PRIORITY

FOCUS

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

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***Priority Focus* will not publish next week, as League staff will be at the League's annual conference in San Diego.**

PROP. 90 UPDATE: EXPOSING THE DECEPTION

The League is strongly opposed to Proposition 90 – an initiative on the November ballot that purports to be all about eminent domain reform. While the League supports reasonable reform of eminent domain, we are deeply concerned about the far-reaching impacts of this measure – impacts that would undermine cities' ability to plan for and protect their communities. *For more, see Page 8.*

LEGISLATIVE SESSION WRAPS UP: UPDATES ON KEY BILLS

The 2005-06 session of the California Legislature recessed late in the evening on Thursday, August 31. True to form, the last few days of the session included a flurry of activity, as some bills died and were reborn, some deals came together and others crashed. A number of bills the League was keeping a close eye on went through some last-minute changes – some passing and going to the Governor's desk, and others falling dead in the water. Below is an update on those developments. *For more, see Page 10.*

TELECOMMUNICATIONS REFORM MOVES TO GOVERNOR

The Senate and Assembly passed the telecommunications reform measure, AB 2987 (Núñez/Levine), in the final two days of the legislative session, and sent it to the Governor for his consideration. (See also "AB 2987: How Did Your Legislators Vote?" p. 13.) *For more, see Page 12.*

WANT MORE DETAILS ON BILLS?

Visit the League of California Cities website at www.cacities.org/billsearch.

IN THIS ISSUE:

LEAGUE UPDATES UUT LIST SERVE

The League has updated its Utility Users Tax (UUT) list serve. The membership list now includes finance directors, city managers, city attorneys and city lobbyists from all UUT cities.

This list serve has been set up to help UUT cities and League staff members communicate with each other about issues specific to the UUT, in light of recent developments with the Federal Excise Tax (FET) and other issues. The list serve is moderated, which means that all messages and those people who want to subscribe must go through an approval process by League staff.

To subscribe or get more information about the list serve, go to http://lists.cacities.org/ mailman/ listinfo/uut and enter your name and e-mail address. To send a message or question to the list serve, send your e-mail to the following address: UUT@lists.cacities.org.

THE *2006 CITY HALL DIRECTORY* IS NOW AVAILABLE!

Don't miss this opportunity to get the League's most useful reference tool. This comprehensive California directory provides important contact information for mayors, council members and city department heads. The directory also features the League's staff directory, League partners, affiliate organizations and a wide variety of advertisers.

INFORMATION YOU NEED, RIGHT AT YOUR FINGERTIPS!

Purchase this publication online at www.cacities.org/store or call (916) 658-8257 for an order form. City officials price $30, non-city officials price $65, plus shipping & handling.

SEX OFFENDER MANAGEMENT DISCUSSION PLANNED AT THE LEAGUE'S ANNUAL CONFERENCE

Sex offender management has been a hot issue lately, especially with Proposition 83 (commonly referred to as "Jessica's Law") appearing on the November ballot. To help city officials gain a better understanding of the complex issues and community concerns surrounding sex offenders living within their jurisdictions, the League is hosting a special session on sex offender management during its 2006 Annual Conference in San Diego.

That session, "The Gray Zone: Where Public Safety and Civil Rights Collide – Sex Offenders in Your City," is scheduled for Friday, September 8, from 11 a.m. to 1 p.m. in room 26 B at the San Diego Convention Center.

If passed, Prop. 83 would make many changes to current law relative to sex offenders and sexually violent predators (SVPs), including enhanced penalties, longer prison sentences, increased monitoring through GPS, and residency restrictions on all sex offenders from residing within 2,000 feet of any school or park.

Assemblymember Todd Spitzer, the California Department of Corrections and Rehabilitation, a city attorney and a police chief will speak about efforts at the state level to partner with local jurisdictions in the management of sex offenders and how local ordinances impact the re-entry of sex offenders into communities. In addition, anti-discrimination laws and other legal issues regarding sex offender management will also be discussed.

Our Mission

Restore and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

THE INFRASTRUCTURE BONDS: BUILDING FOR CALIFORNIA'S FUTURE

Achieving increased state funding for infrastructure has been a key goal of the League of California Cities in 2006. Getting these measures to the ballot is only part of the battle. The League urges cities to support this package of measures, which contains important funding opportunities that will help cities respond to the needs of our rapidly growing communities. A draft resolution supporting the measures is located at www.cacities.org/ballotmeasures.

City officials can also work to help educate their citizens about the benefits these measures will have on their city. See "What Cities Can Do to Help Rebuild California's Infrastructure", p. 6.)

- Proposition 1A – With the passage of Proposition 42 in 2002, Californians overwhelmingly voted to use their gas taxes for transportation purposes, such as repairing streets and roads and easing traffic congestion. However, there is a loophole in Prop. 42 that allows the legislature to use gas tax revenue for other purposes. Prop. 1A is meant to close this loophole, thereby ensuring voters that the gas tax revenue is only spent on transportation improvement projects as was originally intended.

- Proposition 1B – Expends $20 billion on various transportation projects that will help rebuild California. Of this amount, cities and counties will each receive $1 billion for local streets and roads improvement projects. Improvements in California's ailing transportation system are integral for California's economic future.

- Proposition 1C – Provides $2.85 billion for housing projects, including affordable housing and loan assistance, including $1.35 billion that helps cities address housing-related infrastructure issues, consisting of $850 million in grants for urban infill development projects, $300 million for development near public transportation, and $200 million for park development. Housing is an important component in the overall rebuilding of California by providing numerous new jobs and a boost to the economy.

- Proposition 1D – Improves California's weakening school system by providing $10 billion for performing school building repairs and providing innovative learning facilities for students. Seismic retrofitting and classroom repairs will improve the safety of many of California's schools. Hands-on training for jobs will also provide experience for students that are the future of California.

- Proposition 1E – Provides approximately $4 billion for critical river levee repair and construction, as well as flood control projects. A portion of these funds will also be used to update and repair old water mains and sewage systems which, if left untreated, may result in unsafe drinking water and pollution. Safe and clean water is a necessity in life and a necessity for California.

- Proposition 84 ("*Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006*") – Provides $5.4 billion for state projects and grants related to improving natural resources and water programs. Money from this measure will be used for flood control, safe drinking water, improving water quality, integrated water management, water planning, sustainable communities, and the protection and preservation of California's many natural resources.

For further information on the infrastructure bonds please visit "The Rebuild California Plan" website at www.plan4ourfuture.org and the "Yes on Prop 84" website at www.yeson84.com. For information on the rebuttal to the support on the above-referenced infrastructure ballot measures, please visit the Secretary of State's website at www.ss.ca.gov/elections.

LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE KICKS OFF NEXT WEEK!

The League of California Cities' 108th Annual Conference kicks off on Wednesday, September 6, in San Diego, concluding with the League's annual business meeting on Saturday, September 9. More than 2,000 attendees are expected at the conference, which will be held at the San Diego Convention Center.

"All Politics is Local" is the theme of this year's gathering — a special combination of training, dialogue and networking events. San Diego Mayor Jerry Sanders, League President and Los Angeles Council Member Alex Padilla, National League of Cities President James Hunt and League Executive Director Chris McKenzie are all scheduled to speak at the conference's opening session.

Keynote speakers include author Kevin Carroll, columnist John Avalon and news correspondent SuChin Pak.

Carroll, author of *Rules of the Red Rubber Ball: Find and Sustain Your Life's Work*, will deliver the September 6 keynote address, entitled "Rediscovering Play: Bringing Fun and Passion to Your Work." Avalon, former chief speechwriter for New York City Mayor Rudolph Giuliani, and columnist for the *New York Sun,* will speak at Thursday's general session under the title of "Independent Nation: The Past, Present and Future of Centrists in American Politics." Closing out the Friday general session is SuChin Pak, an MTV News correspondent. Her address is entitled "Teen Politics: Navigating the Current Landscape and Youth Issues."

Helen Putnam and Legislator of the Year Awards

The League will be announcing the winners of this year's Helen Putnam Awards at the opening general session, which is scheduled to start promptly at 4 p.m. on Wednesday, September 6. The Legislator of the Year Award will be presented at Thursday's general session, which begins at 9:45 a.m.

Conference sessions include the second annual Institute for Local Government Lunch Symposium, "How to Talk About Government," which will be held on Thursday, September 7 at 11:15 a.m.; and "Redevelopment: Current Political Roadblocks and Where We Go From Here," also on September 7 at 2:30 p.m. In addition, on Friday, September 8, a state infrastructure update will be held at 11 a.m., along with sessions concerning flood control and telecommunications, which are being held simultaneously at 1:45 p.m. For a full conference schedule, visit www.cacities.org/ac.

Networking Events

Networking is also an important part of the annual conference. A variety of events have been scheduled to connect with peers throughout your stay in San Diego. In particular, the Host City Reception, "Taste of the Gaslamp" is set for Thursday evening in San Diego's historic Gaslamp Quarter on Fourth Avenue. From 5 p.m. to 6:30 p.m., several Fourth Avenue restaurants have been reserved for conference attendees.

The ever-popular "Death by Chocolate" reception will be held at 7 p.m. at the Marriott Marina Seaview Ballroom, on Friday, September 8. Hosted by League Partners, the event's primary sponsor is Waste Management, Inc., with Kinsell, Newcomb & DeDios; Starbucks; University of California, Los Angeles/University of California, Davis; and the Willdan Group of Companies as supporters.

League diversity caucuses are also holding receptions. These include:

- Gay, Lesbian, Bisexual, Transgender Local Officials Cacus Breakfast (Sept. 7, 7 a.m., Room 25A)
- African American Caucus Luncheon (Sept. 7, 11:30 a.m., Seaview Room, San DIego Marriott Hotel & Marina)
- Latino Caucus' 16th Annual Gala Award Reception (Sept. 8, 6 p.m., Bayside Pavilion, San Diego Marriott Hotel & Marina
- Asian-Pacific Islander Karaokee Reception (Sept. 8, 8:30 p.m., Marina Ballroom)

For more information on the conference, visit www.cacities.org/ac. Advance registration is closed, but registration will be available on-site! Registration costs for city officials are $435 for the full conference or $250 for one day. Please note that spouse/guest registration is $100. All questions can be directed to (916) 658-8291.

ENTERPRISE ZONE LEGISLATION REVIVED – CITIES ENCOURAGED TO REVIEW AB 1550

The League is seeking input from cities on AB 1550 (Arambula), which contains various changes and reforms to the enterprise zone program. This bill is the latest inception of AB 485 (Arambula), which died in the Senate Appropriations Committee last week. The bill is now on the Governor's desk.

The most recent version of AB 1550 would have the following affects:

Existing Enterprise Zones

- Requires existing enterprise zones (EZs) that expire after 2010 to update their memoranda of understanding (MOU) with the state's Department of Housing and Community Development (HCD) by April of2008. The updated MOU would contain benchmarks, goals, objectives, and funding levels that are measurable and conducive to implementations of the economic development strategy. No update of the MOU will result in the zone's de-designation.
- Allows businesses that have received tax benefits to continue obtaining tax benefits through the original life of the zone in the event that the zone is de-designated for failure to update the MOU by the deadline.
- Requires zones to report every two years to HCD on the activities of the area, progress in meeting goals, benchmarks and objectives and previous and pending year funding levels.
- Allows EZs and Targeted Tax Areas (TTAs) to include noncontiguous areas within their allowable expansion areas if the area meets certain criteria and fits with the zone's overall economic strategy.

Zones Currently Applying for Renewal

- Allow eligible taxpayers to continue receiving any EZ benefits in the "gap" period when an expiring EZ has applied for redesignation and has received a conditional designation letter from HCD.
- If applying for redesignation and after receiving a conditional designation letter from HCD, applicants could include non-contiguous areas in zones.
- Allows HCD to backdate the effective date of the redesignated zones in order to cover the gap period between designations. Those receiving tax breaks would continue receiving breaks during the "gap" in designation.

'New' Zones Where HCD Issues Solicitation After January 1, 2007

- Applicants for new zones would be allowed to include non-contiguous zones, as long as the non-contiguous areas meet certain requirements and meet the overall economic strategy of the zone.
- New applicants would be subject to much more stringent requirements in terms of determining a strategy for success of the enterprise zone and then subsequently meeting the identified benchmarks in future years.
- New zones will be selected by HCD that propose the most "appropriate" economic development strategy and implementation plan.

AB 1550 also includes several new reporting requirements for enterprise zones and for HCD. EZs would be responsible for reporting to HCD every two years on the activities of the area, and progress of meeting goals and benchmarks. HCD would be required as is current law, to audit each zone at least once every five years, and would also be required to report to the Legislature every other year about the progress of the zones.

The League asks cities with enterprise zones to examine AB 1550 carefully to determine the impact this legislation may have, if the bill is signed by the Governor. The most current text of this bill can be found at www.leginfo.ca.gov. Comments or questions on the bill may be sent to League Legislative Representative Dan Carrigg at dcarrigg@cacities.org and Legislative Analyst Debbie Michel at dmichel@cacities.org.

WHAT CITIES CAN DO TO HELP REBUILD CALIFORNIA'S INFRASTRUCTURE

The League of California Cities urges cities to support all six infrastructure measures on the November 2006 ballot: Propositions 1A, 1B, 1C, 1D, 1E and 84. Cities are urged to examine how these measures may benefit your city's efforts to address infrastructure-related problems, such as funding for local streets and roads, affordable housing, urban infill development, schools, levees, and safe drinking water.

What Your City Can Do to Support the Infrastructure Bonds:

- **City support of the measures:** Cities can pass a city resolution outlining their support for the six infrastructure ballot measures. A sample resolution is located at www.cacities.org/ballotmeasures.

Things You Can Do (on Your Own Time and with No Public Resources):

Individual city officials can **advocate** for the measures – **if** they do so on their personal time and using only their personal (non-city) resources. Learn more about how you can help by visiting the campaign websites at www.plan4ourfuture.org and www.yeson84.com. (See also "Working on a Ballot Measure Campaign: The Dos and Don'ts." This article can be found online at the League's website at www.cacities.org/ballotmeasures.)

- **Help with the campaign efforts:** You can contribute to the campaign, volunteer to speak at local events, distribute materials, raise money, host a house party or write a letter to the editor.

- **Put a newsletter article in your non-publicly funded publication:** Be sure to place an article in your fall newsletter. If your non-city organization runs monthly newsletters, get an article in your September and October editions. Send the League of California Cities a copy of your newsletter with the article included.

- **Get the word out:** Educate community leaders and organizations, such as local chambers of commerce, about the economic and social benefits of the six infrastructure initiatives. Volunteer to make presentations to chambers and other organizations in your community.

Note: *The League is currently unaware of any organized opposition to the infrastructure ballot measures. (However, to view arguments against the ballot measures, please visit the Secretary of State's website at www.ss.ca.gov.)*

This article was produced and distributed using non-public funds of the League of California Cities. Public officials are urged to avoid using public funds and equipment in supporting or opposing any ballot measure, including Propositions 1A, 1B, 1C, 1D, 1E, and 84.

CORRECTIONS DEPARTMENT SOLICITS RESPONSES ON RE-ENTRY FACILITIES

Earlier this week, the California Department of Corrections and Rehabilitation (CDCR) issued a Request for Information (RFI) to solicit responses from local agencies on possible locations for community-based re-entry facilities in California. As part of Gov. Schwarzenegger's prison reform proposals, the re-entry facilities will assist inmates and parolees in making a successful transition from prison to their communities.

In 2005, more than 120,000 inmates were released on parole from California prisons, while more than 81,000 of them were returned to prison for violating the conditions of their parole. During the special legislative session on prison overcrowding, which was called by Gov. Schwarzenegger, CDCR requested authorization to build re-entry facilities for up to 5,000 inmates, allocated across the state.

Re-entry facilities would be built in local communities and are designed to help selected inmates make a successful transition from prison back into the community when they are paroled. While still in custody, and preparing for release from prison, inmates would have access to counseling, drug and alcohol treatment programs, victim awareness counseling, job and life skills training, education and other aids during the last months of their sentence.

These facilities would only be located in cities and counties that have agreed to become partners with CDCR in the effort. The programs would be developed in collaboration with local service agencies, who can continue their relationship with inmates after they are released. The facilities would be locked, secure facilities and would be staffed with correctional officers.

In addition, the facilities would be small, housing no more than 500 inmates each, to enhance the effectiveness of treatment programs and to blend into the communities where they are built. The facilities would also be used to house parole violators so that they could remain in their communities instead of being returned to prisons in remote locations, which would enable them to continue in their local rehabilitation programs without disruption – critical for the ability of parolees to successfully return to a crime-free life in their communities.

For a copy of the RFI and information on how to respond, visit www.cdcr.ca.gov. Responses are due to the department by September 29.

INFRASTRUCTURE BONDS WILL BE HIGHLIGHTED AT THE LEAGUE'S ANNUAL CONFERENCE

A package of measures on the November statewide ballot that would fund California's infrastructure needs will be highlighted at several events next week at the League's Annual Conference in San Diego.

Propositions 1A-1E were placed on the ballot by the Legislature, with strong support by the League. The League also supports Proposition 84, a $5.4 billion bond measure providing funding for water and natural resource projects, placed on the ballot through the initiative process.

A session on "State Infrastructure Update" will be held on Friday, September 8, from 11 a.m.-12:15 p.m., in the San Diego Convention Center, Room 29C/D.

The League is also working with The Rebuild California Plan to host a press conference in support of the measures that will immediately follow this event. Invited speakers include local San Diego officials, and Jim Earp, executive director of the "Let's Rebuild California Committee." The event will highlight the importance of these measures for transportation, flood control, schools, parks and other critical infrastructure needs, and particularly how cities will benefit from the funding that these measures will provide.

City officials are invited to attend this event over their lunch hour. Further details will be available at the conference.

PROP. 90 from page 1

Prop. 90 supporters call their measure the "Protect Our Homes Initiative." But California's leading public safety groups *OPPOSE* Proposition 90.

The concern is that Prop. 90 includes extreme and far-reaching provisions that have nothing to do with eminent domain that will substantially hurt the ability of local law enforcement, emergency response, and firefighter personnel to protect our homes, our communities, and our safety.

Public safety leaders oppose the measure because:

- **Prop. 90 restricts basic laws intended to protect the well-being and safety of citizens.** Prop. 90 creates a new right of compensation for any government action which results in "substantial economic loss" to property, except when to protect "public health and safety." However, a host of legitimate government actions do not relate to health or safety, but rather to "peace, welfare and morals," the rest of the police powers of government. As a result, Prop. 90 could require massive new payouts for basic local actions intended to protect the public's welfare. Actions such as restrictions on liquor stores or adult entertainment venues, zoning decisions to restrict traffic, and restrictions on undesirable businesses in residential neighborhoods will require new payouts or could become cost-prohibitive to enact.

- **Prop. 90 will create billions in new taxpayer costs and reduce revenues for local law enforcement, emergency response and fire protection.** Prop. 90 will require billions in new payouts each year, dramatically reducing resources available for local police and fire protection, emergency response and other critical local public safety services. Two-thirds of all city general fund spending is for public safety services. Even a slight reduction in local revenues would mean fewer officers patrolling the streets and fewer firefighters available to respond to emergencies.

Public Safety Organizations Opposed to Prop. 90

- **California Professional Firefighters**
- **California Police Chiefs Association**
- **California Fire Chiefs Association**
- **California State Sheriffs' Association**
- **California State Firefighters' Association**

(Full coalition list available at www.noprop90.com)

Note: *This story was produced using non-public funds of the League of California Cities. Public officials are urged to avoid using public funds and equipment in supporting or opposing any ballot measure, including Prop. 90. We urge you to send your private e-mail address to your League Regional Representative for regular updates on the "No on Prop. 90" campaign and information on how you can help with your personal time and resources.*

FIND A BILL, LEGISLATORS, LEG COMMITTEE - OR ASK LEG STAFF

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

NO ON PROP. 90: NEW ORGANIZATION AND INDIVIDUAL ENDORSEMENTS WEEK OF 8/28-9/1/06

Public Safety Groups:
California Professional Firefighters
California State Firefighters' Association

Homeowner/Housing Groups:
Los Pueblos Homeowner Association

Senior Groups:
California Legislative Council for Older Americans

Ethnic Groups:
San Joaquin Valley Black Chamber of Commerce

Business Groups:
Economic Development Corporation of San Benito County
Working Assets
Real Estate and Consulting Services, Inc.

Community / Faith-based Groups:
Lutheran Office of Public Policy – California

Healthcare Groups:
Physicians for Social Responsibility, Los Angeles

Environmental Groups:
California Council for Environmental and Economic Balance
Environmental Action Committee of West Marin

Government Groups:
California Park & Recreation Society

Individuals:
Steve Westly, California State Controller
Steve Wilensky, Supervisor, District 2, Calaveras County
Janet Orchard, Mayor, City of Cotati
Christopher Liles, Councilmember, City of Etna

Telecommunications

AB 2987 (Núñez/Levine). This bill will abolish the system of local franchising for telecommunications services, exchanging it for a one-size-fits-all state franchise issued by the California Public Utiltiies Commission. While the League and cities achieved some important improvements in the bill, we continue to oppose this measure, which passed in the last two days of the session. (See "Telecommunications Reform Moves to Governor", P.1.) **Staff:** P. Anthony Thomas, **Status:** Governor's Desk, **Position: Veto Requested.**

Employee Relations

AB 1368 (Karnette). AB 1368 is a bill that would exempt public safety employee presumptive injury claims from the Governor's 2004 workers' compensation reforms, which included requiring physicians who prepare reports on claimed industrial disability to address the issue of causation. If signed into law, the bill would eliminate the most valuable and objective tool available to employers to evaluate presumptive injury claims, leaving public agencies defenseless to evaluate claims, even if the claim totally lacks merit. The bill passed out of the Senate on a 23-14 vote and is on the Governor's desk. **Staff:** P. Anthony Thomas, **Status:** Governor's Desk, **Position: Veto Requested.**

Land Use

SB 1322 (Cedillo) – Housing. SB 1322 failed on the Assembly Floor by a vote of 32 to 38 on its first vote. Several Democrats—including Lieu, Chu, Evans, Matthews, Pavley, and Nation—held off or voted no. But the bill was brought up again on the reconsideration calendar on the session's last day. It took two more votes of the Assembly, but the author finally got the requisite 41 votes. The Senate concurred with the Assembly version soon afterward largely on a party line vote (24-14). It now heads to the Governor's Desk where the League will request a Veto. **Staff:** Bill HIggins, **Status:** Governor's Desk, **Position: Veto Requested.**

SB 1322 limits agency discretion on "special needs facilities" serving seven or more people by limiting the authority to condition or deny a project on factors in current law. This limitation will apply to all special needs facilities regardless of size: a 150 bed facility must be treated the same as an 8 bed facility.

SB 1322 would extend the attorney fee provisions to allow awards to anyone who could occupy a special need facility, social rehabilitation facility, adult day program facility, or community care facility. As a result, this provision unnecessarily encourages lawsuits and litigation in the land use planning process.

The cost of SB 1322 would exceed $10,000 per agency—and be much more in larger cities.

Under the housing element, cities get an initial opportunity to plan for their share of any housing type. If their plan fails to meet the need, the city must then approve housing "by-right" at pre-set densities. SB 1322 requires cities to designate where emergency shelters must be approved "by-right" at the outset. Then, the bill redundantly requires those agencies that have not identified adequate sites by-right to again identify adequate sites to be zoned by-right.

Environmental

AB 573 (Wolk). Indemnification. Design Professionals. AB 573 would restrict the types of indemnification clauses that may be included in a public agency contrct with a design or engineering firm and would instead specify the types of indemnity clauses that may be included. **Staff:** Yvonne Hunter, **Status:** Governor's Desk, **Position: Veto Requested.**

AB 2951 (Goldberg). Capital Facilities Fees. This bill clarifies existing law regarding the obligation of schools and other public agencies to

Continued on Page 11

pay their fair share of capital facilities fees for municipal utilities such as water and waste water service. The bill is on the Governor's desk awaiting signature. **Staff:** Yvonne Hunter, **Status:** Enrolled, **Position: Support.**

SB 1733 (Aanestad). Mandatory Minimum Penalties. Water Quality. Small Cities. This bill provides more flexibility to small cities so that they may request directing penalties for waste water violations to fixing the problem that caused the violation. It re-defines the definition of a small community and "financial hardship" so that more cities can request to take advantage of this option. The bill is on the Governor's desk awaiting signature.**Staff:** Yvonne Hunter, **Status:** Governor's Desk, **Position: Support.**

Administrative Services

SB 1818 (Alarcon). Attorney Fees. Big Box Lawsuits. SB 1818 would permit cities to recover attorney fees under certain circumstances when they are sued by big box retailers. The bill is on the Governor's desk awaiting signature. Please write the Governor with your support for SB 1818. **Staff:** Yvonne Hunter, **Status:** Governor's Desk, **Position: Support.**

Public Safety

AB 1015 (Chu) Sex Offender Management Board. AB 1015 would create the Sex Offender Management Board (SOMB). The SOMB will represent a collaboration of local, state, and non-governmental entities working to address issues, concerns and problems related to the community management of adult sex offenders.

The creation of the SOMB will enhance public safety throughout California's communities by producing a much needed assessment of the current issues that complicate the management of adult sex offenders, while including the input of various stakeholders and the general public. **Staff:** Liisa Lawson Stark, **Status:** Governor's Desk, **Position: Support.**

AB 1873 (Torrico). Child Protection. Safe Surrender. AB 1873 will allow a local fire agency, upon approval of the appropriate governing board, to designate safe-surrender sites for accepting physical custody of a minor child 30 days old or younger.

City fire departments have an established history of operating safe-surrender sites in coordination with the county. Allowing local fire agencies to designate safe-surrender sites will likely expand the program based on circumstances and conditions specific to the community. Cities will continue to work with the counties as outlined in current law.

Fire agencies provide integral public safety services, even to the youngest members of our communities. It is imperative they, too, have the authority to designate safe surrender locations to protect the most innocent members of our society. **Staff:** Liisa Lawson Stark, **Status:** Governor's Desk, **Position: Support.**

SB 1404 (Machado). Vehicles. Parking Violations. Street Cleaning. The League is requesting a VETO on SB 1404, which would add Section 22507.6 to the Vehicle Code to specify that a person is not in violation of a local ordinance if they park in an area with posted restrictions for street cleaning or sweeping, unless street cleaning occurs during the posted time period. The League is opposed to this measure because we believe it is unnecessary, attempts to interfere with a city's authority to provide services to residents, and attempts to strip away authority to enforce local ordinances for services that a city has the right to provide. **Staff:** Liisa Lawson Stark, **Status:** Governor's Desk, **Position: Veto Requested.**

Revenue & Taxation Bills

SB 1432 (Lowenthal). This measure would expand the authorized use of Mello-Roos districts to include lighting maintenance, street and road maintenance, plowing and removal of snow and

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graffiti management and removal. The bill also expands Mello-Roos districts to include programs to create incentives or to subsidize construction, rehabilitation or acquisition of housing for lower income households. **Staff:** Dan Carrigg; **Status:** Governor's Desk; **Position: Support.**

AB 1602 (Laird). As part of the 2004-2005 budget agreement, a Vehicle License Fee (VLF) – Property Tax swap was enacted. During the discussions on this proposal, it was recognized that there were some outstanding issues that could not be resolved by the completion of the budget. AB 1602 (Laird) is designed to resolve some of those issues. AB 1602 addresses the immediate fiscal inequities that occurred for communities that were in the process of incorporating or annexing at the time the law changed. **Staff:** Dan Carrigg; **Status:** Governor's Desk; **Position: Support.**

SB 1374 (Cedillo). This measure will extend the sunset date of 2008 on existing law that allows cities to continue in their tax discovery efforts by allowing the Franchise Tax Board (FTB) to share taxpayer information. The State and Local Government Tax Sharing Program has helped many cities to identify businesses that are not paying local taxes – resulting in millions of dollars recouped. Over 95 cities are currently participating in the program. SB 1374 will extend the program until December 31, 2011. **Staff:** Dan Carrigg; **Status:** Governor's Desk; **Position: Support.**

SB 1317 (Torlakson). This measure would allocate new property tax revenue related to *newly* constructed generation, substation facilities and transmission lines by a location-based method. SB 1317 would not change the allocation of property taxes for *existing* electric generation and transmission line facilities. The League has standing policy that supports direct, or situs-based allocation of sales and property taxes based on the fact that situs-based allocation targets revenues to where the impact occurs. **Staff:** Dan Carrigg; **Status:** Governor's Desk; **Position: Support.**

Passage of the measure occurred days following an August 28 *San Francisco Chronicle* article which reported that during April, May and June of this year, telephone companies reported spending nearly $20 million trying to secure passage of AB 2987. The bill continued to be lobbied intensively, right up to its passage by the Assembly on the final night of the session.

Some Key Improvements Achieved

While the League and California cities support competition in video and telecommunications services, we have consistently opposed AB 2987 because of concerns that the measure lacks sufficient protections for communities. Together with California cities and consumer and community groups, we worked long and hard to educate legislators about our concerns, and ultimately did achieve improvements in the bill.

These include protecting local control over rights-of-way; ensuring that local agencies will receive franchise fees totaling five percent of a provider's gross revenues; requiring build-out to any low income areas contained in a service provider's franchise area; and increased protection for existing PEG and I-Net services. (See also "AB 2987: PEG/I-Net Amendments.")

We remain opposed to the bill, however, and will ask for a **VETO** from the Governor. Our concerns continue to be those identified in our legislative Floor Alert (distributed last week to all cities). These are the issues that we will ask Gov. Schwarzenegger to consider when he receives the bill. They include ongoing concerns about providers' ability to "cherry-pick" customers; customer service enforcement questions; the ability of cable companies to unilaterally abrogate local franchise agreements; the future ability of communities to establish PEG and I-Net services; and creation of a new state bureaucracy.

We also have many practical questions about how implementation will occur, particularly given that more than 300 amendments were taken in the final week of session – amendments which

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we believe were not thoroughly analyzed prior to their adoption.

Next Steps. The bill now goes to the Governor's desk.

We will develop a sample veto letter for cities to use in communicating with the Governor's office. This will be available at www.cacities.org/advocacycenter, and through the League Regional Representative for your area.

AB 2987: HOW DID YOUR LEGISLATORS VOTE?

The Senate vote on AB 2987: **AYES (33)** Aanestad, Ackerman, Alarcon, Alquist, Ashburn, Battin, Cedillo, Cox, Denham, Ducheny, Dutton, Escutia, Figueroa, Florez, Harman, Hollingsworth, Kehoe, Kuehl, Lowenthal, Machado, Maldonado, Margett, McClintock, Murray, Ortiz, Perata, Poochigian, Romero, Runner, Scott, Simitian, Soto, Vincent; **NOES (4)** Chesbro, Dunn, Migden, Speier; **NOT VOTING (3)** Bowen, Morrow, Torlakson.

The Assembly vote on AB 2987: **AYES (65)** Aghazarian, Arambula, Baca, Bass, Benoit, Blakeslee, Bogh, Calderon, Chan, Chavez, Chu, Cogdill, Cohn, Coto, Daucher, De La Torre, Devore, Dymally, Emmerson, Evans, Frommer, Garcia, Goldberg, Harman, Haynes, Horton J, Horton, S, Houston, Huff, Jones, Karnette, Keene, Klehs, Koretz, La Suer, Leno, Levine, Lieber, Lieu, Liu, Matthews, Maze, McCarthy, Montanez, Mountjoy, Nakanishi, Nava, Nunez, Pavley, Plescia, Richman, Ridley-Thomas, Runner, Saldana, Salinas, Strickland, Torrico, Tran, Umberg, Vargas, Villines, Walters, Wolk, Wyland, Yee; **NOES (5)** Berg, Canciamilla, Hancock, Leslie, Mullin; **NOT VOTING (10)** Bermudez, Negrete-McLeod, Oropeza, Ruskin, Wolk, Chan, Niello, Parra, Spitzer, Nation.

AB 2987: PEG/I-NET AMENDMENTS

The bill was amended to protect existing local franchise agreements for Public, Educational and Governmental (PEG) channels as well as Institutional Networks (I-Nets) until the existing franchise expires or would have expired on January 1, 2009, whichever is the latest. Also, in communities with less than three PEG channels on January 1, 2007, the city can request the holder of a franchise to designate not more than a total of three PEG channels. Also, an additional PEG channel can be added if the video programming for the channel can exceed 56 hours a week.

Left out of this protection are communities that have not yet developed local PEG programming and have a large subscriber base that would support more than 3 PEG channels; or, communities that have not yet negotiated Institutional Networks.

The bill permits a local community (city/county) to establish a fee to support PEG channel facilities as long as it is consistent with federal law. The fee is not to exceed one percent of gross revenues. The fee for PEG support may be increased to three percent if the entity, on December 31, 2006, is imposing a fee in excess of one percent for support of PEG activities. What is lost in this new law is the flexibility of local negotiations to tailor the fee to local needs.