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Sen. Beall and Assembly Member Frazier Announce \$7.4 Billion Transportation Funding Proposal, \$2.5 Billion for Local Streets and Roads

Sen. Jim Beall (D-San Jose) Assembly Member Jim Frazier (D-Oakley) announced a comprehensive transportation reform and funding proposal late yesterday. This proposal represents, for the first time, a unified effort by the Assembly and Senate Democratic Caucuses to address the \$78 billion unmet funding need for local streets and roads and \$56 billion backlog to the state's transportation infrastructure. *For more, see Page 2.*



Local Government Groups, Law Enforcement Remain Opposed to Legislation that Mandates Public Employee Union Orientations during Work Hours

This week a broad coalition representing cities, counties, special districts, law enforcement and local education agencies voiced their continued opposition to [AB 2835 \(Cooper\)](#). This gut-and-amend measure, which is now eligible for a floor vote in the Senate, requires public agencies to provide all newly hired employees with highly prescriptive employer orientations as well as time for unions to provide an in-person 30-minute orientation. The League, and other groups', opposition remains on this bill because it is extremely costly to local governments and poses logistical challenges that make it almost impossible to comply with and effectively deliver services to our respective constituents. *For more, see Page 2.*



Sen. Beall's \$3 Billion Housing Bond Still in Play as Session Winds Down *Cities Encouraged to Support Effort to Get Bond to Governor's Desk*

It has been a long year in the Capitol for efforts to secure more affordable housing funding. Few resources remain with redevelopment eliminated and state housing bonds exhausted. The session is in its final two weeks and discussions over the Gov. Jerry Brown's by right proposal and the attached potential \$400 million budget allocation appear stalled. There is however, one measure that still remains in play, [SB 879](#), Sen. Jim Beall's (D-San Jose) proposed \$3 billion housing bond. *For more, see Page 3.*

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The legislators project that their proposal would generate a total of \$7.4 billion annually, with \$2.5 billion going directly to cities and counties for desperately needed local street and road maintenance and rehabilitation. It includes significant funding increases for freight, transit, active transportation, maintenance and rehabilitation of both the state highway system and local streets and roads. In addition, it includes \$200 million annually to reward local jurisdictions that have enacted local transportation funding measures.

The plan would also stabilize the variable gas tax which has caused significant uncertainty in gas tax revenues in recent years and caused a \$534 million reduction in the State Transportation Improvement Program (STIP) this year.

On reforms, the plan restores independence to the California Transportation Commission (CTC), creates the Office of Transportation Inspector General to oversee state transportation spending, includes local reporting requirements, permanently extends the CEQA exemption for transportation projects in existing roadways, and creates an Advanced Mitigation program for transportation projects.

The proposal will also include two constitutional amendments to dedicate the new funds for transportation purposes only and reduce the voter threshold for local transportation measures to 55 percent.

The plan proposes to generate the revenue through:

- A 17 cent per gallon increase to the gasoline excise tax;
- Resetting the price based excise tax (variable gas tax) on gasoline to 17.3 cents;
- A 30 cent per gallon increase to the diesel excise tax;
- A 3.5 percent increase to the diesel sales tax;
- A \$38 per year increase to the vehicle registration fee;
- \$1 billion from gradually returning truck weight fees over five years;
- \$300 million from unallocated cap and trade funds; and
- Indexing all fees and taxes, including current gas taxes, for inflation every three years.

The League is preparing a more comprehensive analysis of the proposal to be distributed in the next few days. The analysis will include preliminary estimates of the revenues that cities could receive under the proposal.

'AB 2835' Continued from Page 1...

The Department of Finance (DOF) estimated that to implement, the Aug. 1 version of AB 2835 would cost \$350 million annually for both state and local agencies, with approximately \$70 million being the local cost. Since the bill was last amended, no financial analysis has been completed, which begs the question of how a measure that has an undetermined cost to the state can go Gov. Jerry Brown, who is dedicated to keeping the state's financial status stable.

There are four main areas of concern identified in an [Aug. 16 letter](#) to the Legislature outlining the opposition of the coalition of local agency organizations:

- Requires public employers to provide all newly hired employees an orientation within two months of the time of hiring.
- Requires orientations to be conducted in-person, during the regular workday of employees attending. The employee representative of each bargaining unit must be given at least 10 days advance notice of any orientation provided by the employer.
- Requires, for represented employees, the exclusive representative to be provided 30 minutes, within the first half of the orientation, to make a presentation on paid time. The content of the presentation would be determined solely by the exclusive representative and not subject to negotiation.
- Requires public employers to provide the exclusive representative with the name, job title, department, work location, telephone number, and home address of any newly hired employee within 30 days of that employee's date of hire. Further, requires employers to

provide an exclusive representative with a list containing the name, job title, department, work location, telephone number, and home address of all employees in the bargaining unit at least every 90 days.

'Bond' Continued from Page 1...

While some observers have discounted the possibility of a housing bond, possibilities still remain. The Senate passed SB 879 with a two-thirds bipartisan vote with Republican Senators Anthony Canella (R-Ceres) and Bob Huff (R-San Dimas) as co-authors. Now on the Assembly Floor, it could pass if several Republican votes can be secured — in addition to all Democrats. Sen. Beall recently amended the bill so that the measure would be placed on the November 2018 ballot, which avoids the politics associated with the many pending measures this November.

If the bill could reach the Governor, there would be a strong alliance of housing advocates, labor, environmental, local governments and business groups urging him to sign it and give voters in 2018 an opportunity to pass a housing bond (*The state has not had a housing bond since Proposition 1C of 2006*). This would obviously not be a permanent solution to the state's housing woes, but it would at least be a start. While the Governor has been resistant to new debt, he has approved a water bond. Furthermore, in the short term, there would be no state budget impacts since the bond would not be placed before the voters until the end of his term. So there is a possibility.

The funding in SB 879 would be allocated to the housing programs that were funded in Proposition 1C of 2006 in the following amounts:

- \$1.5 billion to the existing Multifamily Housing Program (MHP) to assist in the construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60 percent of the area median income.
- \$600 million to the Transit-Oriented Development and Infill Infrastructure Account, which the bill creates within the Fund, and then allocates funds from the Account as follows:
 - \$300 million to the existing Transit-Oriented Development Implementation Program.
 - \$300 million to the Infill Infrastructure Financing Account for infill incentive grants to assist in new construction or rehabilitation of infrastructure that supports high-density affordable and mixed-income housing.
- \$300 million to the existing Joe Serna, Jr. Farmworker Housing Grant Fund.
- \$300 million to the Local Housing Trust Fund to provide matching grants to local public agencies and nonprofit organizations that raise money for affordable housing.
- \$300 million for the existing CalHome Program to provide direct, forgivable loans for mortgage assistance.

Next Steps

Cities are encouraged to call their legislators and urge the passage of SB 879. Sample letters are available at www.cacities.org/billsearch by plugging SB 879 into the search function.

Senate Releases Cap-and-Trade Spending Plan

The Senate on Aug. 17 released a comprehensive \$1.2 billion Cap-and-Trade expenditure [plan](#) to fund programs and projects that reduce greenhouse gas emissions. It focuses largely on disadvantaged communities as determined by the California Communities Environmental Health Screening Tool ([CalEnviroScreen](#)).

"We have the opportunity to follow through on the promise of cap and trade, which is to use polluters' dollars to clean up the air we breathe," said [California Senate President pro Tempore Kevin de León \(D-Los Angeles\)](#). "Working families in our most economically disadvantaged and polluted areas deserve to benefit from investments now so they have access to the cleanest technologies and the tools to make their communities more livable."

The Senate's plan is the first proposal to emerge since negotiations fell apart earlier this year between the Senate, Assembly and Gov. Jerry Brown.

Assembly Speaker Anthony Rendon (D-Paramount) [responded to the Senate's proposal stating](#): "As we continue our deliberations on the most responsible and effective way to allocate Cap-and-Trade funds, the Assembly will consider items that the Senate has indicated they would like to see included in the negotiations, as well as any parameters the Governor suggests."

The Governor proposed a \$3.1 billion Cap-and-Trade expenditure plan as part of the FY 2016-17 state budget. This included the balance of unallocated auction proceeds from FY 2015-16 and the projected auction proceeds for FY 2016-17. The Assembly and the Senate rejected the Governor's Cap-and-Trade expenditure plan and passed the state budget without allocating auction proceeds.

The Senate's expenditure plan allocates the 40 percent of Cap-and-Trade auction proceeds that are discretionary and must be appropriated by the Legislature. In contrast, the other 60 percent is continually appropriated and is already earmarked for the high-speed rail project, transit and intercity rail programs, and affordable housing and sustainable communities.

Although the Senate has released an expenditure plan, uncertainty remains regarding the future of the Cap-and-Trade program and the possibility that existing law does not allow the program to continue beyond 2020.

An association of business groups has challenged the legality of the Cap-and-Trade program in court, arguing that the program functions as a tax, and not a fee. The Legislature passed the law as a fee on a majority vote. All new taxes require a two-thirds vote of the Legislature. The state appeals court is set to rule on the case sometime this summer or early fall.

In the meantime, some legislators are supporting the approval of SB 32 (Pavley), a bill that would essentially extend the Cap-and-Trade program by giving the California Air Resources Board clear authority to limit statewide greenhouse gas emissions equivalent to 40 percent below 1990 levels by 2030. SB 32 stalled last year in the Assembly over the objections of a number of moderate democrats.

It is unclear if SB 32 or the Senate's Cap-and-Trade expenditure plan will garner enough support to pass before the Legislature adjourns on Aug. 31. League staff will continue to engage legislative leadership on this important issue.

Details on the Senate's proposal are included below.

Low Carbon Transportation

- \$400 million for low-carbon and low-polluting transportation programs; and
- \$100 million on strategic transit investments that improve traffic flow.

Environmental Justice and Urban Pollution

- \$175 million for a new transformative communities program to convert highly-polluted and high-carbon communities into clean and sustainable communities;
- \$100 million for energy efficiency upgrades and weatherization for low-income families; and
- \$100 million for urban greening projects.

Key Priorities for Climate Leadership

- The Senate Cap-and-Trade expenditure plan allocates funds to key priorities for members in the Assembly and Senate, as well as the Governor;
- [AB 1550](#) (Gomez) Requires that 25 percent of Greenhouse Gas Reduction Fund (GGRF) funds be awarded to projects located in disproportionately impacted communities and 25 percent to projects that benefit low-income communities;

- [AB 2293](#) (C. García) Establishes a technical assistance program for small businesses and nonprofits;
- [AB 2722](#) (Burke) Appropriates GGRF funds to the Strategic Growth Council to create the Transformative Climate Communities Program, and specifies that the program fund grants for "transformative climate community plans" in disadvantaged communities;
- [SB 20](#) (Pavley) Establishes low carbon fuel council to streamline deployment of GGRF funds for low polluting transportation;
- [SB 1350](#) (Wolk) Establishes Healthy Soils low carbon agriculture program funded with GGRF funds;
- [SB 1383](#) (Lara) Establishes new targets to reduce short lived climate pollution such as methane, black carbon, and refrigerants that, while lower in volume, have much great climate warming impacts; and
- [SB 1425](#) (Pavley) Allocates funds for water and energy efficiency.

Human Resources Track at Annual Conference

The [2016 League of California Cities® Annual Conference & Expo](#), Oct. 5-7 at the Long Beach Convention Center will feature sessions especially for human resources professionals. Take a look at some of what's planned for this year's event.

Succession Planning for the New Government Workforce

Every day 10,000 people turn 65 years of age. Millennials now outnumber baby boomers, 76 million to 75 million, and by 2025 they will make up 75 percent of the workforce. It is an oversimplification to believe that current approaches for developing leaders will work for millennials. Many organizations are trying to improve their leadership pipelines, but for a number of reasons are coming up short. Explore ideas and insights on effective ways to attract, develop and retain all generations throughout California, with a special emphasis on millennials.

Succession: The Achilles Heel of City Government

Years of prolonged hiring freezes coupled with early retirements and fewer interested and/or qualified candidates have proven costly to agencies that have had to promote and/or hire people who were not qualified for their new responsibilities. Hear a discussion about the impact these issues have on your agency effectiveness. Panelists will present viable succession processes to enable you to address your current competency gaps, and fill future key vacancies throughout the organization with well-qualified individuals who can hit the ground running.

Strategies for Local Government Recruiting in the Social Media Age

Learn how to utilize social media strategies to recruit and retain talent, as well as inform and educate city constituents. Understand some of the legal challenges and the necessary tools for each of the social media platforms.

2016 Trends in Labor Relations

Receive an in-depth look at labor negotiations from the perspective of finance and human resources professionals. Learn about trends in labor relations for 2016 and offer insight into preparing for and presenting persuasive data during labor negotiations. Hear about tactics for protecting vital services in the face of rising personnel expenditures, and revisit strategies that control costs while investing in human resources.

Elected Official Engagement in Employee Relations

Engagement in employee relations matters can be both helpful and harmful to the day-to-day operations of public agencies. When faced with discussions on labor negotiations, employee discipline, workplace investigations, performance matters, and anonymous tips about wrongdoing, learn what parameters you should follow to avoid risky pitfalls and how to effectively engage in employee relations.

Approaches to Administer Local Minimum Wage Ordinances

Many communities are looking at ways to address income inequality. In areas with a high cost of living, many people working at minimum wage jobs are not able to cover their basic living expenses. A number of cities in California have enacted local minimum wage standards to help address this issue. Hear insights from three cities of various sizes about how they administer their program, lessons learned, and the benefits of a regional approach. Learn about innovative approaches for administration/enforcement by smaller cities as well as the public process for development or revisions to a minimum wage ordinance.

For more information about these sessions, go to www.cacities.org/acsessions.

New Report on Cities and Drones Released by National League of Cities *Report Highlights Crucial Information Cities Need to Have When Regulating Drones*

The National League of Cities (NLC) announced on Aug. 16 the release of [Cities and Drones](#), a new report that provides cities with insight on the recently released Federal Aviation Administration rules relating to drone operation. The report also provides suggestions for how local governments can craft their own drone ordinances to encourage innovation while also protecting their cities.

The term "drone" can refer to any type of unmanned aircraft, from small model airplanes that have been flown by hobbyists for years to larger military drones that conduct stealth reconnaissance or targeted strikes. In 2015, world sales of drones hit 4.3 million. Cities are using drones in a variety of ways, including for law enforcement and firefighting, as rural ambulances, and for inspections, environmental monitoring and disaster management. Commercial uses include precision farming, aerial photography, and — in the near future — package delivery.

"This report serves as a primer on drones for local officials," said [National League of Cities \(NLC\) CEO and Executive Director Clarence E. Anthony](#). "Whether they are revolutionizing search and rescue capabilities or helping realtors show off their homes, drones are lowering the cost and increasing the reach of airborne services. As our skies are becoming more crowded, cities must be able to decide how and when they want to see drones used in their communities."

There are three spheres of drone activity which city officials must tackle: private use, public use and commercial use. To protect communities, promote innovation and avoid preemptive regulatory action, cities should focus on the following issues when enacting a drone related ordinance:

- Using land use and zoning powers to designate when and where drones may take off, land and operate, as well as any operational limitations or criteria.
- Creating an ordinance that punishes operators for operating an unmanned aircraft in a manner that recklessly endangers persons or property while considering appropriate enforcement infrastructure.

To learn more about the ways cities can protect and innovate using drones, see the full *Cities and Drones* report on NLC's [website](#).

[NLC](#) is dedicated to helping city leaders build better communities. NLC is a resource and advocate for 19,000 cities, towns and villages, representing more than 218 million Americans.

CalRecycle Releases Rubberized Pavement Grant Program Application

The Department of Resources Recycling and Recovery (CalRecycle) has issued a Notice of Funding Availability for FY 2016-17 and released the online application for the Rubberized Pavement Grant Program. The deadline to apply for a program grant is Oct. 26.

The Rubberized Pavement Grant Program provides opportunities to divert waste tires from landfill disposal, prevent illegal tire dumping, and promote markets for recycled-content tire products.

The program is designed to promote markets for recycled-content surfacing products derived from only California-generated waste tires. It is aimed at encouraging first-time or limited users of rubberized pavement in two project types — Rubberized Asphalt Concrete Hot-Mix and Rubberized Chip Seal.

For more information regarding eligibility, grant amount, and application, please visit the Pavement Grant Program [website](#). For more information regarding accessing the online application, please visit CalRecycle's grant management system [webpage](#).
