

PRIORITY FOCUS



IN THIS ISSUE:

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Page 4: Infrastructure Bond Implementation Update
Page 5: Court Holds Public Employee Relations Board Has Exclusive Jurisdiction Over Labor Disputes
Page 6: Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

PROP. 1B IMPLEMENTATION: CITIES READY TO GO ON PROJECTS **Series of News Conferences Planned Across California**

On Tuesday, June 12, a series of news conferences on Proposition 1B funding implementation gets under way in Elk Grove. Tuesday's press conference will be held at the Sheldon Road/Route 99 interchange - a \$70.5 million dollar regional facility project.

The press conference starts at 7:45 a.m. and will include civic leaders who want to bring attention to the fact that their cities have local transportation projects ready to go, contingent on Prop. 1B funds. *For more, see Page 2.*

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TWO LEAGUE-SPONSORED HOUSING BILLS HELD IN COMMITTEE

When city officials are asked what they need to build affordable housing, they often say "give us more incentives, not mandates." Aiming to do just that, Sen. Alan Lowenthal and Assembly Member Anna Caballero introduced two League-sponsored bills, SB 934 (Lowenthal) and AB 1254 (Caballero).

Unfortunately, both measures have been held in their respective Appropriations Committees' suspense files, stifling any chance of either bill being signed by Gov. Arnold Schwarzenegger in 2007. *For more, see Page 2.*

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THIS WEEK IN CONGRESS: FY 2008 HOMELAND SECURITY SPENDING BILL

The House Appropriations Committee voted unanimously this week to approve a \$36.2 billion Homeland Security spending bill for FY 2008. The bill contains a number of key investments of note for cities, including grants for urban areas, transit and port security. *For more, see Page 3.*

Featured speakers at the Elk Grove conference include:

- Elk Grove Mayor Jim Cooper
- Elk Grove Council Member Sophia Sherman
- Elk Grove Council Member Pat Hume
- Rancho Cordova Council Member Ken Cooley
- Davis Council Member Don Sailor
- Lincoln Mayor Kent Nakata

Why Full Funding of Prop. 1B to Cities is Important

Every trip starts and ends on our local streets and roads which is why voters overwhelmingly supported Prop. 1B last November at the polls. They voted to allocate \$1 billion of the total \$19.9 billion state transportation bond money for city needs. Solid streets and roads, and efficient transit systems are vital to both quality of life and economic vitality.

A survey conducted earlier this year by the League found that every city in California has local transportation-related projects on the drawing board, waiting for funds to improve local traffic conditions and make street and road repairs. Cities are requesting the allocation of the full \$1 billion this fiscal year. Because cities will not receive any Proposition 42 funds (gasoline sales tax) this year, the full allocation of Prop. 1B funds will enable cities to continue funding projects already underway without interruption.

SB 286

League-sponsored SB 286 (Lowenthal and Dutton) sets forth specific accountability, transparency and deliverability requirements for Prop. 1B funds to ensure public funds are spent responsibly and on projects the voters were promised. In addition, the measure stipulates that the funds must be spent within three years, allowing the public to benefit from the projects sooner rather than later.

Call to Action!

Now is the time for city officials to contact their legislators, urging them to support the full \$1 billion to cities immediately. In the next 10 days, let them know that supporting the full funding to cities keeps faith with the voters intent when they passed Prop. 1B last November. It is important that they know that transportation-related projects are ready to go. Make this a priority for lawmakers in the capitol as the budget is coming together.

'League-Sponsored Housing Bills' Continued from Page 1...

Given the widening state budget gaps, the bills were held specifically over cost issues. Although a bill in a committee's suspense file is not dead (a bill held over in this legislative session has until January 2008 to be re-evaluated and passed), it is very unlikely SB 934 or AB 1254 will be resurrected.

Ultimately, had the measures passed, they would have provided the following:

- SB 934 (Lowenthal) would have established a new financial tool to assist local governments seeking to develop high-density developments in infill areas through the use of tax increment financing.
- AB 1254 (Caballero) would have rewarded local governments that approve affordable housing units operated by non-profit entities through a reduction of their required educational revenue augmentation funds (ERAF) payments.

The League thanks Sen. Lowenthal and Assembly Member Caballero for carrying these bills and continuing to advocate for incentive-based approaches to housing and land use issues.

Despite this disappointment, the outlook for local government resources in 2007 remains bright with the anticipated release of infrastructure and housing funds approved by the state's voters.

'This Week in Congress' Continued from Page 1...

Below is a partial summary of the funding levels for programs under the bill. For a complete overview, visit <http://appropriations.house.gov/pdf/HomelandFC.pdf>.

Key Investments

First Responder and Port Security Grant Programs: \$4.52 billion, \$1.97 billion above the president's request and \$863 million above 2007. These grants were funded at \$4.92 billion in 2004 and have been cut every year since even as homeland security costs have continued to rise. Included within this total are the following:

- State Grants (including law enforcement): \$950 million, \$50 million above 2007 and \$700 million above the president's request for grants used to plan, equip and train local first responders to respond to terrorist attacks and catastrophic incidents.
- Urban Area Grants: \$800 million, \$30 million above 2007 and equal to the president's request to help high risk urban areas improve their ability to prevent, protect, respond to, and recover from acts of terrorism.
- Transit Grants: \$400 million, \$225 million above 2007 and the president's request, to protect critical transit infrastructure, including rail and ferry systems, in high-threat areas.
- Emergency Management Performance Grants: \$300 million, \$100 million above 2007 and the president's request, for all-hazard grants for State and local emergency managers. The National Emergency Management Agency's 2006 Performance Grant Report estimates a \$287 million shortfall in this program.
- Fire Grants (including Staffing for Adequate Fire and Emergency Response [SAFER]): \$800 million, \$138 million above 2007 and \$500 million above the president's request, to address the communication, equipment and staffing problems facing local fire departments.
- Metropolitan Medical Response System: \$50 million, \$17 million above 2007, eliminated in the president's request, to help high threat communities respond to mass casualty incidents including terrorism, epidemics, natural disasters and hazardous materials incidents.
- Interoperable Communications Grants: \$50 million to continue a program funded by the Department of Commerce in 2007 to help local police, firefighters and emergency responders to talk to each other during a crisis.
- Port Security Grants: \$400 million, \$190 million above 2007 and the president's request, for grants to protect critical port facilities and infrastructure, meeting the level authorized in the Safe Ports act. This is the largest single investment Congress has made to implementing the security requirements of the Maritime Transportation Security Act.

Transportation Security Administration: \$6.62 billion, \$307 million above 2007 and \$219 million above the president's request. This includes:

- Explosive Detection System: \$849 million for procurement, installation and maintenance of equipment to protect commercial aircraft, allowing the Transportation Security Administration (TSA) to address the most pressing needs identified in their recent aviation baggage screening study.

- **Air Cargo Explosive Screening:** \$78 million to double the amount of cargo screened on passenger aircraft.
- **Secure Flight Certification:** Requires the head of TSA to certify that no security risks are raised by TSA's Secure Flight plans that would limit screening of airline passenger names only against a subset of the full terrorist watch list.

Customs and Border Protection: \$8.8 billion, \$50 million above the request and \$797 million above 2007. \$1 billion is provided for border security fencing and tactical infrastructure and 3,000 additional border patrol agents are funded.

The committee mark adds \$27 million for 250 additional Customs and Border Patrol Officers for commercial operations and C-TPAT validation - verifying that "trusted shippers" have in place necessary security measures - as mandated in the SAFE Port Act.

US-VISIT: \$462 million, \$99 million above 2007 and matching the president's request, for tracking foreign visitors to the U.S. \$230 million is withheld until the Department of Homeland Security (DHS) provides a complete schedule for the exit program or a certification that it cannot be implemented within five years, as well as a detailed accounting of operations and maintenance and contractor costs.

Infrastructure Protection: \$272 million, \$32 million above the president's request and \$44 million above 2007 to identify critical infrastructure, and assess security vulnerabilities.

FEMA Management: \$685 million, \$17 million above the president's request and \$150 million above 2007, including funding for regional offices tasked with helping state and locals prepare for and respond to disasters. This includes improvements to the Federal Emergency Management Agency's (FEMA) management operation called for after Katrina such as knowing where resources are located or tracking who applies for assistance and whether or not they qualify.

Disaster Relief Fund: \$1.7 billion, equal to the president's request and \$200 million above 2007, for assistance to state and local governments following a declared disaster or emergency.

Flood Map Modernization: \$230 million, \$35 million above the president's request and \$31 million above 2007, to modernize and digitize over 100,000 flood maps used to determine rates for the National Flood Insurance Program.

Pre-Disaster Mitigation: \$120 million, \$20 million above the president's request and 2007, for projects that reduce the risks associated with disasters.

Infrastructure Bond Implementation Update

Below is an update on the implementation of each of the infrastructure bonds passed in November 2006. This update will be run periodically in *Priority Focus* as new developments with each bond occur.

Proposition 1B: \$19.92 billion on various transportation projects to rebuild California. Of this total amount, \$1 billion is allocated for cities and \$1 billion for counties for local streets and roads improvement projects.

Significant potential open issues: Allocation schedule of \$1 billion for cities for local streets and roads; development of \$2 billion State-Local Partnership Program; development of \$3.1 billion "goods movement" and air quality programs; allocation schedule of \$4 billion for public transit, intercity and commuter rail and waterborne transit.

Current update: The allocation of the Prop. 1B local streets and road funds has been held as an open item in the Budget Conference Committee. This means that it will require further debate before a decision is made. The League is sponsoring SB 286 with the California State Association of Counties (CSAC). This legislation establishes accountability and oversight for the

use of the bond money. SB 286 passed off the Senate floor with bipartisan support and is now heading to the Assembly.

Proposition 1C: This measure allocates \$2.85 billion for housing projects. Approximately half of the bond (\$1.45 billion) is going out through existing programs such as the Multifamily Housing Program (MHP), Emergency Housing Assistance Program (EHAP), and the Building Equity and Growth in Neighborhoods program (BEGIN). The remaining funds (\$1.4 billion) are designated for infill infrastructure (\$850 million), parks (\$200 million), transit-oriented development (\$300 million), and innovative programs (\$100 million).

Significant potential open issues: One of the most significant issues outstanding is who will be eligible to apply for infill infrastructure funding.

Current update: The infill infrastructure fund has attracted the most legislative attention, where two bills have emerged as the front runners. AB 1053 (Nunez) distributes \$450 million to a competitive infrastructure program administered by the California Department of Housing and Community Development (HCD).

The remaining \$400 million is split evenly between the Infrastructure Bank, a workforce housing program administered by HCD, MHP, and the Cal-Reuse Brownfields program. As a result, a total \$750 million will go directly to local agencies for infrastructure related to housing.

SB 46 (Perata) on the other hand creates a single competitive grant program for infill infrastructure and affordable housing that can be applied for by local governments and nonprofit housing developers.

Proposition 84: \$5.4 billion for improving natural resources and water programs including state projects and flood control, safe drinking water, water quality improvement, integrated water management, water planning and sustainable communities.

Significant potential open issues: Further definition of elements of the \$580 million for climate change, including \$90 million for incentives for planning; how the \$1 billion for local agencies to meet local water needs will be spent and anticipation of a possible effort to redirect \$400 million in park funds to create a per capita grant program for grant funds.

Current update: There are several legislative proposals to further refine the allocation of dollars under Prop. 84. The most significant of these proposals is SB 732 (Steinberg).

Proposition 1E: \$4.09 billion for critical river levee repair and construction, flood control projects and the updating and repair of old water mains and sewage systems. The allocation also includes \$290 million for the creation of flood protection corridors and floodplain mapping.

Significant potential open issues: Effort to include water storage into funding categories; addition of liability link to allocation of levee improvement funds.

Current update: The Budget Conference Committee has created a Water Working Group that will address most, if not all of the Prop. 1E and Prop. 84 flood and water issues in the budget process. This group may also address flood management issues.

Proposition 1D: \$10.5 billion for performing school building repairs and providing innovative learning facilities for California students, including seismic retrofitting and classroom repairs.

Significant potential open issues: Allocation of \$29 million to fund joint-use projects for construction of K-12 school facilities.

Court Holds Public Employee Relations Board Has Exclusive Jurisdiction Over Labor Disputes

The 1st District Court of Appeal recently issued a decision important for cities that negotiate with labor unions. The court held that the Public Employee Relations Board (PERB) – the state

agency responsible for investigating and making decisions related to charges of unfair labor practices – had exclusive jurisdiction over labor disputes, even when the matter in dispute is contained in a city's charter.

The particular dispute the court considered involved San Francisco's negotiation with one of its labor unions to renew the union's Memorandum of Understanding (MOU). After months of negotiation with the union, the city declared an impasse, which under San Francisco's charter required that the matter be submitted to mandatory binding arbitration.

The union refused to participate in arbitration and the city sued the union in court to compel its participation. The court declined to accept the case stating that the matter had to be submitted to PERB instead. The city appealed to the 1st District Court of Appeal arguing that PERB did not have jurisdiction. The court disagreed, holding that PERB has exclusive jurisdiction to decide whether the union was required by the terms of the city's charter to participate in mandatory binding arbitration.

This decision is of increased importance to cities given two cases currently awaiting decisions from the court of appeal. Both cases involve similar facts where a union is threatening to strike, and the agency seeks an injunction in superior court to prevent certain employees who perform critical health and safety functions from striking.

In one case, the superior court held that it did not have jurisdiction to issue an injunction as PERB had exclusive jurisdiction. In the other case, a different court held the exact opposite and issued the injunction. The League has submitted friend-of-the-court briefs in both cases and is awaiting the decisions.

The three cases are: *City and County of San Francisco v. Int'l Union of Operating Engineers, Local 39*, 2007 WL 1560299; *City of San Jose v. Operating Engineers Local No. 3*, Case No. H030272; and *County of Contra Costa v. Public Employees Union Local 1*, Case No. A115095.

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.
