

FOCUS

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



March 17, 2006
Issue #11-2006

HOT BILLS

SUPPORT SB

1784 (Lowenthal).
Housing and infill
infrastructure financ-
ing districts.

LEGISLATURE FAILS TO PASS INFRASTRUCTURE BOND PACKAGE FOR JUNE BALLOT

The up and down, go, no-go, roller coaster-like effort in the Legislature to pass a state infrastructure bond in time for the June 2006 ballot ended this week with a loud thud. *For more, see Page 5.*

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HOUSE COMMITTEE LIKELY TO MOVE ON NATIONAL TELECOM FRANCHISE CDBG FUNDING STILL AT RISK

California city officials who lobbied their Congressional representatives this week during the National League of Cities' (NLC) Congressional Cities Conference in Washington, D.C., came away deeply concerned about the possible emergence of a national telecommunications franchising approach in the House of Representatives. *For more, see Page 7.*

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WANT MORE DETAILS ON **BILLS**?

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

SB 1754 (LOWENTHAL): LEAGUE-SPONSORED MEASURE SEEKS COLLABORATIVE HOUSING SOLUTIONS

SB 1754 (Lowenthal) a League-sponsored housing measure designed to foster collaborative local and regional approaches to achieve housing density and affordable housing goals, is set for hearing in the Senate Local Government Committee on April 5. *For more, see Page 8.*

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APPLICATIONS NOW BEING ACCEPTED FOR LEADERSHIP POSITIONS IN THE LEAGUE'S MAYORS AND COUNCIL MEMBERS DEPARTMENT

The League of California Cities' Mayors and Council Members Department is seeking enthusiastic elected officials who are interested in becoming first vice president or second vice president of the department. Both positions have a one-year term.

Department officers are elected each year at the Mayors and Council Members Department business meeting that is held at the League's Annual Conference. Due to special circumstances, however, the department will be accepting nominations for officers during the business meeting of the Mayors and Council Members Executive Forum on July 28, in Monterey.

This year, the applicants for first vice president need to be from a city in Southern California, and the applicants for second vice president need to be from a city in Northern California.

The first vice president acts in the place of the president during the president's absence or inability to act and is responsible for overseeing the strategic planning effort of the department. The first vice president shall also perform any other duties assigned by the president.

The second vice president's responsibilities include acting in the place of the president and first vice president in case of absence or inability to act. The second vice president is also charged with overseeing the Mayors and Council Members' Academy (MCA) and for performing any other duties assigned by the president.

The following qualifications will be used as a basis for selection:

- The individual's professional reputation;
- The individual's perspective on city service;
- The individual's contribution to the ethnic and gender diversity of the department officers;
- The location of the individual's city;
- Whether the individual has demonstrated a

commitment to serving and strengthening the department;

- Whether the individual is in the position to provide energetic leadership;
- The individual's depth of knowledge of and experience with city government;
- The individual's involvement in inter governmental activities.

If you are interested in either of these positions within the League's Mayors and Council Members Department, please fill out the attached nomination form and send it to Tony Cárdenas at tcardenas@cacities.org, or via mail at 1400 K Street, Suite 400, Sacramento, CA 95814.

Selections will be made on the floor of the department's business meeting on Friday, July 28, from 7:45 a.m. to 9 a.m. If you have any questions, please feel free to call at Tony at (916) 658-8243.

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PROP 42 'FIX' INITIATIVE CONTINUES SIGNATURE-GATHERING PUSH

Californians to Improve Traffic Safety Now, the coalition that includes the League of California Cities and other organizations sponsoring an initiative to stabilize Prop. 42 funding for transportation, issued a press statement this week announcing that they have gathered more than half of the 1 million signatures needed to qualify the initiative for the November ballot:

"Our signature gathering drive remains at full throttle. As of 3/16/06, we have collected more than 560,000 signatures. We have no doubt that we will garner the 1 million signatures needed by early May to qualify our measure."

The campaign also asserted that, with the breakdown in infrastructure discussions in the Legislature, "Our initiative (is the) 'Only Game in Town'":

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CALIFORNIA CITY OFFICIALS LOBBY CONGRESS ON TELECOM, CDBG, OTHER PRIORITIES

California city officials participating this week in the National League of Cities' (NLC) Congressional Cities Conference in Washington, D.C., joined with hundreds of city officials from around the country in pressing their members of Congress on issues such as funding for Community Development Block Grants (CDBG), telecom reform and homeland security.

The League was represented at the conference by a team of League Executive Officers, including President and Los Angeles Council member Alex Padilla, First Vice President and city of Pinole Council member Maria Alegria, and Second Vice President and San Diego Councilmember Jim Madaffer.

In addition to holding separate meetings with their own Congressional representatives, California city officials joined in several meetings with Senators Barbara Boxer and Dianne Feinstein, House Democratic Leader Nancy Pelosi (D- San Francisco) Congresswoman Hilda Solis (D-El Monte), Congressman Gary Miller (R-Brea) and other members of the California Congressional Delegation to press the League's concerns with the League's 2006 federal priorities.

Those priorities are CDBG, telecom reform, homeland security/disaster preparedness, protecting local authority and revenue in tax reform, and support for increased funding for law enforcement, transportation, critical disaster relief resources and housing and community development. (Please visit the Federal Issues page of the League's website at www.cacities.org/federal to view details of the League's 2006 federal priorities.)

Telecommunications Panel Confirms Mark-up on National Franchise

California city officials also participated in a panel discussion of telecommunications reform, organized by Eve O'Toole, the League's federal lobbyist. The discussion was moderated by League First Vice President Maria Alegria and Second Vice President Jim Madaffer. Briefly attending were Congresswoman Zoe Lofgren (D-San Jose), Congressman George Radanovich (R-Fresno), Congressman Ken

Calvert (R-Riverside) and Congressman Mike Honda (D-Campbell).

Panel participants were Donna Gregg, media bureau chief, Federal Communications Commission (FCC), and Johanna Shelton, minority counsel, House Energy and Commerce Committee.

The members of Congress each made brief remarks about work currently going in the House Energy and Commerce Committee to develop a new draft of telecommunications reform.

Congressman Radanovich told the assembled California city officials that the measure that would emerge would call for a national franchise, but that committee members understand that cities were concerned about protecting their revenues and controlling local rights-of-way. League Second Vice President Madaffer also stressed the importance of PEG channels and other concerns, and provided Mr. Radanovich with a packet of information that included the League Telecommunications Principles.

Ms. Gregg discussed the current review process at the FCC to determine whether there is a need for that agency to play a role in regulating telecommunications franchising, and whether they have the ability to play that role.

Ms. Shelton discussed the priorities of her boss, Representative John Dingell (D-Dearborn), for a telecommunications reform bill. Mr. Dingell is the Ranking Minority Member on the House Energy and Commerce Committee. Shelton said that the current draft legislation work on a bill by staff is the result of her boss coming to agreement with committee chairman Barton on some key principles. Staff was not able to discuss details of what will be included.

(Also on telcom: visit the League's Telecom page (www.cacities.org/telecom) to see the March 14 letter Congresswoman Hilda Solis sent to Utilities and Commerce Chairman Joe Barton and

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SURVEY SHOWS MOUNTING CITY CONCERNS OVER CDBG, HEALTH CARE COSTS, TRAFFIC AND AFFORDABLE HOUSING

The National League of Cities issued the following press release on March 13, concerning the importance of CDBG to America's cities:

America's municipal officials are feeling increasingly optimistic about their city's fiscal health, but are concerned about mounting health care costs, increasing traffic, and a shortage of affordable housing.

Released by the National League of Cities (NLC) at its Congressional City Conference, the annual *State of America's Cities Survey* also found that nearly 80 percent of cities were either directly or indirectly affected by hurricanes Katrina and Rita, while 41 percent report an increasing need for survival services for their residents.

"We are seeing greater optimism from our city leaders," said NLC First Vice President Bart Peterson, mayor of Indianapolis, Ind. "But we are seeing continued and mounting concern over actions being considered at the state and federal levels that would seriously threaten their financial stability."

Peterson noted that efforts to limit cities' abilities to levy telecommunication franchise fees, proposed cuts to the Community Development Block Grant (CDBG) program, and greater needs for food, shelter, heating, clothing and health care would pose significant problems for cities in the coming year.

Four in 10 cities that receive Community Development Block Grant (CDBG) funds reported that ongoing funding cuts are affecting their ability to provide affordable housing. Peterson said the survey showed that these cuts are affecting the rehabilitation of homes and buildings, construction and improvement of public facilities, and their ability to provide assistance to businesses to carry out economic development as well as job creation and retention activities.

Thirty-five percent of municipal officials reported that the availability of quality affordable housing has worsened since last year. "This survey was conducted *before* we knew the extent of the cuts proposed for fiscal year 2007 by the Administration. Cutting funding an additional 25 percent will only exacerbate the affordable housing challenge facing our cities and towns," Peterson said.

Significant Challenges Facing Cities and Towns

- Although 43 percent of municipal officials reported improved fiscal conditions, 19 percent (almost one in five) indicate that they have experienced worsening fiscal conditions since last year. Nearly one in three city officials indicated that unless city tax rates and fees are increased, city service levels will decline.
- Traffic congestion tops the list (34%) when city officials are asked about which conditions deteriorated most in their communities during the past five years. Traffic congestion has been the most widely reported response to this question since this condition was first included in the survey in 2001. Fifty-one percent of city officials believe that traffic congestion has worsened since last year.
- City officials indicated that unfunded mandates and preemption of local authority are having a negative impact on the economic and fiscal health of their city. Fifty-five percent of city officials say that impacts of unfunded mandates and preemption of local authority have worsened since last year. Seven in 10 (71 percent) city officials say that federal legislation limiting the use of franchise fees would affect their city's budget.
- Overall, city officials are about split on their feelings about the general direction in which the country is heading. Forty-six percent of city officials report feeling pessimistic about the general direction of the country and 52 percent report feeling optimistic.

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Ranking Member John Dingell on the importance of including non-discrimination provisions in telecommunications legislation.)

NLC Conference Featured National Leaders, Numerous Sessions

The meetings with members of Congress were interspersed with NLC's focused program of workshops, seminars and dynamic general sessions. The workshops and sessions covered topics ranging from local finance, public safety, community development, transportation, telecommunications and many other issues.

General session speakers included an inspirational kick-off from former Congressman John Kasich, host of *Heartland with John Kasich*; a review of the federal budget from Sen. Kent Conrad of Nebraska; and a speech on the lack of funding and preparation for homeland security from Sen. Joseph Biden from Delaware.

Other general session speakers included First Lady Laura Bush, Homeland Security Secretary Michael Chertoff, Sen. Ken Salazar from Colorado, Sen. George Voinovich from Ohio, and David Gergen, editor-at-large with U.S. News and World Report.

City officials came away from the conference understanding that we have our work cut out for us to educate Congress about both CDBG and telecommunications reform. (See also, "House Committee Likely to Move on National Telecom Franchise".).....

PROP. 42 from page 2

"A key part of these infrastructure negotiations surrounded a legislative constitutional amendment to close the Prop. 42 loophole. Unfortunately, state elected officials were unable to approve a bond package and Prop. 42 fix by Wednesday's deadline. That means our signature gathering drive and initiative are the best and most realistic hope to close the Prop. 42 loophole this year."

Information about the coalition and their efforts is available on the campaign website:
www.close42loophole.com.

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The end came the evening of March 15 and at a relatively early hour, considering the late hour deliberations on several previous days, as first the Senate, then the Assembly, and then the Senate again, tried without success to muster the two-thirds vote needed to pass an infrastructure package.

Early that evening, the Big Five (the governor, Senate President pro Tem Don Perata, Senate Minority Leader Dick Ackerman, Assembly Speaker Fabian Núñez and Assembly Minority Leader Kevin McCarthy) agreed to advance a scaled-down infrastructure bond to the Senate and Assembly for action that evening. The measure reportedly contained only a \$4.15 billion levee repair bond for the June 2006 ballot.

Both chambers held caucuses. But when the Assembly acted, it planned to take up both the \$4.15 levee bond as well as a \$10.4 billion education bond for the June 2006 ballot and another \$9.087 billion for the November 2008 ballot. It took up the education bond first and approved it by more than a two-thirds vote rather quickly, then passed the levee bond.

What happened? Along with others, the League is still piecing the story together. At least one explanation is that Gov. Schwarzenegger and Speaker Núñez agreed to add the education element to the package after the Big Five meeting.

The pro Tem, however, – still unhappy about the lack of Republican support on March 10 for a Senate package that included transportation, housing and "smart growth" programs — was not prepared to go along with the last minute addition to the package.

The Senate adjourned after approving an emergency \$1 billion appropriation – not a bond — for levee repair. The Assembly went on to debate and approve the levee repair bond, but it was all for naught because the Senate had adjourned.

League, Bond Supporters Disappointed by Lack of Action

The failure to pass an infrastructure package was a huge disappointment to the League and many other organizations and city officials that had urged the Legislature and the governor to pass a package in

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time for the June ballot. Achieving increased funding for infrastructure is a top goal for the League of California Cities. (To view more information about the League's efforts on infrastructure, visit the Infrastructure page on the League website at www.cacities.org/infrastructure.)

Gov. Schwarzenegger, however, has said that he intends to keep trying. In a press conference on March 16, he reportedly virtually guaranteed that a November bond package would be passed.

Statement by California Infrastructure Coalition

The California Infrastructure Coalition (CIC) (of which the League is a member) issued a statement yesterday from CIC Chair and League Executive Director Chris McKenzie, and Bill Hauck, president of the California Business Roundtable, regarding the unsuccessful efforts to place an infrastructure investment package on the June ballot:

"The governor and our legislative leadership have worked tirelessly over the last few weeks to build a consensus on funding a comprehensive infrastructure investment program. Those efforts followed comprehensive proposals by the governor, Sen. Perata and Speaker Núñez and months of legislative studies and recommendations," said McKenzie.

"While we are pleased that addressing the state's infrastructure crisis has clearly risen to the top of the legislative agenda, we are deeply disappointed there will not be an opportunity for voters to approve a comprehensive infrastructure investment package in June. It is imperative that these issues, including the critical fix to ensure Prop. 42 funding, remain at the forefront of everyone's agenda," said Hauck.

"The CIC's mission is to build support for dedicated and consistent funding for rebuilding our infrastructure. As we said at the outset of this effort, we are in this for the long haul. Our job will go on and we are ready to get started today," McKenzie added.

(Also see "Proposition 81 - Library Bond Still on June 2006 Ballot.")

PROPOSITION 81 - LIBRARY BOND STILL ON JUNE 2006 BALLOT

City officials should be aware that Proposition 81, the \$600 million general obligation bond to fund library construction, is STILL on the June 2006 ballot. The League is in support of Proposition 81.

The measure was placed on the ballot by the Legislature in 2004 by SB 1161 (Alpert). It allocates \$300 million to library proposals that were deemed eligible, but for which funding ran out during the last library bond. The remaining \$300 million would be for new proposals.

SURVEY from page 4

Effect of Hurricanes Rita and Katrina and Municipal Emergency Planning

Nearly 80 percent of city officials reported being affected in some way by hurricanes Katrina and Rita. Although only 4 percent of cities polled were directly hit by the hurricanes, another half reported that their cities provided supplies and other forms of aid, and four in 10 reported that their cities received displaced residents from cities devastated by hurricanes.

Additionally, in direct response to the disasters, over half of city officials revisited their city's disaster plans and 26 percent report reconsidering their city's disaster planning as it relates to underserved populations.

State of America's Cities: The Annual Opinion Survey of Municipal Officials is an annual survey of municipal officials that has been conducted by the National League of Cities for the past 20 years. The survey results were taken from a random sample of local officials in January 2006 with a +/- 4 percent accuracy ratio.

TELECOM from page 1

Officials were also told that a growing federal deficit may impact funding for Community Development Block Grants (CDBG), homeland security, transportation and other local programs.

The national telecommunications franchise appears to be under serious consideration in the House Energy and Commerce Committee, whose staff is currently working on a draft. The approach is intended to aid telephone companies that want to compete with cable companies in offering video and Internet services in thousands of communities throughout the nation, without having to incur the time and expense of negotiating local franchise agreements.

The telephone companies argue that "speed to market" is essential for them to introduce competitive services that could expand options and lower service costs for consumers.

Cities are concerned that a national franchise could undermine their ability to protect essential local revenues, the safety of local rights-of-way, public, education and government (PEG) stations and other community concerns.

City Action Will Be Critical

Indications from House members and staff are that the committee could move quickly over the next few weeks on a mark-up of the telecommunications measure. Cities may have a very narrow window of opportunity to communicate with their representatives about why it is important to preserve locals' ability to regulate local rights-of-way, preserve local revenues, and protect PEG channels and the funding for those stations, exercise control over build-out and other critical consumer protection issues.

The League will post a sample letter on the League's online Advocacy Center (www.cacities.org/advocacycenter) as soon as a draft of the bill is available.

In the meantime, the League did provide the committee members with a letter outlining the

League's recently-adopted Telecommunications Principles, which were signed by more than 150 California cities. This and other resources are available on the Telecom page of the League's website (www.cacities.org/telecom).

Sen. Boxer Supportive of Cities Concerns

Sen. Boxer serves on the Commerce, Science and Transportation Committee, which will work on the telecommunications bill in the Senate. She was very up-to-speed on the telecommunications reform issue, and in a meeting with California city officials assured them that she was supportive of local government goals of preserving local control over revenues, rights-of-way, PEG stations and other priorities.

Sen. Feinstein does not sit on the committee with jurisdiction over this issue, but can still play a role in lobbying her colleagues and when a bill reaches the Senate floor.

CDBG: Keep Those Letters Coming!

While most members of Congress appear strongly supportive of preserving CDBG funding, it is clear that the ongoing federal budget deficit is squeezing Congress' ability to fully fund this priority local program. Consequently, it continues to be very important for cities to write their representatives and arm them with specific examples of how CDBG is making a difference in your city: programs funding, housing built, investments leveraged and other examples that underscore the importance of preserving this funding program. (Visit the League's Advocacy Center at www.cacities.org/advocacycenter) for a sample letter.)

**For more information on this and
other League issues, visit
www.cacities.org.**

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The measure is an outgrowth of discussions on housing solutions conducted over a year and a half by the League's Housing/General Plan Task Force. The bill would create a voluntary pilot project with local-state partnership to provide high density housing through the creation of 100 housing/infill infrastructure investment districts statewide.

The projects must be consistent with regional planning objectives and allow construction of more than 500 units of housing with average net density of 25-40 units per acre, with 15 percent of the housing affordable to low and moderate income families. (Visit www.cacities.org/billsearch and search for SB 1754 League for a League sponsored background summary.)

"We see this measure as a positive approach to encourage cities to build the kinds of infill projects so many of our cities need," said San Diego Councilmember and League Second Vice President Jim Madaffer, who served as chairman of the Housing/General Plan Task Force. "It's worlds away from the 'hammer and stick' approach that we so often see from the State Capitol."

SB 1754 Establishes Funding Mechanism for Services, Infrastructure

"Whenever cities consider building new housing, they face the challenge of identifying funding to pay for increased services and infrastructure needs," Madaffer explained. "New residents mean that you need more parks, more schools, more streets and more cops and firefighters."

"This bill creates financing districts for cities that want to build housing and apply for the voluntary program, and uses tax-increment financing to help pay for these expenses. Locals contribute, as does the state, by authorizing tax-increment financing for these purposes."

"It's a chance to build partnerships at all levels of government, to achieve our shared goal of more affordable housing and greater density."

"With the Legislature's failure to pass an infrastructure bond package, the SB 1754 approach becomes even more important for cities," Madaffer added. "Cities can't afford to wait several years to address our local infrastructure needs. We need solutions now."

League Urges City Support for SB 1754

There are early signs that the positive, collaborative approach taken in SB 1754 is likely to win broad-ranged support. The League urges cities to review the measure and submit letters of support to the Senate Local Government Committee prior to their April 5 hearing.

Please be sure to send a copy of your letter to League Policy Analyst Genevieve Morelos via e-mail at gmorelos@cacities.org. Genevieve can also be reached by phone at (916) 658-8254.

To view a copy of the measure, check on the hearing schedule or obtain other information, please visit the Bill Search section of the League's website (www.cacities.org/billsearch). If you have questions on this measure, contact League Legislative Director Dan Carrigg via e-mail at dcarrigg@cacities.org, or by phone at (916) 658-8222.

Cities Should Also Review SB 1800 (Ducheny/Cedillo): Bill Set for Senate/Trans/Housing April 4

Cities are encouraged to closely review SB 1800 (Ducheny/Cedillo), an expansive land use bill that will have many implications for local governments. Although this proposal contains some concepts that were explored in League Housing/General Plan Task Force discussions with homebuilders, the League board of directors ultimately rejected this approach last year as being overly restrictive of local land use authority, and its "one-size-fits-all" approach.

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As an alternative, the League board opted to sponsor a package of incentive-based concepts, which includes SB 1754 (Lowenthal).

SB 1800 is also similar to ideas explored in an Administration-led task force last fall that raised concerns from environmental organizations, farmland preservation groups, local governments, planners and others.

(Visit www.cacities.org/billsearch and search for SB 1800 for a detailed summary on the bill.) A hearing in the Senate Transportation and Housing Committee on SB 1800 is set for April 4.

THE 2006 CITY HALL DIRECTORY IS COMING SOON!

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.

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