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PROP. 1A SECURITIZATION BONDS SUCCESSFULLY SOLD
408 Participating Cities and Towns to Receive 100 Percent Funding

The culmination of the League's intensive efforts this year to ensure the securitization of the Proposition 1A property tax loan to the state occurred on Tuesday, Nov. 10, with the sale of the securitization bonds. California Communities, the League-CSAC sponsored joint powers authority, completed the sale for the full amount of the bond—\$1.895 billion, with 1,257 participating local agencies. *For more, see Page 2.*



WASTE BOARD TRANSITIONS TO NEW DEPARTMENT

As part of the budget deal negotiated in July, the Legislature abolished the California Integrated Waste Management Board (IWMB), transferring all duties and responsibilities to the newly-created Department of Resources, Recycling and Recovery (DR3) as of Jan. 1, 2010. Instead of an appointed board, DR3 will appoint a director who will hear and decide appeals of DR3 decisions. *For more, see Page 2.*



**DEPARTMENT OF INDUSTRIAL RELATIONS FILES DRAFT REGULATIONS WITH
THE OFFICE OF ADMINISTRATIVE LAW**

The Department of Industrial Relations (DIR) filed draft regulations with the Office of Administrative Law on Tuesday, Nov. 10, that will implement the provisions of SBx2 9 (Padilla). This bill effectively eliminates third party labor compliance programs (LCPs) – programs designed to enforce prevailing wage requirements on public works projects. A 2007 Legislative Analyst Office report found that third party LCPs were both costly and ineffective in terms of reported recoveries of back wages and penalties. *For more, see Page 2.*

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The 408 cities enrolled in the program will receive the equivalent of 8 percent of local property taxes which local agencies are obligated to loan the state. Participating cities will receive 50 percent of the securitized amounts on Jan. 15, 2010 and the remaining 50 percent on May 3, 2010.

The League strongly opposed the proposed borrowing of local funds during the budget battles earlier in the year, but once that borrowing occurred, the League lobbied for necessary clean up legislation to ensure that cities would be able to securitize the lost property taxes. Gov. Arnold Schwarzenegger on Oct. 19, signed SB 67, the budget clean-up bill that enabled a successful securitization to move forward.

The state is paying all costs associated with the securitization including the 4 percent yield on the bonds and all transaction costs.

California Communities posted a list of the amounts securitized and payable to each agency on its Web site at <https://www.psacommunities.org/fs/apps/prop1A/Proposition%201A%20Securitization%20Participating%20Agencies.pdf>.

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IWMB staff recently conducted a meeting with stakeholders including waste haulers and local governments to discuss the transition. SB 63, the bill which provided for this change, contained a provision that transferred all IWMB employees to the new department. Staff told stakeholders that they are committed to maintaining transparency and plan to continue distributing governance documents via listserv and public notices.

Staff also expects that DR3 will continue using existing systems regarding permitting, establishing loan criteria, developing regulations and hearing appeals. The new department will also collaborate with local enforcement agencies and will continue to be involved at local hearings.

Although many current IWMB procedures are expected to remain intact after the transition, the DR3 director will likely make some changes to department operations such as how appeals are adjudicated. Gov. Arnold Schwarzenegger has yet to appoint the DR3 director. The main question with this transition is who will occupy this position and what direction will be set for the department.

League staff will continue to monitor transition actions and provide updates as available.

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SBx2 9 amends sections of law that require government agencies engaging in public works projects to initiate, operate, and enforce their own LCP or to contract with a third party. Some laws require LCPs for projects funded in whole or in part from specific voter-approved state bonds, while others require LCPs for certain projects utilizing design-build or other contracting authorities.

With the new provisions under SBx2 9, government agencies will no longer be able to contract with a third party LCP on future projects. Instead, cities will pay a small fee to DIR or continue to operate their own approved LCP. The fee requirement to DIR will only apply to public works contracts awarded after the new fee and regulatory structure have been adopted. DIR anticipates implementing the new fee and regulatory structure in early 2010 and will be providing adequate notice to public agencies.

The League sent a survey request through the League's public works listerv to find out what cities are doing regarding LCPs. Of the responding cities most were operating their own LCP.

It's important for cities to note the following:

- In order for a city to continue to operate its own LCP, the program must be approved by DIR and the city will need to seek a fee waiver from DIR once the regulations take affect;
- Cities currently under contract with a third party LCP will pay a fee to DIR on all future projects; and
- Cities that have a DIR approved LCP program and also contract out some labor compliance services to a third party may be at risk of losing their program approval with DIR.

To receive notice on any proposed regulations on fees, fee waivers, or DIR monitoring and enforcement responsibilities under SBx2 9 please send an e-mail request that includes your contact information to either LCPComments@dir.ca.gov or tgormley@dir.ca.gov.

League staff will continue to work with DIR on these draft regulations as it moves through the regulatory process.

For questions about the provisions of SBx2 9 or draft regulations, please contact Natasha Karl, policy analyst, at nkarl@cacities.org.

Help Ensure That Every Californian Is Counted in the 2010 Census *An Undercount Could Cost the State Billions*

The California State Senate Majority Caucus will host a Census Webinar on Nov. 18 at 10 a.m. The live webcast will help state legislative, congressional and local government offices learn about building effective outreach plans that help ensure a complete count.

Participants will be able to submit questions about the 2010 Census via e-mail during the broadcast. They will learn how to engage and educate local groups about the importance of the census, involve community members in events in "hard-to-count" areas of their districts and work in tandem with other state and local offices to help ensure a complete count in California.

It's very important that California's census is accurate. An undercount in California could result in the loss of a congressional seat, inaccurate reapportionment or redistricting boundaries, the loss of billions of dollars in federal support and ten years of reduced federal funding due to a lower population count.

To attend the live webinar, please visit <http://senweb03.senate.ca.gov/focus/census/webinar> on Nov. 18.

For more information about the 2010 Census visit the California State Senate Majority Caucus Census Web site at <http://senweb03.senate.ca.gov/focus/census> or call Margie Estrada at (916) 651-1863.
