LEAGUE OF CALIFORNIA CITIES City Advocate Weekly
LEGISLATION AND POLICY AFFECTING CALIFORNIA CITIES

IN THIS ISSUE:

August 7, 2009
Issue #30-2009

CALIFORNIA COMMUNITIES ESTABLISHES PROP. 1A SECURITIZATION PROGRAM

California Communities, a joint powers authority (JPA) sponsored by the League of California Cities and the California State Association of Counties (CSAC), announced its plans on Aug. 5 to launch a securitization program for the Proposition 1A property tax loan to the state. The announcement was distributed to the various local government associations whose members will lose 8 percent of their property tax revenues to the state in FY 2009-10. The program is intended to replace 100 percent of the funds loaned by local agencies to the state. California Communities is soliciting proposals to put together the financing team for this project and is prepared to move expeditiously to structure the project. *For more, see Page 2.*

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ON-CAMERA MEDIA TRAINING AVAILABLE FOR CITY OFFICIALS AT THE ANNUAL CONFERENCE

Do you need to deliver your city's message more effectively during media interviews? If so, take advantage of this opportunity for professional on-camera media training at the League's annual conference in San Jose, Sept. 16-18. *For more, see Page 2.*

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REGISTER NOW FOR THE LEAGUE'S 2009 ANNUAL CONFERENCE AND EXPO

More than 1,000 city officials have registered for the League's 111th Annual Conference, which will deliver common sense, cost-saving solutions to the real issues challenging California cities.

The annual conference will feature close to 60 sessions including:

- City Finances –Doing More with Less
- Housing Issues – Hard Time are Hitting Home
- Public Safety – Gang Violence

Visit www.cacities.org/ac for the complete program. *For more, see Page 3.*

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The California Communities announcement is posted on the League's Web site. http://www.cacities.org/resource_files/28241.Securitization Program Letter.pdf

Following the passage of the July 2009 state budget amendments, the League, CSAC and the California Special Districts Association began working with the state Department of Finance on cleanup amendments to the securitization bill, ABX4 15. California Communities' intent is to sell the bonds with the proceeds of the sale going to the local governments by the end of November. In return, California Communities will have the authority to collect the participating local governments' future receivable from the state. The goal is that local governments are not harmed by the loss of this portion of property tax.

It's important for city officials to understand the choices being offered to local government through this mandatory state loan.

Cities can receive 100 percent of their loss paid through the securitization process and receive payment at approximately the normal payment schedule. Because the state is paying the interest on the bonds plus the costs of issuing, the full amount of the funds will be available to cities. Thus the city will not suffer any loss of funds.

Cities that do not choose to participate in the securitization will forego the FY 2009-10 payments until the state repays the loan in 2013. These funds will be paid back with interest at that time.

The state is determining the amount of interest that will be paid to local governments that are not securitizing their receivable. The state's approved interest rate must be announced by Sept. 28 and must be greater than the current Pooled Money Investment Account rate, but no more than 6 percent. This information will help city officials to determine whether their city wants to hold the receivable as an investment or participate in the pool to sell their receivable at 100 percent of its value. City officials will have approximately 30 days following the announcement on Sept. 28 to decide whether to participate in the securitization.

The League will continue to provide city officials with information on the securitization process, including the progress of cleanup legislation to ABX 4 15, as it develops.

California Communities is also available as a resource and will be distributing information via www.cacommunities.org. Please contact James Hamill at (800) 635-3993 ext 216, Richard Watson at (800) 635-3993 ext 217 or Michael Chin at 635-3993 ext 224 with further questions.

'Training' Continued from Page 1…

The 45-minute training will feature a short interview focused on a vital issue to your city, a video playback/critique, and a follow-up interview. Participants will receive a DVD copy of their training session.

The trainers are public information officers and media experts from cities throughout California. The session is designed to give participants greater ease in delivering your city's important messages on camera and will improve newspaper and radio interviewing skills.

There is a high demand for these one-on-one sessions, and we're limited to three sessions on Wednesday, and six sessions per day on Thursday and three sessions on Friday, some of which have already been filled. The timeslots are listed below. The training will be held in the League Press Room at the San Jose Convention Center.

You must return the registration form and provide payment to reserve one of the training spots. Please be sure to include details about an important issue facing your city so that we can prepare interview questions that are tailored to your community. The form has been posted on the League's Web site at www.cacities.org/resource_files/28225.Media Training flyer2009.pdf.

Emily Cole, League communications assistant, is available by phone at (916) 658-8283 to answer any questions about the on-camera media trainings. Registration forms should be sent to her attention at ecole@cacities.org or by fax to (916) 658-8240.

Reservations will be accepted on a **paid** first-come, first-served basis. There is a $10 charge which is refunded as a $10 CityBooks coupon for those who attend the training. No refunds or coupons will be issued for "no shows."

Available On-Camera Interview Training Session Times

Thursday, Sept. 17
9 – 9:45 p.m.
10 –10:45 a.m.
1 – 1:45 p.m.
2 – 2:45 p.m.

Friday, Sept. 18
9 – 9:45 p.m.
10 – 10:45 a.m.
11– 11:45 a.m.

'Annual Conference' Continued from Page 1…

2009 League of California Cities Annual Conference
"Strong Cities, Strong State, Strong Nation"
Sept. 16-18
San Jose Convention Center

Attending the conference isn't time away from work. In fact, it's a great investment because the annual conference is an opportunity to learn from experts using content-based and experiential learning formats, including conversations with exhibitors and networking events. The information you gain will directly benefit your city's residents.

The opening session keynote speaker will be William H. Hudnut, III. The former Indianapolis four-term mayor gained a national reputation for revitalizing his Midwestern city and now works for the Urban Land Institute in Washington, DC, outlining strategies for building and maintaining infrastructure that foster sustainable cities.

Thursday's keynote speaker, Charlene Li, is an influential leader and guide on emerging technologies, with a specific focus on social technologies, interactive media and marketing. Her presentation, *Transforming Cities Using Social Media*, will help you understand how your city can thrive in a new economy driven by social media tools and techniques.

Register now at www.cacities.org/events.

Opposition Letters to SB 802 Needed

Legislation to Limit Retention Proceeds to be Sent to Governor's Desk

Local agencies must accept the lowest responsible bidder for construction projects, and often use retention proceeds on progress payments to ensure that projects are timely and complete. Local agencies commonly begin with a 10 percent retention rate, and reduce retention to 5 percent at the half-way point of project completion if adequate progress is being made and the contractor is acting in good faith. However, SB 802 (Leno) would require local agencies to limit retention to 5 percent over the life of a project, thus protecting potential bad actors and placing public interests and public funds at risk.

The League has had many discussions in recent years regarding similar proposals to limit retention proceeds to 5 percent (AB 1949: *Conroy, 1996, vetoed*; AB 940: *Miller, 1997, vetoed*; AB 806: *Keeley, 1999, vetoed*; SB 619: *Migden, 2008, held*). The League continues to express concern over these measures because there is not an obvious reason to limit retention proceeds to 5 percent, but there are instances where 5 percent retention is simply insufficient, particularly for smaller agencies.

Although Gov. Arnold Schwarzenegger has expressed concern with similar legislation in the past, cities cannot rely on a veto this year. Last year, the Legislature passed, and the Governor signed, SB 593 (Chapter 341, Statutes of 2008) which prohibited CalTrans from withholding retention proceeds. CalTrans has reported no negative effects resulting from this legislation. As such, the Governor's Administration has removed their opposition to legislation limiting retention proceeds.

Take Action Now

SB 802 is awaiting a hearing in the Assembly Appropriations Committee, and has received little opposition in the legislature. The League strongly urges cities to send letters in opposition to SB 802 to their legislators and the Governor.

Sample opposition letters are available on the League Web site. Visit www.cacities.org/billsearch and type "SB 802" into the search box to access the letters.

CEC Seeks Comments on Proposed EECBG Guidelines for Small Cities and Counties

The California Energy Commission (CEC) staff held a workshop on Aug. 3 to brief stakeholders on revisions they had made to the proposed Energy Efficiency and Conservation Block Grant (EECBG) guidelines, based upon input from cities and other interested parties.

The CEC is asking that all parties interested in EECBG funding for small cities and counties, review and comment on the commission's final proposed guidelines, no later than Aug. 10.

The workshop highlighted some key changes which were incorporated into the final proposed guidelines to include the following:

- **Delete Limit on Administrative Costs.** The 5 percent limit set forth in AB 2176 (Ch. 229/08), which sets forth criteria implementing the federal grant program, is deleted, as authorized in trailer bill legislation passed as part of the state budget package last month. Under the proposed final guidelines, the CEC is limited to 10 percent for grant administration; there is no limit on amounts that can be spent on administration for grant recipients.

- **If you can't use the funds, tell CEC as soon as possible.** No less than 60 percent of California's EECBG funds must be allocated to eligible applicants. But CEC can reallocate the funds within California if your city does not have a project where they can be used. Otherwise, funds not spent in California will revert back to the federal government.

- **Collaborative Partnerships Possible.** Small cities and counties may partner with other governmental agencies or with nonprofit organizations on eligible projects.

- **Equipment Purchases are Permitted.** Grant funds may be used to pay for energy efficiency projects, or to purchase equipment associated with an energy efficiency effort, such as energy-efficient lighting.

- **All Small Cities and Counties are Eligible to Receive Funding.** The new proposed guidelines establish minimum funding levels ($25,000 per city and $50,000 per county), as well as establish formulas for additional funding based on population and unemployment.

The CEC also emphasized the following:

CEC staff is available to help project applicants. But they will be very busy, so cities and counties need to contact them early in the application process. Types of assistance available can include consultation about eligible projects, site visits, energy assessments and more. The CEC will have consultants to assist in this process.

Applications will be processed on a first-come, first-served basis.

Matching funds encouraged. Applicants are encouraged to look for matching funds to expand the scope of the project for which EECGB funds are to be used.

The CEC urges cities and other interested parties to provide comments on the proposed guidelines no later than Aug. 10, so that CEC staff will have time to submit their final application package to the federal Department of Energy and then publish final guidelines by Sept. 9. The CEC emphasized that deadlines for EECBG applications will be very short; they encourage cities and counties to familiarize themselves with the guidelines quickly, so they will be prepared to submit applications as quickly as possible. All projects must be completed by Sept. 30, 2012. After that date, unexpended funds must revert to the federal government.

For a complete summary of the proposed final guidelines, please visit the CEC Web site at www.energy.ca.gov/stimulus/documents.

E-mail comments to EECBG@energy.state.ca.us.

Natural Resources Agency Releases Climate Change Adaptation Strategy

The California Natural Resources Agency on Aug. 3 released recommendations on how the state can respond to the threat of climate change. California is the first state to develop a comprehensive plan to guide adaptation to climate change.

The 13 recommendations include:

- Establish a Climate Adaptation Advisory Panel to further assess California's climate change risks;
- To the extent possible, communities should amend general plans and local coastal plans to avoid potential climate impacts;
- Implement strategies to achieve a statewide 20 percent reduction in per capita water use by 2020, expand available state water storage, and implement the Delta Vision Cabinet Group recommendations to improve Delta water supply, water quality and ecosystem conditions. Support agricultural water use efficiency;
- Work to meet projected population growth and increased energy demand with greater energy conservation. Renewable energy supplies should be enhanced through the Desert Renewable Energy Conservation Plan to reach a goal of 33 percent of the state's energy supply from renewable sources by 2020; and
- Manage public health, infrastructure or habitat, to the extent that these are subject to climate change impacts, from sea level rise, increased temperature, and changing precipitation. This includes assessments of land use, housing and transportation proposals that could impact health, greenhouse gas emissions, and community resilience for climate change in keeping with SB 375 that addresses creating sustainable communities.

The release of these recommendations also triggers a 45-day public comment period. Stakeholders will have an opportunity during this period to comment at public meetings also available via conference call. The first public meeting will be held on Thursday, Aug. 13.

The meeting will be held at:

California Department of Food and Agriculture Building
1220 N Street, Sacramento, CA 95814
9 a.m. – 1 p.m.
Call-In Number: (877) 536-5793
Participant Code: 344390

The second meeting will be held in Los Angeles. The date and time have not yet been announced.

Submit written comments by U.S. mail to:

Adaptation
Natural Resources Agency
1416 Ninth Street, Suite 131
Sacramento, CA 95814

Submit e-mail comments to: adaptation@resources.ca.gov.

To read the full 2009 California Climate Adaptation Strategy report, please visit: www.climatechange.ca.gov/adaptation.

California Coastal Commission Holds Roundtable Discussion with Coastal Cities and Counties

Representatives from coastal cities and counties will have a formal roundtable discussion with Coastal Commissioners as part of a special workshop on the Local Coastal Program (LCP) process, on Wednesday, Aug. 12 at the Hyatt Regency Embarcadero in San Francisco from 8 a.m. to 12 p.m.

The workshop is the result of the Coastal Cities Issues Group efforts to improve communications with the Coastal Commission and make the LCP process more consistent.

Implementation of the California Coastal Act depends on collaboration between local governments and the Commission. Local coastal governments hope to come out of the workshop with a set of ideas that will guide future Commission decisions resulting in the LCP process becoming more predictable and efficient for all parties.

Both local governments and the Coastal Commission will continue to face difficult budgets in the future. Making the LCP process more predictable and efficient will encourage jurisdictions to prepare and certify an LCP, if they haven't already. Thus, more local governments will be able to issue individual local permits, relieving the commission of the costly burden. In this way, both the commission and local coastal governments will benefit going forward.

The workshop agenda and background materials have been posted on the Coastal Commission's Web site at www.coastal.ca.gov/mtgcurr.html.

City and county officials from coastal areas are encouraged to attend and participate in the public comment portion of the meeting.

For more information please contact League staff Mary Creasey at mcreasey@cacities.org or (916) 658-8243.
