

PRIORITY FOCUS



IN THIS ISSUE:

September 12, 2008
Issue #36-2008

- Page 3: Federal Bill Seeks to Remedy Highway User Trust Fund Shortage
- Page 4: Court of Appeal Upholds City Ban on Mobile Billboard Advertising
ARB Requests Participation in Sept. 23 Scoping Plan Meeting on Recycling and Waste
- Page 5: Summit on Water Policies and Climate Change Scheduled for November
Sustainable Cities Feature: Millbrae Turns Grease into Power
- Page 6: Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

GROUNDHOG DAY: CITIES STILL VULNERABLE AS STATE BUDGET STALEMATE CONTINUES

California has now gone 74 days into the new fiscal year without a state budget. This breaks all previous records. Over the last week, the Capitol has been a flurry of activity with lawmakers voting on various budget proposals: with the "tax or not to tax" debate the centerpiece. *For more, see Page 2.*



LEAGUE ANALYSIS OF NEW FEDERAL HOUSING AVAILABLE *Legislation Expected to Help California's Struggling Cities*

Several weeks ago, Priority Focus reported that the League was preparing analysis of the recently signed Housing and Economic Recovery Act of 2008, (H.R. 3221). This "white paper" is now available and has been posted on the League's Web site.
(http://www.cacities.org/resource_files/27194.HR_3221_White_Paper_FINAL.pdf)
For more, see Page 2.



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 on Sept. 24-27, in Long Beach. *For more, see Page 3.*

'Budget' Continued from Page 1...

Monday, the Senate voted on a "more cuts, no taxes" proposal the Republicans began to shape over Labor Day weekend. It was defeated by Democrats on a partisan vote. Tuesday, the Assembly took up the same proposal where it was also defeated along partisan lines.

By Wednesday it was obvious that most of the budget cards have been played. The Assembly Democrats already put their Conference Committee budget up for a vote several weeks ago. This was rejected by the Republicans. Senate Democrats had also voted on a modified version of Gov. Arnold Schwarzenegger's "August Revise" budget, which was also rejected by the Republicans.

The Governor has now asked for a formal vote on his "August Revise" proposal. As of *Priority Focus*' publication, a vote on this proposal was scheduled in the Senate for Friday, Sept. 12. However, this vote was cancelled late Thursday afternoon.

The Governor's proposal includes a temporary 1-cent sales tax increase for three years followed by a permanent quarter-cent reduction. The previous Democrat proposal, that was rejected, only increased the sales tax for three years. The difference between the two sales tax proposals is the argument that the quarter-cent sales tax reduction over time will offset the initial increase. It is unclear if enough Republican legislators will view this as sufficient political cover for to put their budget up for a vote.

Also contained in the Governor's "August Revise" is a three-year, \$225 million annual hit to redevelopment agencies. The League has strongly opposed this aspect of the proposal, arguing that the loss of this crucial redevelopment funding would be damaging not only to cities but to the entire state. This lobbying has involved many efforts to convince the Governor and legislators that this proposal is counter productive to what California needs to achieve a stable and sustainable economy as well being contrary to recent rhetoric over how more infill development is needed to combat climate change.

Redevelopment funding provides economic stimulus through the creation of hundreds of thousands of jobs annually, sales tax revenues for local and state government, and investment in the infill development necessary to help California achieve its ambitious green house gas emission reduction goals.

It has been difficult for the League to identify legislators who appear willing to stand in the way of at least a one-year redevelopment hit. Although state lawmakers do understand that a hit to redevelopment would be hard, the issue is dwarfed by the battle to use cuts or taxes to close a \$15.2 billion budget shortfall.

At a recent meeting of police chiefs, the Governor spoke of a modification of the redevelopment proposal that would be limited to a one-year take with a repayment provision. It is not clear if or when such a modified proposal would be put forward.

What City Officials Can Do

As rumors now abound in the Capitol, city officials are asked to remain on high alert. The budget is expected to break in one of two ways. If the Governor's proposal gets enough votes, when it is voted on, and the redevelopment hit is included in a trailer bill, city officials should be ready to act to oppose and/or limit this cut as much as possible. If the Governor's budget fails, then the state continues to navigate into uncharted water. This is likely to involve proposals for deeper cuts and borrowing.

The League will provide updates as they develop through alerts, its regional managers, the League's Web site and Priority Focus. Stay focused! Stay ready!

'HR 3221' Continued from Page 1...

Cities throughout California stand to gain from the legislation as money is appropriated in the coming months as HR 3221 is expected to help California's housing market. The legislation

includes \$3.9 billion for local governments for foreclosure and abandoned home assistance. H.R. 3221 also includes provisions to create further underwriting opportunities for mortgages that are in danger of being foreclosed upon, establishment of a national Housing Trust Fund, and several other service oriented provisions that fund housing programs for specific need populations.

Several of the key topics covered by the legislation include:

Neighborhood Stabilization: Money for Local Governments

- H.R. 3221 will appropriate a one-time \$3.9 billion in emergency Community Development Block Grant (CDBG) funds to assist states and local government in the redevelopment of abandoned and foreclosed homes and residential properties.
- Funding will be calculated and distributed to states and local governments with the greatest need, which will be based on:
 - o Number and percentage of home foreclosures in each state or local government;
 - o Number and percentage of homes financed by a sub-prime mortgage related loan; and
 - o Number and percentage of homes in default or delinquency.
- This formula appears to be favorable to California since it has the highest amount of foreclosures of any state. Using foreclosures as a barometer alone, California may receive as much as \$800 million of the funds, or more than 20 percent of the total.

“Hope for Homeowners” Program: More Mortgage Assistance

The “Hope for Homeowners” program authorizes the Federal Housing Administration (FHA) to refinance up \$300 billion in mortgages of at-risk borrowers living in their homes who can afford to make a reduced loan payment.

Housing Trust Fund

- Over the long term, the creation of a new Housing Trust Fund may be one of the most significant provisions of H.R. 3221;
- Full funding will not occur until 2011. However, HCD will begin a process in the upcoming year to develop a state plan for using and distributing this funding source in which cities will want to have a voice; and
- Additionally, local agencies can start planning for the use of these funds. Those local agencies that are currently updating their housing elements can include investigating how these funds can be used within their communities as a program to be completed.

Other Programs

- H.R. 3221 provides \$150 million nation wide for housing counseling services;
- Homeless assistance programs will be increased by an additional \$30 million; and
- H.R. 3221 contains several provisions which make changes to the low income housing tax credit program, which allows California to increase its bond cap limit and receive \$1.2 billion of these funds.

‘Media 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. You will receive a DVD copy of your session.

The trainers are public information and media experts from cities throughout California. After this brief session, you'll feel more comfortable delivering your city's important messages on-camera and improve your newspaper and radio interview 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 Friday. (Open time spots are listed below). The training will be held in the League Press Room at the Long Beach Convention Center.

To take advantage of this outstanding opportunity, which typically costs thousands of dollars, call Adrienne Sprenger at (916) 658-8278 to reserve a training session or fax the attached form to

(916) 658-8240. Please tell Adrienne in some detail about an important issue facing your city so that we can prepare interview questions that are tailored to your community. Reservations are on a first-come, first-served basis, so call today!

Reservations will be accepted on a **paid** first-come, first-served basis. Please note that there is a \$20 charge, refundable as a \$20 CityBooks coupon for those who attend the training. No refunds or coupons will be issued for “no shows.”

On-Camera Interview Training Session Times

Thursday, Sept. 25

2 – 2:45 p.m.

3 – 3:45 p.m.

Friday, Sept. 26

10 – 10:45 a.m.

11 – 11:45 a.m.

1 – 1:45 p.m.

2 – 2:45 p.m.

3 – 3:45 p.m.

If you get voicemail when making a reservation please:

- Leave a message with your two preferred time slots.
- Tell in some detail about an important issue facing your city so that we can prepare interview questions that are tailored to your community.
- Leave your complete contact info including cell phone.

Federal Bill Seeks to Remedy Highway User Trust Fund Shortage

The US Department of Transportation (DOT) announced last week that it would delay reimbursements to state projects, providing funding once a week instead of twice daily. This is being done in order to stretch the shrinking Highway User Trust Fund (HTF) balance. To remedy the situation, increased efforts are being made to pass HR 6532, the Restoration of Highway Trust Fund Act, through Congress to increase the HTF by \$8 billion dollars to cover state expenditures through the end of the Federal FY 2008.

If the legislation passes, California is estimated to receive \$930 million from the account in funding for highway and mass transit systems. This is approximately one third of California's federal highway funding. While some cities may not see an immediate impact through the changed reimbursement schedule, the shift in reimbursement will be felt directly by the traveling public and movement of goods as highway projects could be delayed or dropped. This could also impact other segments of California's economy through construction employment and reduced transit services.

The US DOT estimates a zero dollar account balance for the HTF by October 2008 because of the significant drop in fuel consumption across the nation. The HTF relies on excise tax from motor fuels and truck-related taxes on truck tires, sales of trucks and trailers, and heavy vehicle use. The original Highway User Fund focused only on highways but was later split to provide revenue for mass transit systems.

If HR 6532 is not signed into law by the end of the week, the US DOT will ration their existing dollars on a pro rata basis, depending on the ratio of reimbursement requests to cash on hand. This means if the account only has 80 percent of needed funds, states will only be reimbursed at 80 percent of their request for highway projects – many of which have been contracted for already.

For more information, please read the letter from the National League of Cities urging the passage of HR 6532. It is posted on the League's Web site
http://www.cacities.org/resource_files/27192.July%2023%20DB%20Ltr%20to%20Oberstar%20and%20Mica.pdf

Court of Appeal Upholds City Ban on Mobile Billboard Advertising

The California Court of Appeal earlier this week upheld the City of West Hollywood's ordinance prohibiting all mobile billboard advertising within the city. The case is *Showing Animals Respect and Kindness v. City of West Hollywood*.

Showing Animals Respect and Kindness (SHARK) is a nonprofit organization that campaigns against animal cruelty. The organization operated a truck with four 100-inch video screens mounted on the outside, which showed scenes of animals being injured or killed. This truck also had signs protesting animal cruelty and broadcasted the cries of animals being abused. A driver of the truck was cited for violating the city ordinance which SHARK challenged the ordinance as a violation of the First Amendment right to free speech.

The Appeal Court determined that the city ordinance was a "content-neutral" regulation, in that it regulated the manner of speech, not its content. It also found that the ordinance regulated both commercial and noncommercial speech, as it applied to all vehicles that drove through city streets for the primary purpose of advertising, whether they carried commercial or noncommercial messages.

In addition, the court found that the city's stated purposes for the ordinance—to promote the safe movement of vehicular traffic, reduce air pollution, and improve the overall aesthetics of the city—were significant government interests. The ordinance left SHARK with numerous alternative ways to effectively communicate its messages. Based on these findings, the court concluded that the city's ban against mobile billboard advertising did not violate SHARK's First Amendment right to free speech.

ARB Requests Participation in Sept. 23 Scoping Plan Meeting on Recycling and Waste

The California Air Resources Board (ARB) is holding a meeting on Sept. 23 in Sacramento as part of its AB 32 mandated Climate Change Scoping Plan. The Sept. 23 meeting is designed for professionals in the recycling and waste management sectors. Although the recycling and waste management sector is not directly included in the proposed cap, ARB is offering those in the sector the opportunity to talk with staff about the interface between the cap and trade program and efforts to reduce emissions.

Background:

ARB's Office of Climate Change (OCC) staff is seeking formal comment on the draft to help inform the final Scoping Plan, scheduled to be released in October. In addition to these more formal settings, ARB wanted to give each sector the opportunity to meet informally with OCC staff to discuss the next steps in the process and to hear from local governments directly.

Meeting Details

California Environmental Protection Agency Building, Room 230
1001 I Street
Sacramento, CA
Sept. 23, 1:30 to 3:30 p.m.
**check in at front desk for room confirmation*

RSVP

Please RSVP by contacting Mihoyo Fuji, Office of Climate Change, via e-mail at mfuji@arb.ca.gov.

Summit on Water Policies and Climate Change Scheduled for November

City officials are invited to attend a special summit on water policies and climate change Nov. 13-14 in Long Beach. Sponsored by the California Department of Water and the Water Education Foundation, the event will bring together top experts from local water agencies, city and state government and the water community. The discussion will focus on the effects of climate change and adaptation on California's water management.

Program Highlights

With California facing its second consecutive dry year, Gov. Arnold Schwarzenegger has declared a statewide drought. The existing water system in California was planned and built before climate change scenarios were considered. The summit is an opportunity for professionals in the water community to discuss and debate the impact of climate change as well as how best to handle the risks and uncertainties of water resource management.

Participants will have time to discuss pending federal legislation and learn about the development of regional climate change models, risk management tools, and the extensive efforts underway to incorporate planning for climate change into state and local water management policies.

Topics include:

- Adaptation and management;
- Assessing hydrologic risks;
- Incorporating flood planning into cities' General Plans;
- Rising sea levels; and
- Preparing for a dry 2009.

Summit Details

The summit is scheduled for Nov. 13-14 at the Long Beach Hilton in Long Beach.

Registration is \$250 and includes materials, continental breakfasts, lunch and evening reception on Nov. 13.

Please register online at www.watereducation.org and click on the Events tab.

Sustainable Cities Feature: Millbrae Turns Grease into Power

The City of Millbrae recently celebrated a major milestone—it's turned one million gallons of waste kitchen grease into energy to power its water pollution control plant. The city of 20,000 residents south of San Francisco started to accept the kitchen grease at the plant in January 2007.

Several years ago, when Millbrae faced having to replace the internal combustion engine that provided a majority of the power to its water treatment plant, the city commissioned Chevron Energy Solutions to determine the most cost effective and efficient replacement. The best solution was a 250 KW/H natural gas (methane) and biogas fired microturbine, however the cost was prohibitive. Public Works staff realized that the city had surplus "digester" capacity and could process local restaurant's kitchen grease into gas and solids to produce electricity to run the microturbine.

The city requires restaurants to capture kitchen grease eliminated through their dishwashing systems so it doesn't drain through the sewer system. Traditionally, this grease would go to the landfill. Instead, it's now used to create electricity. City rate payers have not seen an increase in fees with the new microturbine. The fees the city charges restaurants to take their grease and the efficiency realized from the new microturbine cover the cost of the equipment.

Mayor Gina Papan recognizes that Millbrae's accomplishment is no small feat. "One million gallons of grease is enough to fill 7,000 bathtubs to the top," said Papan. "When you think of that

much grease being kept out of the landfill and transformed into clean energy, it makes you realize the impact a single city can have in protecting the environment.”

Thanks to this innovative system, Millbrae is considered a sustainable leader. The new microturbine has great environmental benefits and is annually reducing carbon dioxide emissions by close to 1.2 million pounds. This is the equivalent of planting 166 acres of trees. The plant produces 1.7 million kilowatt-hours annually from a renewable resource (grease), reduces air pollution and keeps waste grease out of the landfill.

There's an additional side benefit to the new system. The new system produces 80 percent of the electricity needed to power the plant. The old engine only produced 30 percent of the required power.

For more information on the City of Millbrae's sustainability programs please visit <http://www.ci.millbrae.ca.us/index.aspx?page=233>.

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

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) 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.
