters to pass this measure. We need the continued dedication of city officials (on your own personal time) to ensure voters pass the Local Taxpayer, Public Safety and Transportation Protection Act in November.

Please visit www.SaveLocalServices.com to get involved in the campaign today.

After more than an hour of intense debate, the board voted to defer action on the Task Force's recommendations and directed League staff to continue monitoring the actions of ARB that affect city governments and the economy in general. The effect of the action is to retain current League policies on AB 32 and SB 375 until the League board changes them at a later date.

Current League Policy of "No Position" on AB 32 Unchanged

The League took no position on AB 32 when it was enacted in 2006; however it subsequently adopted policy that states "the League recognizes the need for immediate actions to mitigate the sources of greenhouse gas emissions..." and adopted principles urging cities to take local actions to address climate change. Contrary to some inaccurate news accounts, the League board did NOT vote at its meeting this week to support AB 32. The League has consistently retained a "No Position" stance on the law.

"Cities across the state are leaders in addressing the threats posed by climate change, adopting climate change action plans, using alternative fuels to power city facilities and vehicles, and planning for future development with climate change in mind," observed League President and Hemet Council Member Robin Lowe. "City leaders know private businesses are struggling in the current recession, and we are pleased the Governor is paying close attention to the effects of proposed actions under AB 32 on businesses and the economy in general. The League will continue to work with him and ARB to make sure the implementation of AB 32 is done with respect for the challenges facing our private employers who are key to the recovery of our economy and that the cost of SB 375 is not shifted to city governments."

Current League Policy of Support for SB 375 Unchanged

In 2008, the League did support the separate, but related bill, SB 375, which requires the preparation of regional sustainable communities' strategies in order to identify areas in which future California Environmental Quality Act relief and transportation incentives will be made available to help reduce greenhouse gas emissions. The League's support was contingent on the state keeping its promise to fund the cost of these regional strategies, which it has not done to date. The board directed League staff to continue to press for state funding and to work closely with other stakeholders to hold the state to its commitment.

Monday was the second time AB 155 was heard in the Senate Local Government Committee. It had been held there since last year due to opposition from Sen. Lois Wolk (D-Davis) and the Republican committee members. Senate pro Tem Darrell Steinberg (D-Sacramento) subsequently removed Sen. Wolk and Sen. Pat Wiggins (D-Santa Rosa) and replaced them with Sen. Mark DeSauliner (D-Concord) and Curren Price (D-Los Angeles).

The League has been actively opposing AB 155 since its inception in 2009 because of its fundamental flaws. Please also see the article titled "Municipal Bankruptcy Bill to be Re-Held in Senate Local Government Committee Next Week," in the April 16 issue of *City Advocate Weekly*. <http://www.cacities.org/index.jsp?zone=locc&previewStory=28031>

Opposition to AB 155 Grows

Because AB 155 is essentially damaging policy, opposition to the bill is growing. The California Chamber of Commerce testified in opposition of the bill at Monday's hearing. The California Public Securities Association sent a letter articulating how AB 155 increases the instability of local agencies in California during significant fiscal distress.

Other groups opposed to AB 155 include:

- The California State Association of Counties;
- The Urban Counties Caucus;
- The Regional Council of Rural Counties;
- Association of Health Care Districts;
- The Bay Area Council;
- The California Special Districts Association; and
- The Howard Jarvis Taxpayers Association.

News Media Hits Hard on Flaws in AB 155

The press, especially editorial writers, are paying close attention to AB 155 and spotlighting this legislation which thwarts local control by inserting the state into local agencies' fiscal affairs at a time when the state's mismanagement of its revenues has caused serious problems for local agencies.

Here's what has been said in the last few weeks:

San Jose Mercury News, editorial, April 21

http://www.mercurynews.com/editorials/ci_14922692?nclick_check=1

Sacramento Bee, Capitol Alert, "Bankruptcy Bill Finally Clears Committee," April 20

<http://www.sacbee.com/static/weblogs/capitolalert/latest/2010/04/bankruptcy-bill.html>

Sacramento Bee, editorial, "Steinberg's Play for Unions Stinks," April 17

<http://www.sacbee.com/2010/04/17/2685085/steinbergs-play-for-unions-stinks.html>

Sacramento Bee, "Unions Seeking More Power Over Local Governments," Dan Walters, April 14

<http://www.sacbee.com/2010/04/14/2676689/dan-walters-unions-seeking-more.html>

Riverside Press Enterprise, editorial, "Union Gambit," April 13

http://www.pe.com/localnews/opinion/editorials/stories/PE_OpEd_Opinion_W_op_14_ed_bankruptcy.3b0d0cd.html

Take Action Now

AB 155 undermines local control and it is imperative that as many cities as possible submit opposition letters. The League drafted a sample letter for cities to use to communicate with Assembly Member Tony Mendoza, the bill's author. Visit the League's Web site at www.cacities.org/billsearch and type "AB 155" into the search function to access the letter.

The League encourages cities which have already submitted opposition letters on this bill to send an additional opposition letter. Cities which have not yet submitted a letter are encouraged to do so immediately.

Limited Space Available for League's Legislative Action Day

Registration is now open for the League's Legislative Action Day scheduled for June 2. The meeting will be held in Sacramento in the League's Bud Carpenter Conference Room. The event will be presented in partnership with the League's Latino, African American, Asian-Pacific Islander and Gay, Lesbian, Bisexual and Transgender Local Officials caucuses.

Additional information about this upcoming event will be published in *City Advocate Weekly*. Your regional public affairs manager will also be sending out materials. Visit www.cacities.org/events to view League events.

Details

Registration is free but space is limited to 100. Registrants can sign up for an optional box lunch for \$20.

Visit www.cacities.org/events to register online and view the event agenda. Space is limited and will be available on a first-come first-served basis. Advanced registration is required; on-site registration will not be offered.

For registration questions contact Kerri Lofte at klofte@cacities.org. For program questions contact Meghan McKelvey at mmckelvey@cacities.org.

League's Annual Conference Registration Opens on Monday, April 26

Registration for the League of California Cities' Annual Conference opens Monday, April 26. Scheduled for Sept. 15–17 at the San Diego Convention Center, the conference theme is "Rebuilding California from the Ground Up." More than 1,500 California mayors, council members, city officials and staff will be on-hand to discuss important issues facing cities. For more information or to register, visit www.cacities.org/ac.

If your company is interested in tapping into California's sizeable marketplace, participate in the League's Annual Conference Expo to meet face-to-face with mayors, council members, managers, planning commissioners and many more that represent city and municipal government.

For more information or to sign up for a booth, please contact Rebecca Inman, expo manager, at (916) 658-8237 or e-mail rinman@cacities.org.

For the latest information on League conferences and events follow us on Facebook (<http://www.facebook.com/home.php?#!/pages/League-of-California-Cities/76642059637?ref=ts>) and Twitter (<http://www.twitter.com/cacitieslearn>).

City Officials Encouraged to Contact Legislators on Potential Transient Occupancy Tax Bill

City officials from cities that rely on transient occupancy tax (TOT) revenues should focus on potential legislation that would undercut local TOT collection. Now is the time to contact your legislator on this critical issue.

As reported in the Feb. 5 issue of *City Advocate Weekly* (http://www.cacities.org/resource_files/28598.Feb5.pdf), online travel industry lobbyists are looking to introduce legislation that would seek to pre-empt the outcome of pending litigation filed by local agencies against online companies. The industry has made repeated efforts to insert similar language in federal legislation but, to date, those efforts have been rebuffed.

The question of collecting the full TOT amount owed to a city or county is at the heart of the dispute. TOT is a tax that is levied on the *consumer* (not a hotel) as a percentage of the full room rate charged. More than 400 California cities and 55 counties levy a local TOT, with the most common rate being 10 percent. With the 10 percent rate charges, consumers pay an additional \$10 on a room that runs \$100, bringing the full price charged to the consumer to \$110.

Major class action litigation is pending in California and in other states over a practice engaged in by online travel companies such as Expedia, Hotels.com, Travelocity and others which results in less tax being remitted to local agencies than would be otherwise owed.

This is how the controversial practice works:

- Online companies have arrangements with hotels giving them the right to purchase hotel rooms at discounted rates. These agreements are unknown to a person seeking to book a hotel room online. This is the same scenario faced by a consumer in a department store who only sees a retail price, not the amount actually charged by a manufacturer or wholesaler to the store.
- Using the example above, a consumer – through an online travel company’s Web site – books a hotel room with a list price of \$100. Rather than paying the additional TOT of \$10, the consumer is charged a different amount (usually not itemized) say \$12.35 for “taxes and fees.” Unknown to the consumer, the online company has an agreement to keep 20 percent of the room rate, and only send the hotel \$80. The problem is that the online company does not remit the full \$10 in TOT to the local agency for the \$100 room rate charged to the consumer, but only sends \$8, which is 10 percent of the \$80 fee paid to the hotel.
- The core of this litigation is that TOT is a tax on the customer. The consumer paid \$100. The city or county should receive \$10. It makes no difference what business agreements may exist between hotels and online companies.

There are currently two potential vehicles for this legislation, but others could emerge at any moment:

- SBX6 2 (Calderon), opposed by the League earlier this year, would create a special exemption to the “pay first” rule for various online travel companies seeking to challenge a disputed amount of TOT that is owed to the local jurisdictions. The author’s staff had informed the League that there were no plans to move this vehicle, but the bill was recently referred to the Senate Revenue and Taxation Committee and should be carefully watched. The League’s opposition letter can be viewed on the League’s Web site at www.cacities.org/billsearch by typing “SBX6 2” into the search function.
- Although SB 625 (Wright) in its current form does not address TOT, earlier this year, amendments were drafted to insert the online travel companies’ amendments into the bill. At the same time, industry lobbyists have been meeting with legislators on the issue. The League has met numerous times with Sen. Wright’s staff to articulate local government’s concerns. The League was also asked by his office to supply different language, but after conferring with city and county attorneys involved in this litigation, it was determined that this issue was best left to the courts to resolve.

Take Action Now

City officials are urged to:

- Call their assembly member and senator and explain the importance of TOT revenues to their community, and request opposition to any effort such as described above, that would undermine those revenues.
- Contact representatives of local labor representing city employees, outline the importance of TOT revenue in retaining local services, and encourage them to assist in the effort to protect these revenues.
- Send a letter to their legislators and Gov. Arnold Schwarzenegger urging opposition to any legislation that would undermine the collection of local TOT. A sample opposition letter can be found on the League’s Web site at http://www.cacities.org/resource_files/28760.SampleTOTProtectionLetter.doc.

League Partner-Sponsored Helen Putnam Awards – DEADLINE EXTENDED TO MAY 13

Submit Your City's Innovative Program Today with New Online Entry System

The deadline has been extended to May 13 to submit your entry for a 2010 Helen Putnam Award via the League's new online system at www.helenputnam.org.

Each year the League of California Cities honors outstanding work in cities across the state through the League Partner-sponsored Helen Putnam Awards for Excellence. If your city has done remarkable, innovative work in any of the 10 categories listed below now is the time to get your deserved recognition.

2010 Helen Putnam Awards Categories:

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

To qualify, simply demonstrate that your city offered a program or service that has proven measurable and successful within a minimum of one year of actual implementation.

The submission deadline is May 13. For your convenience, applications and more information is also available at www.cacities.org/helenputnam. New this year, applications can be submitted electronically via www.helenputnam.org.

Safe Routes to School Program Call for Projects Announced

The California Department of Transportation (Caltrans) announced its call for Cycle 9 state legislated Safe Routes to School (SR2S) projects last week. Contingent on being included in the FY 2010-11 budget, Cycle 9 includes \$24.25 million of funding.

In 1999, California became the first state through AB 1475 to legislate a reimbursement funding program for reducing injuries and fatalities through capital projects that improve safety for children in grades K-12 who walk or bicycle to school. Two years later, AB 57 extended the program indefinitely with funding provided from the State Highway Account.

Section 2333.5 of the Streets and Highways Code calls for Caltrans, in consultation with the California Highway Patrol (CHP), to make grants available to local governmental agencies under the program based upon the results of a statewide competition. To date, there have been eight program cycles released under the SR2S program.

Application Instructions

To apply for funds, read the SR2S Program Guidelines and complete an application form available at http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_gaf.htm. Applications are due on Thursday, July 15 and should be submitted to the attention of your Caltrans District Local Assistance Engineer. Applications received or postmarked after July 15 will not be accepted.

SR2S Program Guidelines and Application Form
http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_gaf.htm.

The following materials are also available:

- Approved Project Lists – Cycles 1 through 8
(http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_list.htm)
 - Delivery Status of SR2S Projects
(http://www.dot.ca.gov/hq/LocalPrograms/HSIP/delivery_status.htm)
 - Project Implementation Instructions
(http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_instruct.htm)
 - Program Research and Evaluations
(http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_prae.htm)
 - Environmental Justice Desk Guide
(<http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/EnvironmentalJusticeDeskGuideJan2003.pdf>)
 - More Information and Useful Links
(http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s_refs.htm)
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Making Sense Out of EIRs

With a little helpful background, every local official can learn to read an environmental impact report (EIR) critically and focus on the information that is most important to making good policy decisions for their community. Read “Tips for Reading an Environmental Impact Report” (<http://www.westerncity.com/Western-City/March-2008/Tips-for-Reading-an-Environmental-Impact-Report>) online at www.westerncity.com to learn more.