Analysis, Commentary and Updates on Legislative and Policy Issues that Affect California Cities

PRIORITY FOCUS

LEAGUE OF CALIFORNIA CITIES

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LEGISLATIVE ANALYST'S REVISED PAROLE REALIGNMENT PROPOSAL INCLUDES TAKE OF CITY VLF FUNDS

In a May 5 letter to Senate Budget Committee Chair Denise Moreno Ducheny (D-San Diego), the Legislative Analyst's Office (LAO) submitted a revised proposal on how the Legislature could successfully transition the supervision responsibilities of state parolees to counties. The LAO's revised proposal contains various suggested modifications governing the number of parolees eligible, excluding those with prior violent convictions, and alternatives for revoking parole.
For more, see Page 2.

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REGISTRATION DEADLINE EXTENDED FOR MAYORS AND COUNCIL MEMBERS EXECUTIVE FORUM

The deadline to register for the 2008 Mayors and Council Members Executive Forum and Advanced Leadership Workshops has been extended to Monday, May 19. Slated for Wednesday, June 4 - Saturday, June 6, the annual event will be hosted at the Resort at Squaw Creek in Squaw Valley. *For more, see Page 2.*

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SUPPORT LETTERS NEEDED FOR PROPOSED DENSITY BONUS LAW

Proposed Law Includes Important Fixes

Cities are urged to send their Assembly representatives letters supporting AB 2280, a bill that proposes important changes to density bonus law. This bill, authored by Assembly Members Lori Saldana (D-San Diego) and Anna Caballero (D-Salinas), who respectively chair the Assembly Housing and Community Development and the Assembly Local Government Committees, will come up on a floor vote in the next few weeks and needs the support of cities across the state.
For more, see Page 3.

'Parole Realignment Proposal' Continued from Page 1…

In the LAO's original proposal, the state would fund the realignment of parole services from the state to counties with $178 million (all) of city Proposition 172 public safety funds, $188 million of property taxes shifted from water and waste enterprise special districts to counties, and taking $130 million in administrative revenues from the Department of Motor Vehicles (DMV). The League and the California Police Chiefs Association vigorously oppose the idea to take city public safety dollars, and the special districts strongly defended their property taxes.

The LAO's May 5 letter contains an "alternative financing" proposal that includes two basic features:

1) Shifting Vehicle Licensing Fee (VLF) revenue that currently goes to cities (estimated by the LAO at $149 million) and the DMV (estimated by the LAO at $363 million) to the counties to support state parole realignment. *(To simplify, for cities VLF revenue for FY 07-08 amounts to about $4.50 per capita plus special allocations for inhabited annexations since 2004.)*

2) Shifting all property tax revenues currently going to water and wastewater enterprise special districts to counties and giving counties the option to: a) offset some or all city VLF losses, b) supplement county resources for the new parole responsibilities, c) use funds to contract back with special districts for water/waste disposal services, or d) give property tax reductions to taxpayers.

The League is continuing to analyze this proposal, including its potential legality. A copy of the proposal can be obtained by visiting the Legislative Analyst's Web site (www.lao.ca.gov) and searching for "LAO Parole Realignment Proposal: Additional Options."

Whatever the policy merits of shifting state parole responsibility to county probation, the LAO's initial financing proposal, as well as the May 5 revision, serves as a stark reminder to local governments that a perspective still exists among some in Sacramento that the state's budget priorities supersede all community priorities and conditions. Proposals which attempt to pit cities, counties and special districts against each other for the state's gain should be strongly rejected.

'Mayors and Council Members' Continued from Page 1…

Created for mayors, mayor pro-tems, council members, city managers and assistant city managers, the three-day conference is designed to equip city leaders with the skills they need and offer practical workshops for planning ahead for the challenges their city is facing. Sessions include:

- Achieve Substantial Water Saving in Your City
- Strategies for Council-Manager Conflict Resolution
- Gang and Violence Protection
- Delivering Messages in the Media Interview
- Land Use and Climate Change
- And much more!

Advanced Leadership Workshops will be offered Friday, June 6 – Saturday, June 7. Participants may choose from one of three workshop tracks: economic development, meeting management or city finances. A separate fee is required for Advanced Leadership Workshops.

To register online, visit www.cacities.org/events.

For more information, contact Brian Sanders, the League's education program director, at bsanders@cacities.org or (916) 658-8238.

Here are the bill's highlights:

- *Fairness in Timing*. A number of cities have reported that developers are asking for new concessions or incentives in the middle or toward the end of a project. This bill would put into state law the requirement that such requests would have to come at the beginning of the process, or at least before the first discretionary decision is made on the project, to assure that whatever requests are made can be considered in the supporting environmental documents.

- *Fixing a Bad Precedent*. The density bonus law currently includes a provision that entitles a senior affordable housing development to a 20 percent density bonus. A California court of appeal, however, interpreted this to mean that any project that included a senior affordable housing project of at least 50 units was entitled to 20 percent density bonus across the entire project, not just for the senior development. (*Friends of Lagoon Valley v. City of Vacaville,* A113236, 2007). Thus, a developer of a 1,000-unit housing development that included 35 units of moderately affordable senior housing is entitled to an additional 200 units. The court admitted that this interpretation would often result in a "windfall" for the developer. This bill clarifies that the 20 percent density bonus applies to the senior affordable housing only, not the entire project (of course, local agencies could always grant more generous bonuses under the law).

- *Consideration for Inclusionary Housing Programs*. Another goal of the bill is to protect those communities that have adopted inclusionary housing programs that include their own concessions and incentive packages. Some of these communities have experienced developers who take advantage of these packages, then demand more under the density bonus law. However, many other communities directly incorporate the concession and incentives of the density bonus law directly into their inclusionary programs. This bill seeks to restore a balance in these provisions by respecting local incentive packages without limiting other local agencies' reliance on current provisions in the density bonus law.

The bill addresses several other minor and technical issues. Cities are strongly encouraged to send a support letter to their local assembly member within the next two weeks to help assure this bill moves off the Assembly floor.

A sample letter, with the appropriate contacts to which to send copies, is available at www.cacities.org/billsearch. Plug in AB 2280 to the bill search function to access the sample letter of support, along with faxing instructions.

Budget Action Day Scheduled for Wednesday, May 21

The League is holding a special one day event on May 21, following the release of the May Budget Revise, to bring city officials to Sacramento to lobby their legislators and administration officials on the impact of the budget on cities. The session is designed so city officials can come just for the day.

With California's fiscal crisis, the FY 2008-09 budget negotiations are predicted to be extremely difficult. The final signed budget will likely include a combination of significant cuts and revenue-generating solutions, and the May Revise (scheduled to be released May 15) will set the tone for the coming weeks of negotiations. California cities need to join forces to respond to any relevant May Revise proposals to ensure cities' needs are heard and understood in the Capitol.

Schedule of Events

10 – 11:30 a.m., May Revise Budget Briefing
Sheraton Grand Sacramento Hotel, Bataglieri Room
1230 J Street
Sacramento, CA 95814

11:30 a.m. – 3:30 p.m., Time for Scheduling Lunch and Lobbying Appointments with Legislators

3:30 – 4:30 p.m., Post-Lobbying Debrief *(Stop by the League offices for light snacks and refreshments)*
League of California Cities
1400 K Street, 4th floor conference room
Sacramento, CA 95814

R.S.V.P.

Please R.S.V.P to League Staff Meghan McKelvey by Wednesday, May 14 at mmckelvey@cacities.org or (916) 658-8253.

District Budget Meetings

City officials who are unable to make the trip to Sacramento on May 21 are encouraged to contact their League public affairs manager to schedule a district meeting with their legislator.

Opposition Letters Needed for AB 983

City officials are urged to review and send letters of opposition on AB 983 by Assembly Member Fiona Ma (D-San Francisco), which represents a major shift in public contracting by requiring local agencies to provide full, complete and accurate plans and specifications, including cost estimates, for public works projects *before* entering into any contract. This would essentially absolve a contractor from any responsibility for reviewing plans before submitting a bid on a public works project.

The League opposes AB 983 because under the proposed contracting law revision, a contractor would have no desire or incentive to report any omissions to a public agency prior to submitting a bid, resulting in expensive change orders to the benefit of the contractor and the detriment of the city.

Public contracting is a collaborative process wherein a public agency and contractor work together to identify omissions or changes to provided plans and specifications. In fact, public agencies often rely on the expertise of contractors, who are professionals in their field and are in the best position to notify a public agency if project plans may be incomplete or inaccurate.

AB 983 is being heard in the Senate Judiciary Committee on Tuesday, May 13. Please fax your letters as soon as possible to help defeat this legislation.

Take Action

A sample letter is available for your city to fax to the Senate Judiciary Committee and other key contacts at www.cacities.org/billsearch. Plug in AB 983 to the bill search function to access the sample letter of opposition, along with faxing instructions.

Support Letters Needed for Public-Private Partnership Legislation

Cities are urged to send letters in support of AB 2278 by Assembly Member Anna Caballero (D-Salinas). This bill would authorize the Governor's Office of Planning and Research (OPR) to advise and educate local agencies about the role that public-private partnerships can play in planning, studying, designing, financing, constructing, operating, maintaining or managing local infrastructure projects.

Background

The League supports AB 2278 because it will promote the use of innovative funding strategies to maximize opportunities for timely and cost-effective completion of public works projects through public-private partnerships. The public-private partnership assistance from OPR would be an invaluable educational resource to increase awareness of alternative contracting options at the local level.

In addition, it will help ensure that cities seeking to utilize public-private partnerships will have the appropriate knowledge and tools to guide cities' local infrastructure projects through the contracting process, as well as obtain the most cost effective choices.

Take Action

To take action and send your letter of support, please visit www.cacities.org/billsearch and plug in AB 2278 to the search feature. This will provide you with a sample letter that you can personalize and share how public-private partnerships could benefit your local infrastructure projects, or cite examples of successes with this type of contracting.

$46 Million Now Available for Federal Safe Routes to School Funds

Local and regional government agencies are encouraged to apply for part of the $46 million now available through CalTrans for the second cycle of the Federal Safe Routes to School Fund. The deadline for applications is Friday, July 18.

There are two types of applications available for Cycle 2 (fiscal years 2008-09 and 2009-10): Stand-alone infrastructure projects such as sidewalks, pathways, bike lanes and traffic calming, and non-infrastructure activities such as public education, encouragement and enforcement. All project awards are 100 percent federally reimbursable.

Applications for infrastructure must not exceed $1 million, and applications for non-infrastructure must not exceed $500,000 and can be spent on activities over a four-year period. (Please note: this Safe Routes to School Fund is for federal dollars, and is not affiliated with the State Legislative Safe Routes to Schools funds.)

To view the updated Federal Safe Routes to Schools Guidelines and Application, please visit www.dot.ca.gov and search for "Federal Safe Routes To School (SRTS) Program."

League and Partners Offer Financing Pools for Street Repairs

California Communities, the League of California Cities and the California State Association of Counties are proud to offer cities and counties two new statewide financing pools to fund street projects. The first pooled issuance has been completed and both programs have pools closing this fall.

One program assists local agencies to bond against future payments of Proposition 42 allocations, which come from the sales tax on gasoline. The other program issues bonds against future payments of the Motor Vehicle Fuel Tax or gas tax (18 cents per gallon excise tax). Both programs help cities obtain funding for more projects today. Neither program requires a pledge of the city's general fund.

Together, these are the TRIP programs—Total Road Improvement Programs. As a participant in TRIP, a city can:

- Accelerate funding of street projects
- Fund larger projects leading to better construction bids
- Reduce street maintenance costs over time
- Reduce financing fees and interest rates through economies of scale
- Enjoy streamlined application and documentation procedures

The accelerated gas tax program has now completed its first pooled financing totaling $14.65 million and another issuance is planned for this fall. The overall borrowing rate equaled 4.67 percent.

Participating cites and counties can borrow against their annual gas tax revenues for a term ranging from 10 to 35 years at low "AAA" tax-exempt interest rates. Participants can generate up to $9 million in up-front proceeds for every $1 million in annual gas tax received from the state. This example assumes a participant applies 66 percent of its $1 million in annual gas tax toward debt payments over the next 30 years.

To participate in the fall 2008 gas tax pool, cities must sign up with California Communities and obtain city council approval by July 31.

For more information about the gas tax program and how it can benefit your city, please contact Terrence Murphy (California Communities) at (925) 933-9229 ext. 223 or John Kim (De La Rosa & Co.) at (415) 999-4779. More information on both TRIP programs is available at www.cacommunities.org by clicking on Total Road Improvement Programs in the left hand navigation bar.

Conference on Public-Private Partnerships Offered

An informative conference helping city leaders explore the possibilities available with public-private partnerships will be held Friday, July 18 from 8 a.m.– 4 p.m. at the San Jose City Hall. Titled "Performance-Based Infrastructure: Making Public-Private Partnerships Work for California," the event is organized by the Silicon Valley Leadership Group and co-sponsored by the League of California Cities.

California is facing an estimated $500 billion infrastructure shortfall over the next 20 years. Public-private partnerships are one way for cities to get more for the money when building libraries, fire stations, transit lines, schools and other infrastructure.

In public-private partnerships, governments can shift some of the risk to private sector partners for financing, designing, constructing, and sometimes operating and maintaining public improvements. Done right, the partnerships pay off in lower costs, better design, faster construction and better performance.

Attendees will learn about:

- What authority local governments have now to use public-private partnerships
- How public-private partnerships might address infrastructure needs in your community
- When and where the traditional methods for public projects still work best
- Arguments being made by unionized workers pressing for and against greater use of such partnerships
- Other local and state agencies (and countries) who are using them to build an array of improvements

For registration information contact Laura Stuchinsky at lstuchinsky@svlg.net or visit www.svlg.net.

Sustainable Cities Feature: Guest Article by Brian Gitt, Build it Green
California Cities Greening California Housing with GreenPoint Rated

These days, it seems like everyone's talking about green homes, and for good reason. Environmentally friendly homes not only save resources and money, they can last longer and hold their value better than similar homes. But how can you tell if a home really is better for the environment and healthier to live in? For dozens of California cities and counties the answer is GreenPoint Rated.

Think of GreenPoint Rated as a report card for home construction, with points awarded in five categories: energy efficiency, resource conservation, indoor air quality, water conservation and community. If the home meets minimum point requirements it qualifies for the GreenPoint Rated label. Because GreenPoint Rated homes are evaluated by independent, certified raters, homeowners feel confident that the rating has integrity and value.

GreenPoint Rated and the Green Building Guidelines it is based on have been developed since 2000 by a diverse set of residential building stakeholders: production builders, contractors, architects, multifamily developers, state and local officials, suppliers and green building experts.

The result is a credible and accessible program that is being promoted by groups as diverse as the Home Builders Association of Northern California and California's investor owned utilities. Over 65 jurisdictions are developing or implementing local green building programs based on the GreenPoint Rated program or its associated Green Building Guidelines.

GreenPoint Rated is a program of Build It Green — a professional nonprofit membership organization whose mission is to promote healthy, energy and resource-efficient buildings in California.

For cities interested in finding out more about green building or GreenPoint Rated, Build It Green's Public Agency Council (PAC) is available for participation. A unique collaborative effort of more than 150 participating public agencies, the PAC meets quarterly to create consistent green building guidelines, share information and support each other's programs and initiatives. PAC chapters meet in the San Francisco Bay area, Sacramento region, L.A. basin and San Diego. The PAC is open to all public agencies without fee or membership requirements.

Contact Brian Parker at bparker@builditgreen.org or (510) 845-0472 ext. 115 to be invited to the next PAC meeting in your area.

For more information about GreenPoint Rated or Build It Green, visit www.builditgreen.org.

Brian Gitt is the executive director of Build It Green.

Find a Bill, Legislator, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's Legislative Resources Web 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.
