

**COMMUNITY SERVICES POLICY COMMITTEE
HIGHLIGHTS
Thursday, April 7, 2011
Doubletree Hotel, 222 N. Vineyard Avenue, Ontario**

ATTENDANCE

Members: Kotowski, Mike (Chair); Carchio, Joe (V.Chair); Abelson, Janet; Anderson, Jayne; Araiza, Richard; Baker, Jr., Karl; Bennett, Joan; Biddle, Don; Coleman, Kay; Ewing, Robert; Guardado, Veronica; Gustavson, David; Hunt, Melissa; Lee, Debbie; Mayfield, Linda; Niemer, Kimberly; Novelli, Deborah; Oliva, Susan; Ponce, Michael; Rocha, Mary; Rogers, Peter; Roundy, Bruce; Teichert, Richard; Torres, Vincent; Walker, Patti; Williams, Maya; Woodcock, Keith

League Staff: Kyra Ross

Special Order: Joint Meeting on Redevelopment and the Budget

The Housing, Economic and Community Development, Public Safety, Community Services, and Employee Relations Policy Committees came together for a joint briefing on major issues of the budget. Chris McKenzie, the League's Executive Director, gave a general overview of the first few months of the year. He explained that the Legislature and Governor don't like how Proposition 22 reads. The Governor says that California can't afford redevelopment any longer, and the League's counter argument is that California can't afford to lose redevelopment. Mr. McKenzie discussed legal options and strategies that cities have if redevelopment is eliminated. Dan Carrigg, the League's Legislative Director, followed by giving detailed information on the votes that have been taken regarding redevelopment and explained that the legislature has now returned to a traditional budget schedule. Michael Coleman, the League's Fiscal Policy Advisor, presented a PowerPoint on the current condition of the State Budget. Each of the League's lobbyists briefed the joint meeting on specific issue areas, including Transportation, Public Safety, Pension Reform, and Fees Paid by Local Agencies and Grant Programs. Mr. Coleman's PowerPoint presentation can be found at <http://www.californiacityfinance.com/PolicyComms110406p.pdf>, and a summary of the briefing from the lobbyists can be found at http://www.cacities.org/index.jsp?displaytype=11&story=28454&zone=locc§ion=advo&sub_s ec=advo leg&tert=advo leg issues.

Following the presentation, staff received questions from policy committee members regarding how the Redevelopment proposal will impact current pass-through agreements to schools; how inmates will be ranked for release; if the Governor's savings assumptions are realistic; and what is being done about the structural deficit.

I. Welcome and Introductions

Chair Kotowski welcomed everyone and asked that member introduce themselves.

II. Public Comment

Melissa Hunt, Vice Mayor, Anderson, noted that her city has 2 new council members this year and spent \$540 per council member, plus hotel fees, to send them to the League's New Mayors and Council Members event in January. She said for smaller communities this is very costly and wants the League to take cost into account when planning events.

III. Helen Putnam Award Presentation: City of Whittier Greenway Trails

Owen Newcomer, Mayor of Whittier spoke about the City of Whittier Greenway Trails project. The "rails-to-trails" project took a little more than 10 years to finish and about \$15 million. No money was spent out of the city's general fund. The city used funds mostly from transit funding. The greenway trails are very well used by the community and go almost all of the way through

town. For more information on the City of Whittier Greenway Trails project go to:
www.whittiergreenwaytrail.com

IV. Proposition 26 Legal Update

League Staff gave an update on Proposition 26: On Wednesday, April 26th, the League's City Attorney's Department sponsored a webinar discussion on Proposition 26. Speakers for the session included Betsy Strauss, special counsel to the League and Mark Mandell, Esq., with Mandell Municipal Consulting. For viewing of the webinar, please check with your City Attorney or call the League's Legal Department at 916-658-8200.

The City Attorneys' Ad Hoc Proposition 26 committee is still in the process of drafting the Proposition 26 Implementation Guide, and we hope to have it available in final form by the end of April.

Finally, the first Proposition 26 lawsuit has been filed. The lawsuit challenges the city of Redding's payment-in-lieu-of-taxes (PILOT). This a payment that is made from the city's electric utility enterprise fund to the city's general fund. The PILOT has been in place for many years, and is a substantial portion of the city's general fund. The litigation is at an early stage in the Superior Court. The city is being represented by Michael Colantuono of Colantuono and Levin. If you are interested in more details on this case, your city attorney should contact Michael directly.

V. State Legislative Action Items

Staff presented the first of two items on the Legislative Agenda. AB 438 (Williams) would require voters to approve a city council's decision to provide library services through a private contractor. League staff explained that given the potential effects of this bill, League staff moved ahead with an oppose position. Karl Baker Jr., moved that the committee reaffirm the League's OPPOSE position on the bill. Bruce Roundy seconded the motion. The committee voted unanimously to reaffirm the League's existing position of OPPOSE on AB 438.

Staff then gave an additional update to the morning's update on the Governor's realignment proposal. A copy of the handout is attached to the back of this document (Attachment A)

Finally, a copy of the League's tracking form for Community Services Bills (as of April 5th) was handed out. That chart can also be found on the League's

VI. Federal Legislative Update

League staff provided a handout (Attachment B) on federal issues. Additionally, staff gave an update on the pending federal continuing resolution.

VII. Next Meeting: Thursday, June 16, 2011, Sacramento Convention Center

Realignment Update- Community Services Policy Committee, April 2011

The Governor’s realignment plan depends on voter approval for a State Constitutional Amendment (SCA) 1 x 1, titled —The Schools and Local Public Safety Protection Act of 2011.||

SCA1 x 1 does three things:

1. It creates a \$12 billion annual funding source if voters approve extending for five years the temporary increases in income, sales tax and vehicle license fees that were adopted in 2009;
2. It allocates the proceeds of the extended income tax to support state funding for schools, and dedicates the proceeds of the extended sales tax and vehicle license fees to funding the realignment of various state responsibilities to local agencies; and,
3. It contemplates undefined yet-to-come "2011 Realignment Legislation" that will determine the details of how tax monies reallocated to local agencies will be implemented as —public safety services.|| —Public safety services|| is awkwardly defined to include various health and human services in addition to law enforcement and fire protection, and creates confusion as to its eventual scope.

Public Safety and Corrections Realignment

The Senate and Assembly both approved the main corrections realignment bills, AB 109 and AB 111, with a simple majority vote. Like many of the other budget trailer bills, it previously required a 4 two-thirds vote. This was changed after preliminary votes failed to earn support from any Republican member. Unlike most of the other budget trailer bills, AB 109 and AB 111 have not been signed by the Governor. Both bills were sent to the Governor’s desk on March 22.

AB 109 makes the statutory changes needed to shift low-level offenders (non-serious, nonviolent, non-sex offenses, along with a specific list as requested by statewide law enforcement associations, including the California Police Chiefs Association) from state to county jail facilities, including post-release probation and parole duties.

AB 111 allows local jail construction to proceed with fewer restrictions and award preferences on county agencies for contracting purposes. It also opens up uncommitted state funding provided through the AB 900 (Solorio; 2007) re-entry facility monies.

The intended funding source for these bills is the tax extension provided SCA1 x 1 that would have been placed before voters in a June special election. However, because negotiations between the Governor and Republicans have stalled, it is unclear what will happen with this legislation.

The Governor could proactively sign AB 109 and AB 111 or wait until April 4 (12 days after receipt) and they will become law automatically. However, even if signed, these corrections realignment bills would still not go into effect because they include language that requires a dedicated funding source. It has been rumored that if he does sign these bills, the Governor’s signing message will reiterate the importance of providing adequate funding and that the realignment program cannot go into effect until such a source is secured.

Alternatively, the Governor could veto AB 109 and AB 111 to avoid them passing into law without a funding source. New trailer bill language could then be introduced that mirrors the realignment

agreement but provides a funding source other than tax extensions and requires a simple majority vote. However, a more likely action would be that the legislative leadership pulls the bills off the Governor's desk and amendments are introduced to avoid a veto on public safety realignment, which could be interpreted as a strong symbolic message of the Governor's opposition to the plan.

SCA1 x 1 has been supported by several local government and law enforcement associations. The California State Association of Counties board of directors formally adopted a support position on the legislation. The California Police Chiefs Association, California State Sheriffs' Association, and regional law enforcement groups also issued letters of support namely to provide funding for COPS program and county law enforcement programs, which are set to expire on June 30.

The COPS funding component of the realignment package is of critical importance to local governments. Since the current funding source will expire June 30, and there will likely not be a June election to continue funding, cities and counties will have to wait for SCA1 x 1 or any of the other three legislative proposals to be approved. Like SCA1 x1, AB 66 (Chesbro), AB 168 (Gorell), and AB 192 (Logue), continue appropriating funds for COPS and county law enforcement programs and also face a two-thirds legislative approval challenge.

Health and Human Services

While the Governor's budget makes drastic cuts to state and local health and human services programs, his realignment proposal will shift many of the state health and human services to the local level. CSAC has noted that that while they support the Governor's realignment proposal, they think the Governor's proposal for realignment will leave county health and human services programs underfunded by about \$750 million of what they think they will need to assure good outcomes.



1400 K Street, Suite 400 • Sacramento, California 95814
 Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

April 2011 Policy Committees Federal Update

I. League Officers Advocate for California City Priorities in Washington, D.C.

The League's officers and over a hundred other California city officials traveled to Washington, D.C. March 12-16 for the National League of Cities (NLC) Congressional City Conference. Focusing on NLC's priorities, California city officials advocated for the passage of a comprehensive transportation reauthorization, sustained funding for critical grant programs, and protection of existing local revenues.

The conference, held March 12-16, covered a range of topics including lobbying strategies, public safety, transportation reauthorization, and disaster response. On Thursday, March 17, attendees heard from First Lady Michelle Obama on her *Let's Move!* nationwide initiative and the link between obesity issues and economic issues.

The League's officers, President Jim Ridenour, First Vice President Mike Kasperzak, Second Vice President Bill Bogaard and Immediate Past President Judy Mitchell, lobbied heavily for California's cities' federal priorities. Meetings included:

- Sen. Barbara Boxer (D-Calif.) chair, Senate Environment and Public Works Committee;
- Congressman David Dreier (R-Calif.) ranking member, House Rules Committee;
- Chris Thompson, chief of staff to Sen. Dianne Feinstein (D-Calif.);
- Katie Wheeler Mathews and Brian Turner, deputy directors, Gov. Jerry Brown's Washington office; and
- Meetings with the U.S. Department of Housing and Urban Development, U.S. Department of Transportation officials and others.

In preparation for the NLC Conference, League staff prepared the following issue papers:

1. Protect Local Revenues
2. Priorities for Transportation Reauthorization (SAFETEA-LU)
3. Full Funding for Critical Federal Programs
4. Creating Sustainable Communities

These issue papers, along with the League's federal priorities are posted on the website at www.cacities.org/federalpriorities.

II. California Cities Encouraged to Lobby in Support of Community Development Block Grants

Congress is currently considering proposed funding cuts for FY 2011 and the President's FY 2012 Budget proposal, including cuts to the Community Development Block Grants (CDBG) program. The League sent a letter to the California Delegation stressing the importance of this program to California cities. The League encourages cities to contact their federal representative directly via

phone call and letter to ask that the program be fully funded. A sample letter can be found on the League's website at www.cacities.org/federal.

Established in 1974, CDBG is one of the longest continuously run programs offered by the Department of Housing and Urban Development. These flexible annual grants provide communities needed funding to develop and fund priorities that provide housing, better communities, and economic growth opportunities for low- and moderate- income residents. With the state considering a proposal that would eliminate redevelopment, these federal funds are more important than ever to California cities.

III. California Cities Encouraged to Lobby in Opposition to the Wireless Tax Fairness Act of 2011

The U.S. House of Representatives is moving HR 1002, a reintroduction of last year's HR 1521. The legislation imposes a five-year moratorium on state and local taxes on mobile services providers and thus limits local government taxing authority over mobile phones. The same bill has been introduced in the Senate (S. 543), but has yet to gain any momentum.

HR 1002 removes a much needed local government revenue source solely to benefit an industry whose subscribership has grown by 158 percent and whose revenues have increased by 124 percent since 2000. In addition to imposing a financial burden on local governments, HR 1002 undermines the efforts of a number of cities in California that are working directly with voters to update and simplify their tax ordinances to assure technology-neutrality.

It is important for all cities who have a utility users tax (or may want one in the future) to send their letters of opposition, especially if they have a representative on the House Judiciary Committee. The Committee membership includes: Rep. Darrell Issa (CA-49), Rep. Elton Gallegly (CA-24), Rep. Dan Lungren (CA-3), Rep. Howard Berman (CA-28), Rep. Zoe Lofgren (CA-16), Rep. Maxine Waters (CA-35), Rep. Judy Chu (CA-32) and Rep. Linda Sanchez (CA-39).

The League's opposition letter and sample opposition letter have been posted on the League's website (www.cacities.org/federal).