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SB 1 Passes out of Senate Government and Finance Committee
Next Hearing in is the Senate Appropriations Committee

Sen. Jim Beall's (D-San Jose) SB 1 cleared another hurdle on March 8, passing out of its third of three policy committees. The measure generates an additional \$6 billion annually for California's local and state transportation network and is supported by the [Fix Our Roads Coalition](#), of which the League is a founding member. *For more, see Page 2.*



League Supports SB 711 (Hill), Local-State Sustainable Investment Incentive Program

Cities Encouraged to Support Measure Focused on Addressing Local Financing Gaps for TOD, Affordable Housing and Facilities within a Disadvantaged Community

Despite all the state's focus on infill development and greenhouse gas reduction, the sobering reality is that — absent sufficient resources to address financing gaps — many desirable projects fail to pencil-out. Such missed opportunities will frustrate the state's efforts to achieve its greenhouse gas reduction goals. *For more, see Page 2.*



Bills in Committee and Legislative Hearings of Interest March 13 – 22

Legislative committee hearings are continuing and many bills are moving through committees. The League is in the beginning phase of creating its legislative bills of interest to cities, which will be published once available. *For more, see Page 3.*

'SB 1' Continued from Page 1...

The League continues to support the additional \$2.2 billion that the bill dedicates annually for local streets and roads and the provisions expanding the streamline review for projects in existing right-of-way for all cities. State and local roads have a maintenance backlog of \$130 billion and California motorists are spending more than \$700 annually on car repairs due to pothole-filled roads. This backlog is divided between \$59 billion for state highways and \$73 billion for local streets, roads, and bridges. Without additional funding, this shortfall is projected to grow by \$20 billion in the next decade.

SB 1 now goes to the Senate Appropriations Committee where it will be heard sometime next week. The measure is another step closer to the Legislature meeting Gov. Jerry Brown's [April 6](#) deadline to pass comprehensive transportation package.

'SB 711' Continued from Page 1...

While several new tools including, Enhanced Infrastructure and Finance Districts (EIFD) and Community Revitalization Investment Authorities (CRIA) have been established, they lack the concentrated financial lift in urban areas offered by the former redevelopment tool. Left unaddressed, this financing gap presents real challenges for the future development of infill urban areas and avoiding continued sprawl onto open lands where it is easier to develop.

Sen. Jerry Hill's (D-San Mateo) SB 711 helps address this need by establishing a creative financing mechanism focused on filling the local funding gaps to maximize opportunities for large-scale transit-oriented development (TOD), affordable housing, and facilities within a disadvantaged community.

The measure creates a six-year pilot project to enable the Strategic Growth Council (SGC) to review and approve projects that the SGC agrees maximize state and local policy objectives, by authorizing the applying city or county to reduce its individual property tax contributions to Educational Revenue Augmentation Funds (ERAF), so the applying agency can invest these funds in the project.

Currently, cities, counties and special districts contribute \$7.5 billion annually to ERAF funds, a mechanism established by the state in the early 1990s to allow the state to reduce its funding to schools. Full discretion in whether to approve projects is provided to the SGC (as an entity representing the state's policy interests) and is capped at \$10 million annually, over six years. SB 711 also requires substantial reporting and oversight.

From a local government perspective, the funding available via this measure is much more than it may appear. Each local government that is awarded an ERAF reduction will be able to receive that reduction on an annual basis for the life of the project. For instance, if a city is approved a \$1 million per year annual reduction, they would receive that reduction for the life of the project financing (for instance, 35 years). In short, a city that is trying to do the right thing gets to keep more of its own property taxes to help fund the project.

SB 711 creates a "win-win" for maximizing state-local development opportunities and climate goals by ensuring that some of financial lift of the former redevelopment tool is restored for projects that advance state priorities.

Cities are encouraged to support this measure. The full text of the measure along with the League's support letter and a sample letter cities can use can be found at www.cacities.org/billsearch by plugging SB 711 into the search function.

Sen. Hill's [background paper](#) on SB 711 includes some additional information.

Some hearings, if not all, will be televised. The [Senate](#) and [Assembly](#) publish weekly television schedules, but audio is always available online. In addition, many hearings are also webcast via the [California Channel](#).

Bill language and the League's position letters and sample letters can be found at www.cacities.org/billsearch by plugging the bill number into the search function.

Here are a number of upcoming hearings of interest to cities:

March 13

Senate Appropriations Committee, 10 a.m., State Capitol, Room 4203

- **AB 28 (Frazier)** Department of Transportation: environmental review process: federal pilot program. *League position: Support.*

Assembly Revenue and Taxation Committee, 2:30 p.m., State Capitol, Room 126

- **AB 181 (Lackey)** Taxation: renters' credit. *League position: Support.*
- **AB 198 (Patterson)** First Time Homebuyer Deductions. *League position: Support.*
- **AB 252 (Ridley-Thomas)** Local government: taxation: prohibition: video streaming services. *League position: Oppose.*
- **SB 188 (Jackson)** Emergency Management Assistance Compact. *League position: Support.*

March 15

Senate Governance and Finance Committee, 9:30 a.m., State Capitol, Room 112

- **SB 2 (Atkins)** Building Homes and Jobs Act. *League position: Support.*
- **SB 37 (Roth)** Local government finance: property tax revenue allocations: vehicle license fee adjustments. *League position: Support.*

March 20

Assembly Transportation Committee, 2:30 p.m., State Capitol, Room 4202

- **AB 636 (Irwin)** Local streets and roads: expenditure reports. *League position: Support, League sponsored.*

March 22

Senate Governance and Finance Committee, 9:30 a.m., State Capitol, Room 112

- **SB 3 (Beall)** Affordable Housing Bond Act of 2018. *League position: Support.*
- **SB 139 (Wilk)** Harmful substances: local regulation. *League position: Support.*

Senate Labor and Industrial Relations Committee, 9:30 a.m., State Capitol, Room 2040

- **SB 63 (Jackson)** Unlawful employment practice: parental leave. *League position: Oppose.*

League Coastal Cities Issues Group Gears Up for 2017 with Appointment of a New Chair

League President JoAnne Mounce has appointed Santa Barbara Mayor Helene Schneider as chair of the organization's Coastal Cities Issue Group. The appointment of Mayor Schneider as chair began the group's work for 2017 and comes just weeks after the California Coastal Commission selected Jack Ainsworth as its new executive director. Mayor Schneider is the third chair of the group.

Created by the League board of directors in November 2006, the Coastal Cities Issues Group comprises all 61 cities in California's coastal zone. The group's mission is to advance the common interests of coastal cities and to facilitate communications with the California Coastal

Commission. It advises the League policy committees and board of directors on policy issues related to the coastal zone and serves as a forum for coastal cities. The Coastal Cities Issues Group typically meets annually at the League's annual conference.

The League and its coastal cities are looking forward to working with Mr. Ainsworth as he officially takes the helm of the Coastal Commission. Led by Pismo Beach City Manager Jim Lewis, who is also president-elect of the League City Managers' Department, coastal cities are working to identify goals for working with the Coastal Commission in the coming years.

The League appreciates the Coastal Commission's efforts already to expand public access to commission meeting agendas by sending agendas directly to coastal city managers. League and Coastal Commission staff worked together to identify the appropriate email list.

Any city official of a city within the coastal zone who would like to receive Coastal Commission agendas or join League's Coastal Cities Issues Group listserv are encouraged to contact League Legislative Policy Analyst [Derek Dolfie](#).

Webinar Scheduled for March 21 on Employment Considerations of Proposition 64 — Adult Use of Marijuana Act

Register by Thursday, March 16

The League of California Cities[®] Personnel and Employee Relations Department is hosting a webinar to inform cities of the employment challenges of Proposition 64. Scheduled March 21 from 2–3 p.m., the webinar is free for League members and League partners. Non-member cities may register for \$100.

The webinar will cover:

- Overview of Prop. 64;
- Federal versus state laws;
- Recreational versus medical marijuana;
- Pre-employment drug screens;
- Updates to agency's Drug & Alcohol Use Policies;
- Impacts to the Department of Transportation or Safety Sensitive Job Classifications;
- Disability accommodations and interactive process; and
- Practical tips for employers.

Presenters include:

- Tim Cromartie, legislative representative, League of California Cities; and
- Gage Dungey, partner, Liebert Cassidy Whitmore.

Please [register online](#) for this webinar by Thursday, March 16 at 5 p.m.

Due to the capacity for this webinar, two connections per city will be permitted to provide easier access for League members.

Webinar log-in information will be sent on March 20. For questions about how to register for the webinar, please contact [Megan Dunn](#). For all other questions, please contact [Meghan McKelvey](#).

New Market Tax Credit – Fostering Investment in Low-Income Neighborhoods

The California Statewide Communities Development Authority (CSCDA) is currently soliciting potential pipeline projects in connection with its 2017 application for New Markets Tax Credits. Through the California Statewide Communities Development Corporation, CSCDA's subsidiary Community Development Entity, CSCDA has successfully received three awards totaling \$143 million in New Markets Tax Credit (NMTC) allocation and has successfully deployed this valuable subsidy into communities in need throughout the state. CSCDA looks forward to continuing to provide a critically important funding gap to quality eligible projects throughout California next year.

The NMTC program, passed by Congress in 2000, encourages investments in low-income communities by providing a tax incentive for community development lenders and the capital markets to invest in communities that historically have had poor access to capital. Eligible project types include community facilities, charter schools, healthcare facilities, manufacturing facilities, operating businesses, and commercial real estate developments located within eligible low-income neighborhoods throughout California. NMTCs will generate up to 20 percent of the capital required for these projects and businesses. Often that is the difference that will make a desirable project feasible.

If you are aware of any potential projects that could use NMTCs or otherwise have any additional questions on how the program can help your community, please contact [Jon Penkower](#) of CSCDA at (925) 476-5887.

CSCDA is a joint powers authority conduit bond issuer created in 1988 and is sponsored by the League of California Cities[®] and the California State Association of Counties and is comprised of more than 500 cities, counties and special districts throughout the state. CSCDA's mission is to provide local governments and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. Visit [CSCDA's website](#) for additional information on the ways in which CSCDA can help your city.

League-Sponsored Bond Agency Issues \$161.6 Million in Tax-Exempt Bonds for Affordable Housing in Newport Beach

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).

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued a total of \$161,620,000 in tax-exempt multi-family affordable housing bonds for Uptown Newport Apartments in Newport Beach.

About Uptown Newport Apartments

Uptown Newport Apartments is the new construction of 455 mixed income housing units by The Picerne Group (TPG). Twenty percent of the rental housing units will be rent restricted for low-income tenants. The income-restricted apartments are comprised of studio, one-bedroom and two-bedroom units.

CSCDA and TPG partnered with Stern Brothers & Co. and Orrick Herrington & Sutcliffe, LLP to provide the \$161,620,000 in tax-exempt and taxable multi-family affordable housing bonds for the project. The financing for the project requires the affordability of units for low-income tenants to be maintained for 55 years.

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.

California City Solutions: Fort Bragg Converts Old Mill Site into Beautiful Coastal Park and Trail

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 Fort Bragg Coastal Restoration & Trail Project was submitted in 2016 for the Planning and Environmental Quality award category.

The Northern California city of Fort Bragg has a population of 7,200 and is located on the beautiful Mendocino coast. It is the largest city on the coast between San Francisco and Eureka, and is more than a three-hour drive from each of those cities. During the 20th century the city's economy was largely based on the timber and fishing industries. At the turn of the century, Fort Bragg was looking for new ways to boost its economy. However, [Fort Bragg's Coastal Restoration & Trail Project](#) transformed the coastline of a blighted lumber mill into a recreational park with native plants and a multiuse trail that provides public access along a four-mile stretch of coast that had been fenced off for more than a century.

By the turn of the millennium, Fort Bragg's Noyo Harbor based fishing fleet had declined to just a handful of boats. Local fisheries fell victim to overfishing, overregulation, or overharvesting along spawning streams. Soon after the decline of the fisheries, the Georgia-Pacific lumber mill permanently shuttered its operations in late 2002. Two decades of unsustainable timber harvesting had left the north coast's redwood forests with insufficient timber to support the lumber mill.

Fort Bragg's mill provided good jobs for generations of residents and at its peak employed 1,500 people. Closure of the mill devastated the local economy and marked the end of an era. Not only had the community lost its primary employer, but Fort Bragg's deeply rooted identity as a logging and fishing town was also lost. Fort Bragg was at a crossroads and the city's leaders realized that the mill closure presented an unique opportunity for the community to plan for its future.

The blighted mill site covered 425 acres in the city's center of the city and spanned its entire coastline. For more than a century, Fort Bragg was a coastal town without a waterfront because the mill had blocked public access to the coast.

In 2003, the Coastal Conservancy awarded Fort Bragg an urban waterfront grant to plan for reuse of the Georgia-Pacific mill site. Hundreds of local residents participated in an extensive community visioning process from which two key priorities emerged: provide public access along the coast; and help transition Fort Bragg's local economy from mining based industries to a rebuilding based economy. The community agreed that Fort Bragg's spectacular and remote coastal setting is the key to its future. The planning process generated an Open Space Framework that mapped a conceptual layout for a coastal trail and park system spanning the entire coastline of the mill site.

There were a number of challenges to transforming an old mill into the coastal park. The mill site was purchased and the property was contaminated from a century of industrial use with large areas that were covered with asphalt and compacted gravel. Huge volumes of stormwater ran across the site creating unstable and retreating coastal bluffs and the coastline included significant sensitive resources such as rare plants, bird nesting areas, wetlands, and marine mammal haul outs and Native American cultural sites that would need to be protected and preserved. Millions of dollars were needed to restore the property and construct the coastal trail.

The Fort Bragg Coastal Restoration & Trail project was conceived as a key recreational service that would serve the community and its visitors. The city spent several years negotiating for acquisition of approximately 100 acres stretching along the four-mile coastline on the former mill site. It was clear to the city that development was far off in the future. The mill site faced a complicated environmental remediation process; the market for new development in Fort Bragg is constrained by its remote location; and the entitlement process in California's coastal zone is complex and time consuming.

In 2006, the National Park Service's Rivers, Trails and Conservation Assistance (RTCA) program offered Fort Bragg technical support for a community based design process for the parkland.

RTCA planners led an intensive, invitational; three-day design workshop attended by nearly 70 civic leaders and community stakeholders. The conceptual plan became the basis for the project's environmental review, permitting, and design. Public meetings were held to refine the design. City staff also led hikes on the property to give community members a sneak preview of the coastline that few had ever seen.

The city spent nearly two years consulting with the Sherwood Valley Band of Pomo Indians, a local tribe with deep connections to Fort Bragg's coastline, to honor the tribe's concerns and redesign the project to avoid disturbance of cultural sites. A preserve was established within the park that is accessible only for scientific research and tribal use.

The city imported 25,000 cubic yards of dredge sands from the Noyo Harbor District (which simultaneously solved the district's quandary over disposal of the material). The dredge sands were composted with spent grains from Fort Bragg's North Coast Brewing Company. This formed the basis for restoration of the site. Native seeds were collected locally by Jughandle Farm to ensure diversity of native vegetation on the 23 acres of newly created habitat (formerly asphalt). The project has resulted in a significant expansion of several federal and state listed plant populations.

After years of negotiation, Fort Bragg succeeded in acquiring its coastline for public access. The State Coastal Conservancy awarded the city \$4.2 million for purchase of 37 acres along the coast and Georgia-Pacific agreed to dedicate another 45 acres as part of the deal. The California Department of Toxic Substances Control, which oversees the mill site environmental remediation process, helped expedite the cleanup of the future parkland with the city taking the title to the 82-acre coastal site in 2011.

Construction of the coastal trail and restoration of the bluffs took several years to complete and was funded by over \$7 million in grants from Proposition 84, the State Coastal Conservancy and Caltrans. The northern segment of the Fort Bragg Coastal Restoration & Trail Project was opened to the public in February 2015 and the southern segment was opened in December 2015. The trail is tremendously popular with local residents and visitors. In peak summer months, thousands of people visit Fort Bragg's coastal trail each day. The park has transformed Fort Bragg into a waterfront community.

The year 2015 was the strongest year for tourism in Fort Bragg. People are flocking to the new coastal trail and the influx is helping local businesses. In FY 2015–16, the city experienced higher Transient Occupancy Tax (TOT) receipts than ever before. Year to year, after the trail opened, Fort Bragg's TOT revenues jumped 7 percent. The city, with the support of local lodging establishments, is now planning a ballot measure to increase the TOT rate to generate more revenue for marketing and promotions of Fort Bragg and to support coastal trail maintenance and security.

Fort Bragg has now set its sights on development of the Noyo Center for Marine Science on an 11-acre site adjacent to the new park and the North Coast Brewing Company is planning to triple its production capacity and build a destination brewery on a nearby parcel on the former mill site.
