

**Dec. 16, 2016**  
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**\$6 Billion Transportation Funding Proposals Introduced**  
*Includes \$2.2 Billion for Local Streets and Roads*

As the first order of business in the new legislative session, Sen. Jim Beall (D-San Jose) and Assembly Member Jim Frazier (D-Oakley) introduced similar transportation funding proposals. The bills introduced on Dec. 5 are [SB 1](#) and [AB 1](#) respectively and each generates approximately \$6 billion annually, with about \$2.25 billion going to local streets and roads. *For more, see Page 2.*



**League-Sponsored Bond Agency Issues \$6.85 Million in Tax-Exempt Bonds in Los Angeles**

Some of the most significant benefits of League membership for cities since 1988 have flowed from the League's co-sponsorship of the [California Statewide Communities Development Authority](#) (CSCDA). *For more, see Page 4.*



**State Treasurer Announces New Economic Development Web Portal**

The State Treasurer's Office recently launched an online gateway for businesses to access information on state and local business development incentives. [The California Business Incentives Gateway \(CBIG\)](#) is the first online portal aimed at pairing businesses with economic incentives that state and local governments provide. *For more, see Page 5.*

These proposals present an opportunity in the new legislative session for all sides to negotiate on a comprehensive package to send to Gov. Jerry Brown. The League of California Cities® supports these proposals as a starting place for negotiations, but also understands that there is still work needed to get the necessary two-thirds vote in each legislative chamber. The League will continue to help advance the discussion and will provide cities with the tools it needs to advocate when the legislature is closer to reaching a deal. While not yet introduced, the League will continue to advocate for constitutionally protecting the additional revenue for transportation purposes.

Below is a summary of the key provisions in each proposal as well as the differences between specific provisions.

## Reforms

- **Establishes local reporting requirements.** Requires cities and counties to send the California Transportation Commission (CTC) a list of projects they propose to fund with Road Maintenance and Rehabilitation Account (RMRA) funds, specifying the location, description, proposed schedule, and estimated useful life for each project each fiscal year.
- **Requires cities and counties to maintain existing general fund levels for transportation funding.** Requires cities and counties to maintain their general fund transportation levels at equal to or greater than their annual average expenditures during FY 2009-10, 2010-11, 2011-12, which is known as a maintenance of effort requirement. Authorizes the State Controller's Office to audit local governments for compliance and subject local governments to reimbursing the state for non-compliance.
- **Makes permanent the National Environmental Protection Act (NEPA) delegation authority.** Permanently extends the authority for Caltrans to participate in the federal NEPA delegation pilot program, which allows projects involving federal funds to be delivered faster.
- **Promotes employment and training opportunities through pre-apprenticeship.** Requires state and local agencies to create programs that promote employment in advanced construction through pre-apprenticeship as a condition of receiving RMRA funds.
- **Incorporates "complete streets" design concept into the Highway Design Manual.** Requires Caltrans to incorporate the "complete streets" design concept into the Highway Design Manual.
- **Restores independence to the CTC.** Moves the CTC from the California State Transportation Agency, establishing it as its own entity within state government to help it fulfill its oversight role.
- **Creates the Office of Transportation Inspector General as an independent entity and office within state government.** Its role will be to ensure that all other state agencies that receive state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The Governor appoints the inspector general to a six-year term and the inspector general will be authorized to conduct audits and investigations involving state transportation funds with all affected state agencies.
- **Permanently extends and expands the limited CEQA exemption for transportation repair, maintenance, and minor alteration projects to existing roadways.** Deletes the Jan. 1, 2020 sunset of the existing law and expand the exemption to cities and counties with populations greater than 100,000 and apply the exemption to state roadways.
- **Creates an Advanced Mitigation program for transportation projects.** Authorizes the Natural Resources Agency to prepare, approve, and implement advance mitigation plans

for one or more planned transportation projects. An advanced mitigation plan is defined as a regional or statewide plan that estimates the potential future mitigation requirements for one or more transportation projects and identifies mitigation projects, sites, or credits that would fulfill some or all of those requirements. Authorizes the agency to administer the program, establish mitigation banks, secure areas for the purpose of providing mitigation, and allow transportation agencies to use mitigation credits to fulfill mitigation requirements. The program's intention is to supplant existing CEQA requirements, not substitute for them.

### **Additional Revenues (Approximate)**

- **\$1.8 billion from a 12 cent increase to the gasoline excise tax, adjusted every three years for inflation.** The revenue generated from this particular increase will help restore the gas tax's lost purchasing power due to inflation. The funds attributable to the 12 cent increase would be transferred to the newly created RMRA for distribution.
  - **Key Difference:** SB 1 phases in the 12 cent increase over three years, while AB 1 does not include a phase-in period.
- **\$1.1 billion from ending the Board of Equalization "true up" and resetting the rate to the historical average of 17.3 cents per gallon, adjusted every three years for inflation.** This provision "resets" the price based excise tax on gasoline to its original rate of 17.3 cents. Funds would be distributed using current formulas.
- **\$1.3 billion from a \$38 increase to the Vehicle Registration Fee, adjusted every three years for inflation.** After the California Department of Motor Vehicles deducts its administrative costs from imposing and collecting the fee, the funds from the increase will be deposited into the RMRA for distribution.
- **\$500 million from restoration of half the truck weight fees to transportation projects.** Phase-in restoration of truck weight fee revenue over a five-year period and half will no longer be allowed to be transferred out of the state highway account (SHA) after FY 2020-21. The funds remain in the SHA, which prevents HUTA funds from the variable gas tax from having to offset the SHA weight fee transfer.
  - **Key Difference:** SB 1 phases-in a percentage of the truck weight fees back to transportation projects, while AB 1 phases-in specific weight fee amounts every year. SB 1 caps the weight fee transfer at 50 percent in FY 2020-21, while AB caps the weight fee transfer at \$500 million in FY 2020-21.
- **\$600 million from a 20 cent per gallon increase to the diesel excise tax, adjusted every three years for inflation.** The funds attributable to the 20 cent increase to the diesel excise tax would be transferred to the Trade Corridors Improvement Fund (TCIF). Federal FAST Act funds for freight will be deposited into the TCIF.
- **\$300 million from unallocated Cap-and-Trade funds.** This continuous appropriation of Cap-and-Trade funds is estimated to double the amount going towards the Transit and Intercity Rail Capital Program and the Low Carbon Transit Operations Program.
- **\$263 million from 3.5 percent increase to the diesel sales tax.** The funds generated through the additional 3.5 percent increase to the diesel sales tax are estimated to deposit \$263 million into the State Transportation Account for transit and intercity rail purposes.
  - **Key Difference:** SB 1 would impose an additional 0.5 percent to this sales tax which would generate a \$40 million set aside for intercity rail and commuter rail.
- **\$60 million from miscellaneous transportation revenues.** Deletes the transfer of miscellaneous revenues to the Transportation Debt Service Fund and instead redirect the funds to the RMRA.
- **\$20 million from Vehicle Registration Fee on zero emission vehicles, starting in the second year of ownership, adjusted every three years for inflation.** Per the authors,

this provision will help make up for the fact that owners of zero emission vehicles do not pay any gas tax to maintain the roads they drive on. Revenues would be deposited into the RMRA for distribution.

- **Key Difference:** SB 1 imposes a \$100 Vehicle Registration Fee on zero emission vehicles generating, while AB 1 imposes a \$165 Vehicle Registration Fee.

**The revenues generated from these proposals, would provide the following allocations:**

**From the \$3.2 billion in the RMRA:**

- State Highway System — \$1.45 billion annually for maintenance and rehabilitation of the state highway system.
- Local Streets and Roads — \$1.45 billion annually for maintenance and rehabilitation of local streets and roads.
- Self-help counties — \$200 million for existing and aspiring self-help counties.
- Active Transportation Programs — \$80 million annually for Active Transportation and up to an additional \$70 million through Caltrans efficiencies.
- Advanced Mitigation — \$120 million one-time funds for implementation of the Advanced Mitigation program over the first four years.
- California State University — \$2 million for transportation research and workforce training.
  - **Key Difference:** University of California — \$3 million under AB 1 for the Institute for Transportation Studies.

**From restoration/returned revenue from the HUTA:**

- State Transportation Improvement Program — \$770 million annually for capital projects and improvements on the state's highway system.
- State Highway Operation and Protection Program — \$210 million annually for maintenance and rehabilitation of the state highway system.
- Local Streets and Roads — \$770 million annually for local streets and roads.

**From Cap-and-Trade revenues and diesel tax increase:**

- Transit and Intercity Rail — \$563 million annually for transit and intercity rail capital projects and operations, \$40 million additionally set aside for intercity and commuter rail under SB 1.

**From the TCIF:**

- Freight, trade corridors, and goods movement — \$600 million annually for freight, trade corridors, and goods movement.

**From loan Repayments:**

- \$706 million one-time funds for transportation loan repayment.

**Next Steps**

The League has prepared [preliminary estimates](#) of the revenues each city could receive for transportation maintenance and repair under the proposal. The time for the Legislature and Gov. Jerry Brown to act is now and these proposals provide a solid framework to move the discussion forward.

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'CSCDA bonds' Continued from Page 1...

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued \$6,850,000 in tax-exempt bonds for Discovery Charter Preparatory School (Discovery Prep) located in the Pacoima area of Los Angeles.

**About Discovery Prep**

Discovery Prep is an independent charter school, chartered in 2002 by the Los Angeles Unified School District. Discovery Prep has an anticipated enrollment of 280 students in grades 9-12 for the upcoming 2016-17 school year. WASC accredited, the school serves students from an economically challenged background. Many students entering Discovery Prep have academic skills below their grade level, however, the school's academic results and graduation rates far exceed their immediate competition. Of the 59 students in the 2015-16 graduating class, for example, 31 are expected to matriculate to four-year universities.

CSCDA partnered with the investment bank Ziegler to provide the \$6.85 million in tax-exempt bonds for Discovery Prep. The bonds will be used to acquire new educational facilities located on 3.8 acres and comprised of 28,000 square feet of classroom space in the nearby Los Angeles area of Sylmar.

## **Background**

CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities® and the California State Association of Counties. It was created by cities and counties for cities and counties. More than 500 cities, counties and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently finance locally-approved projects. CSCDA has issued more than \$50 billion in tax exempt bonds for projects that provide a public benefit by creating jobs, affordable housing, healthcare, infrastructure, schools and other fundamental services. Visit [CSCDA's website](#) for additional information on the ways in which CSCDA can help your city.

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'CBIG' Continued from Page 1...

Local governments can register and upload their business incentive and economic development offerings to the CBIG website. There is no cost for cities to create a profile and link their available resources and the tool is designed to help cities reach more business owners and improve the business climate and investments in their community.

While local governments provide numerous business services and incentives, there may be untapped outreach potential to attract interested business owners to utilize them through a single, easy-to-use website. Often, business owners must take on the complex task of visiting dozens of state and local agency websites to find available economic development opportunities. In this process, opportunities are missed and cities are overlooked.

The goal is that in the future, the CBIG will serve as the universal application to offer all incentives from the state of California and its 4,000 local governments.

The roll out of CBIG marks another step toward improving government accessibility and harnessing the power of technology to catalyze economic activity.

For questions and inquiries, please email [cbig@treasurer.ca.gov](mailto:cbig@treasurer.ca.gov).

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## **Submit 2017 Annual Conference Session Proposals before the Start of the New Year**

*Deadline to submit is Friday, Jan. 6*

There is still time to submit a session proposal for the League of California Cities® 2017 Annual Conference & Expo, which will be held Sept. 13–15 in Sacramento. Jan. 6 is the deadline to submit session proposals.

City officials have great ideas, which make great learning opportunities that can be shared. The League's Annual Conference is the organization's largest conference bringing together elected and appointed officials and staff and stakeholders for three days of educational sessions, workshops and networking.

## Proposal Session Submission Instructions

Submissions, non-commercial in nature, from any individual, group, business or organization, on any topic are welcome. The Annual Conference Program Planning Committee will consider the educational value of each proposal and the extent to which it presents new and/or significant information. Sessions should not be product or vender commercialization oriented.

Proposals may be submitted [online](#) only. For questions, please contact [Katie Sacco](#) at (916) 658-8251.

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### California City Solutions: Santa Barbara Develops One-Stop-Shop Web Portal for Small Businesses

*This story is part of an ongoing series featuring Helen Putnam Award entries. The 2016 entries are available on the League's website as a resource for cities in a searchable database called [California City Solutions](#). The Guide to Start and Grow Your Business in Santa Barbara was submitted in 2016 for the League Partners Award for Excellence in the City-Business Relations award category.*

Working with local business organizations and entrepreneurs, the city of Santa Barbara developed a program to help small business owners navigate city regulations and services. This program comprises an instructional guide, online resources, videos and a quarterly newsletter to make it easier for entrepreneurs to find the resources they need to make informed decisions and spend wisely for their business.

Santa Barbara in recent years conducted roundtable discussions with the various business sectors quarterly to understand their challenges and to improve services. In 2013, the mayor met with local entrepreneurs who had experience launching their first business or growing their operations. Entrepreneurs shared stories about the difficulties of finding information by visiting multiple departments or being caught off guard by new information.

Common inquiries included:

- Understanding what activities might require approvals;
- How to plan tenant improvements and navigate the planning and permitting process;
- When to get a business license;
- Best practices to conserve water; and
- Obtaining permits for events and special needs.

Leasing or purchasing a new space is a critical and expensive decision for entrepreneurs and many business owners voiced frustrations about learning of planning and permitting regulations after committing to a lease. City staff also realized the countless hours spent assisting first-time business owners who made decisions and commitments without key information in hand. If business owners researched a property, understood requirements, and planned accordingly, they could avoid significant expenses and later complication with the city when they needed to comply with building regulations.

Communicating with prospective business owners further adds to the challenge because entrepreneurs may not understand that there are regulations that need to be followed and may not visit a city counter or website until they are too far along in the process. Some businesses noted that they were hesitant to contact the city because they may be taking a risk in sharing plans that would later not be approved. Unfortunately, this mindset prevents business owners from getting the early advice that is essential for them to successfully implement their business plans.

Santa Barbara developed online resources and videos to help business owners navigate regulations and services that may affect their business. A guide on *Starting and Growing Your Business* is provided over the counter for every new business license. The city's website was also

reorganized with a [portal of business information](#) to connect entrepreneurs with advice on specific business needs that include creating a disaster plan, conserving water, placing tables on the sidewalk for outdoor dining, and installing any type of signage. The online resources include an interactive mapping tool to create custom-designed maps, library databases available for consumer research, advice to certify as a green business, and directions to list businesses on Google maps. An area for community resources was also developed on the website featuring organizations that provide start-up assistance, mentorship and networking organizations, incubators that offer low-cost work spaces and meeting areas, and trade and professional associations.

Communication materials were designed to translate difficult concepts and explain issues to a first-time business owner. Improved messaging and tone helps entrepreneurs build trust and develop a new mindset that the city values local businesses, understands their challenges, and appreciates their commitment to remain in Santa Barbara. Businesses are strongly encouraged to seek advice early and often because the city wants to be a partner in their success.

The city produced [videos](#) with examples of businesses complying with regulations and introduce key city staff who could explain their services. Video topics include police services, water conservation, obtaining a business license, how restaurants and automotive businesses can prevent water pollution, and the basics of planning and development. The video library continues to grow with new topics to address different business services.

The quarterly newsletter helps the city remain in regular contact with business owners. The brief communication includes short videos and key information to highlight new city policies affecting the business community. Roundtable meetings with community business organizations provide a forum to discuss outreach opportunities and brainstorm ideas for new content to help local businesses. Staff has also been trained in specific customer service protocols to help new and existing businesses.

The city has received positive feedback on this effort. Since the online resources were launched, the business site has received over 6,600 visits with 83 percent representing return visitors. A high level of return indicates that businesses are relying on the site for information. When someone visits the city's home page, the business area is one of the most frequently visited areas of the site.

Collaboration with business and entrepreneurial organizations has helped leverage the strengths of each organization to raise the level of community services provided to entrepreneurs.

Other cities can easily adopt similar practices and improve connections with the business community. While cities may not be in a position to solve many problems facing local businesses, they can make it easier to navigate the existing municipal services and regulations by taking steps to organize and improve their information so businesses avoid visiting every counter to help with each step.

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## **REMINDER: Call for Entries Open for Outstanding City Street Projects**

*Nominations due Jan. 11*

The [Save California Streets](#) Coalition's nomination period for its annual Outstanding Local Streets and Roads Awards Program is currently open. Submissions should highlight a street infrastructure project or program that has demonstrated a significant improvement in your community's street system. The coalition comprises a number of organizations including the League of California Cities® and the California State Association of Counties.

Nominations for this prestigious award are due by Jan. 11. Winners will be announced in February and awards will be presented during the Public Works Officers Institute and County Engineers Association of Counties conference March 22–24 in San Diego. They will also be featured later in 2017 in *Western City*, the League's monthly magazine.

Projects nominated should address one of four categories that promote a comprehensive improvement of local streets:

- Efficient and Sustainable Road Maintenance, Construction and Reconstruction Projects;
- Complete Streets Projects;
- Safety or Intelligent Transportation System Project; or
- Efficient and Sustainable Bridge Maintenance, Construction and Reconstruction Projects.

Applications must be [submitted online](#).

Please contact [Meghan McKelvey](#) with questions about the award program and application process.

## **State Water Board Releases New Sustainable Groundwater Management Act FAQ**

The State Water Board released its new Sustainable Groundwater Management Act (SGMA) [frequently asked questions](#) document providing guidance on questions asked about groundwater sustainability agencies (GSAs). The 2014 SGMA requires the formation of GSAs in high- and medium-priority groundwater basins and subbasins by June 30, 2017.

The new FAQ supplements additional frequently asked questions about GSAs that the California Department of Water Resources (DWR) has responded to, which are available on DWR's Sustainable Groundwater Management [website](#). The FAQ will be updated as necessary.

If you have any questions or comments regarding this FAQ, please contact [Sam Boland-Brien](#) at (916) 322-9633.

## **Volkswagen to Invest \$1.2 Billion in California for Zero Emission Vehicle Programs**

### ***Proposal Submissions Accepted through Jan. 16, Funding Released over 10 Years***

Volkswagen Group of America has entered into a partial settlement with the U.S. Environmental Protection Agency and the California Air Resources Board. The outcome of this settlement has established a \$2 billion Zero Emission Vehicle (ZEV) investment program over the next 10 years. Volkswagen has named the program [Electrify America](#). Proposals are due by Jan. 16 and the draft investment plan will be drafted by Feb. 22, 2017.

Through the consent decree, \$1.2 billion is mandated — \$381 million will be allocated for NOx mitigation through “the Mitigation Trust” and \$800 million will be invested in California. The consent decree only allows up to one-third to be paid out during the first year or up to two-thirds during the first two years.

The ZEV investment program is designed to increase ZEV adoption throughout the United States through charging infrastructure expansion, education and awareness programs, and other measures aimed at overcoming ZEV adoption barriers. Volkswagen Group of America will accomplish its mission in four 30-month investment cycles, with planning for the first cycle underway. Volkswagen wants input and proposals, but cautions that some submissions might not fit within the scope of our initiatives for the first 30-month investment cycle. Other promising ZEV initiatives, such as hydrogen fueling stations or national ZEV car-sharing or ZEV ride-sharing services, will be considered in later investment cycles.

### **Proposal Submissions**

States, municipal governments, federally-recognized Indian tribes and federal agencies can [submit proposals](#) through Jan. 16.

Potential proposal categories include:

- Charging and hydrogen fuel cell infrastructure;
- Zero emission awareness; and
- The Green City initiative.



In addition, Volkswagen will be creating the Green City initiative to select a California city to host pilot projects that will develop sustainable mobility projects such as zero emission vehicle based shuttle services or car sharing programs ([Partial Consent Decree](#)).

Additional information resources can be found at:

- [Air Resources Board VW Settlement FAQ](#)
- [Electrify America Investment Plan](#)
- [VW Partial Consent Decree PDF](#)
- [EPA VW Settlement Information](#)

If your municipality is interested in submitting a proposal and has questions, please email [Derek Dolfie](#).

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