

PRIORITY FOCUS



IN THIS ISSUE:

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- Page 6: Disappointing Court Decision in Favor of PERB's Exclusive Jurisdiction over Labor Disputes
Solid Waste Legislation Moves through Legislature
Page 8: League Issues Comments on ARB Draft Scoping Plan
AB 2176 Becomes Law
Page 9: Priority Focus Requests Sustainable Cities Feature Ideas
Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

LEAGUE BOARD UNANIMOUSLY SUPPORTS SB 375 Legislation Moves off Suspense

Earlier this week, the League board of directors voted unanimously to support SB 375, as amended. The League's final support of SB 375 (Steinberg), a bill with significant land use and transportation policy implications, was the result of many months of negotiations by the League, various stakeholders, and Sen. Steinberg (D-Sacramento), the bill's author. Sacramento Mayor and League First Vice President Heather Fargo joined Sen. Steinberg and others at a news conference at the Capitol on Wednesday, Aug. 6, to announce the League's support of the bill with amendments. *For more, see Page 2.*

LEGISLATURE RETURNS: PRESS CONFERENCES, DUELING MEMOS, STANCES ON BORROWING, NO PROGRESS

Although there was a lot of activity and action in the capitol this week, not much progress was made on the budget. Now, almost six weeks overdue, things have come to a standstill between the Democrats, Republicans and Gov. Arnold Schwarzenegger. *For more, see Page 2.*

CITY LEADERS CONTINUE TO "CUT UP THE CARD" AT EVENTS ACROSS CALIFORNIA

The push to urge state lawmakers to cut up the Local Government Credit Card continued late last week and into this week at press conferences in Salinas, Orange County, the Inland Empire, Modesto and San Luis Obispo. *For more, see Page 4.*

"City officials across California are deeply committed to implementing plans to reduce green house gas emissions, and the League appreciates Sen. Steinberg's leadership in authoring and brokering an agreement on SB 375," said Fargo. "We are proud to give our unanimous endorsement of this historic legislation."

Joining Sen. Steinberg at the podium was Sen. Denise Ducheny (D-San Diego), the co-author of SB 375. Sen. Stenberg and others present spoke about the importance of this legislation for California's history and how all the parties involved had to compromise to come up with a final bill that will advance the state's efforts to address climate change, energy efficiency and environmental protection.

The press conference Wednesday morning included all the major stakeholders of SB 375. Mayor Fargo and Rancho Cordova Council Member Ken Cooley represented the League. Yolo County Supervisor Mike McGowan spoke on behalf of the California State Association of Counties (CSAC).

The two environmental groups sponsoring the legislation were present at the event: Tom Adams, president of the board of the California League of Conservation Voters and Ann Notthoff, the California advocacy director of the National Resources Defense Fund. Ray Becker, the 2008 California Building Industry Association (CBIA) chair, commented on the fact that he was pleasantly surprised to be standing with Adams supporting legislation. Ed Manning, a lobbyist representing the Major Builders Association, echoed Becker's comments.

Next Step

SB 375 was taken up by the Assembly Committee on Appropriations on Thursday, Aug. 7, where it was moved off the suspense file. Sen. Steinberg and the stakeholders supporting the bill are optimistic that it will go to the full Assembly for a vote and on to Gov. Arnold Schwarzenegger's desk to be signed.

SB 375 History

The developments that occurred this week represent a monumental shift from where the League board was as recently as late last month. Introduced in 2007, the League has long understood that SB 375 presented a historic opportunity to reward land use and development decisions that help reduce greenhouse gas (GHG) emissions.

Deeply committed to reducing GHGs, many California cities are already implementing plans to reduce their carbon foot prints and promote energy efficiency. Transportation and housing planning are key to creating communities with both a high quality of life and lowered emissions.

The League's staff and board of directors devoted so much attention to SB 375 because of the belief that it could better align a variety of regional planning functions for housing, transportation and land use to help California cities both build more sustainable cities and meet the need for more affordable housing.

Resource

For an overview of the amendments to SB 375, a document is now available on the League's Web site as a resource at www.cacities.org/resource_files/27104.375DealSummary.pdf.

Dueling Loggerheads

In what can be characterized as "dueling loggerheads," Senate Pro Tem Perata (D-Oakland) and Senate Republican Leader Dave Cogdill (R-Fresno) exchanged statements on the budget on Aug. 5.

Sen. Perata said that he thought the Governor's proposal for a temporary tax increase was "a step in the right direction," while expressing his frustration that he believes the Republicans are being too "narrow" in terms of budget compromise. The Republicans, said Perata, have not

offered any budget solutions, only objections. He said that the two sides are “now at loggerheads” with an impasse.

Sen. Cogdill released a response countering the Senate Pro Tem’s “loggerhead” statement. He said that the budget impasse is because “the Big Four” have not met in two weeks and that the Republicans have in fact proposed ideas to close the budget without raising taxes.

To Borrow or Not to Borrow

To borrow or not to borrow is one of the on-going budget questions being debated. The League launched www.cutupthecard.com last week as a vehicle to communicate that the state needs to close its deficit without borrowing local government revenues.

Five more press conferences across the state in the past week have provided an opportunity for city officials to stand up publicly and cut up the “Local Government Credit Card.” The message continues to resonate as more and more cities pass resolutions urging the Legislature to draft a budget that does not rely on borrowed money.

This week, the presidents of three local government associations, the League, the California State Association of Counties (CSAC) and the California Special Districts Association (CSDA) sent a joint letter to the Governor and members of the Assembly and Senate. The letter reiterated the organizations’ strong opposition to borrowing Propositions 1A (property taxes) and 42 (transportation) protected revenues.

The joint letter is available on the League’s Web site at www.cacities.org/resource_files/27103.JointLocalAssnLetterAug52008.pdf.

The Governor has repeatedly said that he is against borrowing and that it is wrong to use local government or transportation revenues to fix the state’s deficit. He reinforced his position at his Aug. 6 press conference once again.

“Because we have gone through this before, just as recently as 2003, when both parties were there at a standoff and they could not move forward. And one said we won’t raise taxes, the other one said we won’t make cuts and we won’t and we won’t. And what happened? They borrowed and they took money and stole money left and right. And now they just kicked that can down the alley and now we have the same problem again,” said the Governor.

He continued: “And I think it is important to not go in the direction of borrowing again, because that’s what they have done in 2003; they have borrowed their way out of it. And I have said that borrowing is not the solution for ongoing programs, we cannot borrow for ongoing programs. I think it is not a good thing to do.”

The Governor’s press conference is available on his Web site at <http://gov.ca.gov>.

Senate Republican Leader Dave Cogdill (R-Fresno) however said this week that borrowing local government and transportation revenues is still on the table. In an interview with KQED’s John Myers, broadcast on the *California Report* on Aug. 6, the senator acknowledged that Republicans might be willing to borrow from voter protected local government and transportation funds. He told Myers that such borrowing would have to be accompanied by a “strong plan” to repay the money.

The *California Report* is available online at www.californiareport.org.

What’s Next

During the Governor’s press conference, he announced that he will not sign any bills until a budget is passed. In fact, the Governor told reporters that he would veto any bill sent to him. This has caused quite a stir in the Capitol. There are some ways that the Legislature can delay sending the Governor bills. It is not yet clear what the fate will be of legislation that is going to be sent to the Governor or has been sent to him.

'Cut Up the Card' Continued from Page 1...

The city officials held up and cut giant and small mock Local Government Credit Cards, sending the message that the state should close its budget deficit without using local government revenues. Many city councils are also passing resolutions and sending legislators letters to reinforce this message.

The four press conferences held between Aug. 1 and Aug. 6, were well attended by city officials and attracted the attention of reporters across the state. Details on each press conference is given below, including links to some of the coverage.

Salinas: Salinas City Hall, Aug. 1

The Salinas press conference brought together a large coalition of officials. Assembly Member Anna Caballero (D-Salinas), the former mayor of Salinas, spoke with reporters. Along with mayors and council members from across the region, public safety and transportation personnel were also present. Salinas Mayor Dennis Donohue spoke to reporters, cutting up a credit card as part of his presentation. Monterey City Councilman Frank Sollecito and Scotts Valley Council Member Stephany Aguilar also attended the event.

Press coverage of the event included:

- KCBA-TV 35 (Fox)/KION-TV 46(CBS)
- KSMS-TV 67(Univision)
- KSBW-TV 8 (NBC)
- KSCO-AM 1080
- *Salinas Californian*
- *Monterey County Herald*
- *Watsonville Register Pajaronian*

Orange County: Tustin Civic Center, Aug. 5

Twenty-three city officials participated at the Orange County press conference on Monday, joining public safety officials and leadership from the private sector. Tustin Mayor Jerry Amante cut up the card at the end of the reporter questions and some elected officials threw them on the ground. Orange County elected officials also posed with a giant credit card and oversized scissors.

City officials who spoke at the press conference included:

- Tustin Mayor Jerry Amante
- Lake Forest Council Member Peter Herzog
- Irvine Mayor Beth Krom

City officials present who did not speak included:

- Brea Council Member Marty Simonoff
- Brea Council Member Roy Moore
- Brea Mayor Pro Tempore John Beaman
- Buena Park Mayor Jim Dow
- Costa Mesa Mayor Pro Tempore Allan Mansoor
- Cypress Mayor Pro Tempore Leroy Mills
- Dana Point Mayor Pro Tempore Lisa Bartlett
- Fullerton Council Member Pam Keller
- Garden Grove Council Member Steve Jones
- Laguna Niguel Mayor Paul Glaab
- Laguna Niguel Mayor Pro Tempore Robert Ming
- Laguna Beach Council Member Toni Iseman
- Los Alamitos Council Member Dean Grose

- Mission Viejo Mayor Trish Kelley
- Placentia Mayor Steve Nelson
- Rancho Santa Margarita Mayor Neil Blais
- Tustin Mayor Pro Tempore Doug Davert
- Tustin Council Member Lou Bone
- Tustin Council Member Jim Palmer
- Villa Park Council Member Richard Ulmer

Reporters came to the press conference to hear the local officials' message. Media present included:

- *The Orange County Register*
- *Daily News*
- *Laguna Beach Independent*
- KNBC
- FOX 11/TV 13
- Telemundo 52
- Metro Network News

Inland Empire: Redlands City Hall, Aug 5

The Inland Empire event held in Redlands was well attended by city officials including:

- Redlands Council Member Pete Aguilar
- Rancho Cucamonga Council Member Dennis Michael
- Paul Benson, Fire Chief, Chino Valley Independent Fire District

Deborah Barmack, SANBAG executive director and Bo Blough, general manager, San Bernardino Public Employees Association, also participated in the event.

The event was well attended by the media, including several Los Angeles-based TV stations. Coverage included:

- *San Bernardino Sun*
- *Inland Valley Daily Bulletin*
- *Redlands Daily Facts*
- ABC 7 (Los Angeles)
- Fox 11 (Los Angeles)

Modesto: 1010 Tenth Street, Aug. 5

Many Central Valley city officials turned out for Monday's Modesto press conference including:

- Hughson Mayor Pro Tempore Ramone Bawanan
- Ceres Mayor Anthony Cannella
- Modesto Mayor John Ridenour
- Modesto Police Chief Roy Wasden
- Modesto Fire Chief James Miguel
- Newman Mayor John Fantazia
- Oakdale Mayor Farrell Jackson
- Oakdale Police Chief Marty West
- Patterson Mayor Becky Campo
- Riverbank Mayor Chris Crifasi
- Turlock Mayor John Lazar
- Turlock Police Chief Gary Hampton

Reporters attended the event from various media outlets including:

- *The Modesto Bee*
- *The Turlock Journal*
- *Latino Times*
- Fox 40 News
- Central Valley Report (cable)
- KFIV-FM

San Luis Obispo: San Luis Obispo County Court House, Aug. 6

The San Luis Obispo was well attended by city officials. Speakers representing city government included:

- Arroyo Grande Mayor Tony Ferrara
- Grover Beach Mayor John Shoals

In addition, there were many city officials present at the event who did not speak including:

- Atascadero Council Member Tom O'Malley
- Morro Bay Mayor Janice Peters
- Paso Robles Council Member Fred Strong
- Pismo Beach Mayor Mary Ann Reiss
- San Luis Obispo Council Member Christine Mulholland
- San Luis Obispo Mayor Dave Romero

News media from San Luis Obispo and Santa Barbara sent reporters to the event including:

- KEYT-TV
- KCOY-TV
- KSBY-TV
- San Luis Obispo Tribune

Disappointing Court Decision in Favor of PERB's Exclusive Jurisdiction over Labor Disputes

The Third District Court of Appeal held last week that the Public Employment Relations Board (PERB) has exclusive initial jurisdiction over labor disputes between local agencies and their employees who are essential to preserving the public's health and safety. The case is *County of Sacramento v. AFSCME Local 146*.

Priority Focus previously reported on three prior court decisions that addressed this issue. In two of those prior decisions, the courts agreed with the Third District and held that PERB does have exclusive jurisdiction. However, earlier this year, the First District Court of Appeal came to the opposite conclusion and ruled PERB does not have exclusive jurisdiction over these types of disputes.

The California Supreme Court recently decided to accept two of the prior decisions for review. The Supreme Court's grant of review means that the question of PERB's jurisdiction will be definitively resolved. The League will be filing a friend-of-the-court brief with the Supreme Court, and will provide future updates through *Priority Focus*.

Solid Waste Legislation Moves through Legislature

The League is engaged in monitoring and negotiating on several important waste-related bills this legislative session. These bills focus on solid waste diversion, disposal and fees. Following some background is a summary of the current package of bills, what each does, the League's position and its status.

Background

All cities in California under current law are required to divert 50 percent of their solid waste from their landfill. This mandate, over the past 19 years, has led to a major effort by local governments to recycle waste, not dump it in a landfill. California has 54 percent diversion rate statewide for reuse, recycling and composting. However, individually, some California cities have as low of a diversion rate as 2-3 percent and others are well above 50 percent.

Diversion rates are calculated by taking a city's "base year generation of solid waste" minus the estimated disposal tonnage going to landfill. This formula is problematic because it's both complicated and has lead to a numbers game over the years.

A number of groups, including the California Integrated Waste Management Board (CIWMB) and the League, hold the position that the current system for counting diversion rates is incomplete because it is based on an estimate. Many cities report difficulty meeting the solid waste diversion mandate even when they have implemented a large number of diversion programs. Some cities struggle because of growth, others struggle with the mandate because their programs perform below expectation. SB 1016 (Wiggins) attempts to address this issue by moving the focus from numbers to programs (this is explained further in the bill section).

In addition to looking at numbers and programs in achieving lower levels of solid waste disposal in California, SB 1020 (Padilla) attempts to provide tools to help local jurisdictions achieve higher levels of waste diversion. Tools that have been suggested in the past include commercial recycling mandates, extended producer responsibility mandates, diversion credit for emerging technologies (conversion of solid waste to energy), additional credits for host jurisdictions, and assisting local governments who are attempting to site new transfer stations, compost facilities and recycling facilities.

Diversion Bills

SB 1016 (Wiggins) Diversion: compliance: per capita disposal rate

This bill changes the existing solid waste diversion management system to a disposal based measurement system from the current emphasis on meeting the 50 percent solid waste diversion requirement to emphasizing local programs that help meet the new goal of reduced per-capita disposal of solid waste.

League position: Support
Status: Assembly Floor

SB 1020 (Padilla): Diversion (as proposed to be amended)

This bill, as proposed to be amended, increases the mandated statewide diversion rate from 50 percent to 60 percent by 2012 and requires a target statewide aggregate goal of 75 percent waste diversion by 2020. The bill also includes mandated commercial recycling on any business in California that produces over four cubic yards of waste per week. SB 1020 would require any city or county, or city and county within a county with a population of over 200,000, to adopt an ordinance to enforce the commercial recycling mandate in the bill.

League position: None
Status: Assembly Appropriations Committee Suspense File

Solid Waste Tipping Fee Bills

There are two bills related to the statewide solid waste tipping fee. This tipping fee is set at \$1.40 per ton of solid waste and is remitted by local jurisdictions to the state's Integrated Waste Management Fund. Most local governments charge an additional local tipping fee that funds local programs.

AB 2866 (De Leon) Solid Waste: Solid Waster disposal fees: postclosure trust fund

This bill increases the state solid waste tipping fee from \$1.40 per ton to \$2 per ton beginning July 1, 2009 and would direct the additional funding to be used for clean fuel demonstration solid waste vehicles and solid waste landfill closure/post-closure fund.

League position: The League board unanimously voted to continue opposing AB 2866. It was concerned that the state would be enacting a fee that would fund programs that are outside the purview of the CIWMB (i.e., clean fuel demonstration projects would be run by the Air Resources Board even though the fee is collected by the CIWMB). The board also took issue with the closure/postclosure provisions of the bill.

The committee was concerned about whether local governments should pay into the closure/postclosure fund established under the bill when local government owner/operators can already meet their mandated financial assurance obligations with a "pledge of revenue."

Status: Senate Appropriations Committee (failed passage on Aug. 4, but is expected to be brought back up on a reconsideration vote)

AB 2640 (Huffman) Solid Waste: compostable organics management

This bill would require CIWMB to adopt policies and develop programs to reduce 50 percent of compostable organic material in solid waste landfills by the year 2020, increase the "tipping fee" to \$2.00 per ton on any green material that goes into a landfill and is used as Alternative Daily Cover (ADC). It also creates new grant and loan programs.

AB 2640 is double joined to AB 2866 (De Leon). If AB 2866 becomes law, an operator of a disposal facility would pay the amount equivalent to the state tipping fee for the amount of green materials used as ADC that exceeds 7 ½ percent of the amount of solid waste disposed at that site.

League position: Support

Status: Senate Appropriations Committee Suspense File

League Issues Comments on ARB Draft Scoping Plan

The California State Air Resources Board (ARB) recently released its draft scoping plan. ARB is responsible for the implementation of California's climate change law (AB 32), the draft plan represents ARB's proposal on how to reach California's climate change goals of reducing greenhouse gas emissions (GHG) to 1990 levels by 2020.

A copy of ARB's plan can be found online at the State's Climate Change Web portal.

<http://www.arb.ca.gov/cc/scopingplan/document/draftscopingplan.htm>.

The League has held a number of conference calls to discuss the plan and the League's comments. A copy of the League's final letter is on the Web site at www.cacities.org/resource_files/27105.Scoping_Plan_Comment_Letter_8aug08_FINAL_2_.pdf.

Comments from the draft will be integrated into ARB's Preliminary Scoping Plan, which is due to be released Oct. 1, with a subsequent 45-day comment period. The final plan is expected to be presented at the November ARB meeting.

AB 2176 Becomes Law

AB 2176 (Caballero), a bill that would aid in distribution of federal funds to cities through the Federal Energy Efficiency Block Grant (EEBG) program was signed by Gov. Arnold Schwarzenegger on Friday, Aug. 1. It will be effective Jan. 1, 2009.

As sponsor of AB 2176, the League has been working closely with the California Energy Commission (CEC) to ensure the efficiency of the funding mechanism once this grant money is allocated by the federal government.

Background

The EEBG program is part of the Energy Independence and Security Act (H.R. 6), which President Bush signed into law in December 2007. The program would provide cities with federal funding for innovative practices to improve energy efficiency, lower energy usage and reduce fossil fuel emissions. Although H.R. 6 authorizes \$10 billion (\$2 billion per year 2008-2012), the funds need to be appropriated by Congress each year as part of the federal budget process.

H.R. 6 splits up the \$2 billion annual allocation into four different funding pots: 68 percent is designated for cities and counties (local government pot), 28 percent for states (state pot), 2 percent for Indian tribes, and 2 percent for competitive grants to local governments or a consortia of local governments who are ineligible for funding out of the other funding streams.

Cities with a population of 35,000 or more, and counties with a population of 200,000 or more (as well as the top 10 most populous cities and counties in each state) will be eligible for funds out of the local government pot.

AB 2176 addresses California's portion of the state funding and would establish a mechanism through which funds received by the state would then be passed on to cities and counties. H.R. 6 mandates that 60 percent of the state portion must go to cities and counties that are not eligible to receive funding out of the local government pot (those not eligible would be cities under 35,000 in population).

What's Next

League staff will now focus on energy efficiency funding to lobbying the federal government to fully fund the EEBG program at the authorized \$2 billion per year. The backing for full funding is strongly supported by California's congressional delegation as well as the National League of Cities (NLC).

Priority Focus Requests Sustainable Cities Feature Ideas

The League is asking cities to submit story ideas for the Sustainable Cities Feature which runs every other week in *Priority Focus*. Launched in January, this relatively new feature highlights different innovations California cities are implementing to promote energy efficiency and reduce their carbon foot prints.

Each story runs between 400-750 words and focuses on one aspect of what a city is doing to improve the environment. Previous stories have focused on a variety of city programs including: integrated pest management, brown water recycling, tree planting, CNG vehicle purchasing incentive program and food waste composting.

How to Submit Ideas

If your city is doing something revolutionary on the green front, please send a short description (a few sentences) to League Communications Director Eva Spiegel via e-mail to espiegel@cacities.org. Include your name, phone number and e-mail with the description.

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.