

PRIORITY FOCUS



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FUNDING LOCAL STREETS AND ROADS: WHAT CAN CITIES EXPECT IN 2007?

The passage of the Infrastructure Bond package in November 2006 brings much needed funding opportunities to California, particularly for transportation projects. With the passage of Propositions 1A and 1B, however, many questions remain as to how this impacts future Prop. 42 allocations, the timing for release of bond funds, and how all of this will affect cities. **For more, see Page 5.**

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CITY OFFICIALS ENCOURAGED TO REVIEW GOODS MOVEMENT PLAN

California's Business, Transportation and Housing Agency (BTH) and the California Environmental Protection Agency (Cal/EPA) jointly released the Goods Movement Action Plan (GMAP) on January 11. GMAP affects approximately \$3.1 billion in Prop. 1B funding. City officials are encouraged to review the plan. **For more, see Page 4.**

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MEMBERS OF THE ASSEMBLY AND SENATE STANDING COMMITTEES FINALIZED

The Senate and Assembly have named and finalized the membership rosters of all standing committees for the 2007-2008 legislative session. **For more, see Page 4.**

**WANT MORE DETAILS
ON BILLS?**

Visit the League of
California Cities
website at
[www.cacities.org/
billsearch](http://www.cacities.org/billsearch).

CALIFORNIA CIVIC LEADERSHIP INSTITUTE: 2007 PROGRAM CALL FOR NOMINATIONS

The League of California Cities is inviting all city officials to participate in the third year of the California Civic Leadership Institute (CCLI).

Presented by the League Partners Program, CCLI is designed to educate small groups of city officials on the pressing infrastructure issues facing cities across the state, including housing, energy and transportation, and the history and importance of local government in California. The program's goal is to help future legislators to have a better understanding of these issues and develop lasting bonds among our state's rising leaders.

This year's program agenda is ideal for those already within leadership roles at the League, or for anyone interested in becoming a statewide advocate of local government.

Any mayor, council member or professional city staff member may nominate a current city official to participate in CCLI. Nominations may also come from any of the League's constituency groups, or from the League Partners Program.

Nominations must successfully convey the governance skills and accomplishments of the nominee, and should highlight any and all contributions toward League goals and/or the League's mission of protecting local control. Nominees will be mailed an application packet, in which they will be asked to provide an essay outlining their individual goals and interests in the program.

To submit a nomination, visit www.cacities.org/ccli for the nomination form. Forms must be submitted no later than 5 p.m. on Friday, March 2, to Robb Korinke at rkorinke@cacities.org, or by fax at (916) 658-8240.

FEBRUARY ISSUE OF *FOCUS ON HOUSING* PUBLISHED

The February 2007 edition of *Focus on Housing*, the League of California Cities' monthly electronic newsletter covering housing and housing affordability issues in the state was published on Wednesday, January 31.

Articles of note include "Inclusionary Housing in the Real World," by Annabel Yurutucu from the city of Sunnyvale, and "The Case for Smoke-Free Multi-Unit Housing" by Joanne Wellman-Benson from the California Department of Health Services Tobacco Control Section.

In addition, the issue contains a summary of housing news from across California, upcoming housing forums, and much more! To read the current issue and to subscribe, visit www.cacities.org/focusonhousing or www.imakenews.com/focusonhousing.

Your Input Needed! *Focus on Housing* Subscriber Survey

Do you subscribe to *Focus on Housing*? If so, the League is looking for your thoughts on the publication! Please take part in this short online survey that will help us to better provide you with engaging stories and informative news. The survey is located at www.cacities.org/housingsurvey.

FIND A BILL, LEGISLATORS, LEG COMMITTEE – OR ASK LEAGUE LEG STAFF

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.

CALIFORNIA CITIES GATHER TO FIGHT GANG VIOLENCE

Teams from 13 California cities met in Oakland on January 24 to identify and share successful gang prevention policies and practices as part of their participation in the California Cities Gang Prevention Network.

Sponsored by the National League of Cities (NLC) and the Oakland-based National Council on Crime and Delinquency (NCCD), the two-day meeting focused on building strategies that inter-weave prevention, intervention, enforcement, and a community's "moral voice" as an alternative to prison-only solutions.

Led by the mayors' offices and law enforcement officials, each city was a team of five to eight people representing key stakeholders such as probation and public health offices, schools, community-based organizations, and the faith community. The teams will work together to develop and refine comprehensive, locally appropriate action plans to address gang violence.

Participating cities included Fresno, Los Angeles, Oakland, Oxnard, Richmond, Sacramento, Salinas, San Bernardino, San Diego, San Francisco, San Jose, Santa Rosa, and Stockton. The network is funded by the California Wellness Foundation, the California Endowment, the East Bay Community Foundation, and the Richmond Children's Foundation, with additional support from the California Office of the Attorney General and the city of Oakland.

A statewide advisory board will guide the ongoing implementation of this new initiative. Planned activities for the network include:

- Development of a resource bank for added information-sharing among cities;
- Publication of bulletins and strategic briefs on lessons learned from collaboration;
- On-site assistance from NLC and NCCD to participating cities in developing and implementing local action plans, and;
- Recommendations for policy changes at the state and federal level.

For more information on the California Cities Gang Prevention Network, contact Leon Andrews at (202) 626-3039.

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FEDERAL UPDATE: HOUSE DEBATES CONTINUING RESOLUTION TO FUND ALL FEDERAL PROGRAMS

Earlier this week, the House of Representatives debated and passed House Joint Resolution 20 (H.J.R 20), which proposes to fund all federal programs through the remainder of FY 2007 that were not enacted through annual appropriations bills by October 1, 2006 (the start of FY 2007). The Senate should take up this measure by early next week.

The remaining appropriations measures include the Transportation-Treasury-Housing and Urban Development; Science-State-Justice-Commerce; Labor-Health and Human Services-Education; Legislative Branch; Agriculture; Energy and Water; Interior-EPA; Military Quality of Life; and Foreign Operations Bill.

Programs under these bills are currently being funded by a continuing resolution (CR) that Congress passed in December 2006, which extends funding for these programs at FY 2006 levels until February 15, 2007. Defense and Homeland Security Appropriations are not covered under the CR or the joint resolution, as Congress passed the FY 2007 spending bills for these programs shortly before adjourning to campaign for elections in November.

While the House and Senate agreed to use the FY 2006 conference agreement levels as the baseline for funding federal programs in the remaining nine FY 2007 bills in the joint resolution, several programs utilized by local governments in California did receive increases. These include Section 8, public housing, homeless assistance, and local law enforcement. For a summary of the increases in the Joint Resolution, and a copy of the bill, visit www.cacities.org/federalresources.

For more information, contact League Legislative Analyst Genevieve Morelos at gmorelos@cacities.org or (916) 658-8254.

ENCOURAGING HEALTH AND WELLNESS FOR CALIFORNIANS: LEAGUE RESOLUTION

As California works to address the obesity epidemic as well as health and wellness for all citizens, the League continues its efforts to promote city wellness policies.

At the League's 2006 Annual Conference, the General Assembly passed a resolution to encourage health and wellness in cities. The resolution stated that the League would work with the Community Services Policy Committee; the Recreation, Parks, and Community Services Department; the Institute for Local Government; and the Cities Counties and Schools Partnership to develop a clearinghouse of information that cities can use to promote wellness policies and healthier cities.

Under the resolution, Health and Wellness programs will become a category in the Helen Putnam Awards Program. For more information on this resolution please visit www.cacities.org/resolutions.

Proposed Trans Fat Ban: AB 97 (Mendoza)

The League is not alone in encouraging health and wellness among Californians. In the State Legislature, Assemblymember Tony Mendoza has introduced AB 97, a bill that would ban food that contain artificial trans fat from being stored, distributed or sold by a food facility.

The ban would not apply to foods sold or served in the manufacturer's original packaging, nor would it apply to foods that contain less than 0.5 grams per serving of trans fat. Cities should review the bill to determine if it impacts them.

Governor's Fitness Challenge

Gov. Schwarzenegger recently announced a statewide contest encouraging students to be physically active 30-60 minutes a day for at least three days a week for four weeks.

Schools in 11 regions across the state with the highest percentage of students completing the Governor's Challenge will be rewarded with \$1,000

to purchase physical activity equipment. The school that wins the grand prize will receive a brand new fitness center.

GOODS MOVE. PLAN from page 1

GMAP outlines a comprehensive strategy to address the economic and environmental issues associated with moving goods via the state's highways, railways, and ports. It addresses the various layers of the goods movement system, focusing on California's four key transportation corridors – Bay Area, Los Angeles/Inland Empire, San Diego border region and the San Joaquin Valley.

To view GMAP, visit www.arb.ca.gov/gmp/gmp.htm.

COMMITTEES from page 1

City officials are encouraged to review the rosters and familiarize themselves with the officials serving on the committees. Both the Assembly and Senate Standing Committee rosters can be found on the League of California Cities Web site, at www.cacities.org/legresources.

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To help answer those questions, the League has provided a breakdown of the funds that will impact city budgets - specifically, Prop. 42 from 2002, and Propositions 1A and 1B from 2006.

Proposition 42

Prop. 42 dedicates a portion of the sales tax on gasoline to transportation purposes, including the State Transportation Improvement Program (STIP), public transit, designated traffic congestion relief projects and city streets and county roads. Prop. 42 was suspended for fiscal years 2003-04 and 2004-05, meaning the funds it generated did not flow to transportation programs, but were borrowed by the state.

In 2005-06 and 2006-07, Prop. 42 was fully funded. Additionally, Gov. Schwarzenegger has proposed full funding of Prop. 42 in his 2007-08 state budget proposal.

It is important to note that while the Governor has proposed to fully fund Prop. 42 in his January budget proposal, cities and counties will not receive any of these funds for local streets and roads in FY 2007-08. FY 2007-08 is the second of two Prop. 42 "gap" years for local agencies - years where cities and counties are scheduled to receive no funding under the original Prop. 42 funding formula (found in Revenue & Taxation Code 7104).

This was part of the trade-off in 2002, where local agencies received funding in FY 2000-01, while transportation programs did not. Last year was the first "gap" year, however, cities did receive Prop. 42 repayment funds in August 2006 for monies borrowed by the state in fiscal years 2003-04 and 2004-05.

Looking ahead, in FY 2008-09, cities and counties will again receive Prop. 42 funds if appropriated in the state budget (according to the original Prop. 42 funding formula) at higher levels than earlier years. Specifically, cities are currently scheduled to receive an estimated \$314 million in FY 2008-09 (over \$9 per capita). City by city

estimates are available at www.californiacityfinance.com, under the "Transportation" section.

Proposition 1A

Prop. 1A was passed in November 2006 as a constitutional amendment to protect Prop. 42 revenues from being "borrowed" by the state. Prop. 1A does not prevent the state from borrowing these funds entirely, but it does put restrictions on when and how often the funds can be borrowed and must be paid back. Specifically, Prop. 1A includes the following:

- The Governor must declare that the state faces a severe fiscal hardship, and the Legislature must enact a statute authorizing the borrowing by a two-thirds vote. At the same time, the Legislature must pass a bill specifying that they will repay the loan with interest within three years.
- The state can borrow the funds no more than twice in 10 years, and must repay a prior loan before borrowing a subsequent time. Additionally, the state cannot borrow funds in two consecutive years.
- Any Prop. 42 transportation funds that were borrowed by the state but not repaid as of July 1, 2007, must be repaid within a 10 year period (no later than June 30, 2016) with a payment of no less than one-tenth per year of the total amount owed. (All of these funds were repaid in August 2006, however, this does not currently apply to cities and counties.)

Proposition 1B

Prop. 1B was also passed in November 2006 and contains almost \$20 billion for various transportation projects in California. Of this amount, cities and counties will each receive \$1 billion for local street and road improvement projects, of which each city is guaranteed a minimum of \$400,000. (City by city allocation estimates are available at www.californiacityfinance.com, in the "Transportation" section, under "Prop. 1B.")

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FUNDING from page 5

Prop. 1B requires implementation by the Legislature and will be a significant area of focus this year. In particular, the \$1 billion each for cities and counties must be appropriated by the Legislature and it is likely that accountability guidelines for this program will be drafted to guide cities and counties in the expenditure of the bond funds.

Governor's Budget Proposal

In the Governor's proposed budget for fiscal year 2007-08, \$2.79 billion of Prop. 1B funds are proposed for appropriation, including \$600 million for cities and counties for local streets and roads. This would mean \$300 million for cities and \$300 million for counties in the last "gap year" from Prop. 42 revenues.

In FY 2008-09, another \$2.39 billion is proposed for appropriation, including \$300 million for cities and counties for local streets and roads, which would mean \$150 million for cities and \$150 million for counties. In FY 2009-10, \$2.61 billion more is proposed for appropriation, including \$150 million for cities and counties for local streets and roads, which would again be shared equally.

It is the League's understanding that the Administration intends to appropriate \$150 million annually each year thereafter to reach the total of \$2 billion slated for cities and counties from Prop. 1B.

The League has held meetings with key stakeholders to discuss how to distribute the bonds. Numerous questions have been presented regarding project eligibility and readiness, timing for release of the funds and accountability.

The League continues to work with the Legislature, the Administration, the California Department of Transportation (Caltrans), the California Transportation Commission, the Department of Finance, the State Controller's Office, and the

State Treasurer's Office to develop a process to meet these requests.

While it is uncertain when and how Prop. 1B funds will be allocated, the League is advocating that the \$1 billion for cities go out expeditiously, with a significant portion going to cities in the 2007-08 Prop 42 "gap" year, and that the entire amount be allocated on a predictable timeline. Allocating Prop. 1B funds sooner rather than later will put them to use immediately, fill the Prop. 42 "gap" year, and prevent a lost year of construction for all of California's 478 cities.

Updated information on all the transportation programs included in Prop. 1B is available at www.cacities.org/infrastructure.

Please contact League Legislative Representative Liisa Lawson Stark if you have any questions at lstark@cacities.org or (916) 658-8249.

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