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

PRIORITY FOCUS

LEAGUE OF CALIFORNIA CITIES

IN THIS ISSUE:

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Page 2:	Preliminary Report on 2007 Local Revenue Measures Released
Page 3:	Gang Reduction, Intervention, and Prevention Program Grants Now Available
	Public Employee Post-Employment Benefits Commission to Meet in Sacramento
Page 4:	Public Utilities Commission to Rehear Taking of Cities' Rule 20A Funds
	Local Program to Help Obtain Census Info Available
Page 5:	Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

OREGON VOTERS UNDO UNFAVORABLE LAND USE RESTRICTIONS
California Voters Could Learn Something from Oregon's Mistake

In 2004, Oregon voters approved Measure 37, a ballot initiative that placed severe restrictions on local government land use authority. This week, three years and 7,500 lawsuits later, Oregon voters showed that they had learned from that mistake. Voters passed a statewide ballot proposition (Measure 49) by a 61 percent to 39 percent tally, undoing many of those restrictions.

California voters have an opportunity to learn from Oregon's initial misstep. With two eminent domain reform measures slated to be on the state ballot in June 2008, California has a chance to get it right the first time. *For more, see Page 2.*

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ECONOMIC WOES FORCE PREPARATIONS FOR FY 2008-09 BUDGET DEFICIT
Governor Warns Department Heads to Cut Budgets by 10 Percent

With an increased potential budget deficit that could be as high as $10 billion for FY 2008-09, Gov. Arnold Schwarzenegger earlier this week told state agency department heads to trim their budgets by 10 percent.

When the FY 2007-08 state budget was signed in August, the Department of Finance originally projected an approximate $6 billion deficit for FY 2008-09. The newly-projected top-end deficit of $10 billion amounts to about 10 percent of the budget for the current General Fund. *For more, see Page 2.*

'Oregon Voters' Continued from Page 1…

The ***Homeowners Protection Act***, supported by the League of California Cities, the League of Homeowners and environmental, senior, business and labor groups, is honest, straightforward eminent domain reform that would stop the taking of single family homes to transfer to a private party.

The California Property Owners and Farmland Protection Act (CPOFPA), however, is supported by mobile home park owners, apartment owners and other landlords. Much like Oregon's Measure 37, the landlords' alternative measure would gut the ability of cities and counties to regulate land-use and development to protect neighborhoods and the quality of life of residents.

Background on the Oregon Situation

Oregon's experience with Measures 37 and 49 should serve as a lesson learned for voters in California.

Originally sold as a way to "restore fairness," Measure 37 allowed property owners to seek compensation if regulatory actions reduced land value and restricted use. Governments facing Measure 37 claims had to either pay compensation or waive the regulations.

As a result, more than 7,500 lawsuits were filed in a little more than two years, seeking new development on 750,000 acres. Neighbors fought over development plans and there was even a threat to build a power plant on privately-owned land inside a national monument — unless government paid millions to the property owner in compensation.

These resulting adverse consequences were not what Oregon voters thought they were getting in 2004. For this reason, they voted overwhelmingly to substantially restore many of the controls on development of that had been ensnared by the broad language of the 2004 measure.

The new measure (Measure 49) allows rural landowners to build a few homes — three in most cases and as many as 10 for some — but curb larger subdivisions and the industrial development allowed under the 2004 law.

This Oregon experience provides California with a valuable lesson as the June 2008 ballot approaches. If CPOFPA is approved by voters, it would likely lead to the type of unintended consequences that plagued Oregon for more than two years. By voting for the ***Homeowners Protection Act*** and rejecting the landlords' hidden agendas measure, however, California voters can avoid what happened in Oregon and get true eminent domain reform.

'Budget Deficit' Continued from Page 1…

California's economic problems stem from the steep downturn in the housing market and a ripple effect across income tax, property tax and sales tax. The Department of Finance reported in October that year-to-date revenues were $777 million below the forecasted $22.66 billion. In addition, the General Fund year-to-date income tax revenues are $367 million below forecast.

The Governor will issue his budget on Jan. 10, 2008. The League will continue to monitor the budget and will provide updates through *Priority Focus* and the League's Web site at www.cacities.org.

Preliminary Report on 2007 Local Revenue Measures Released

Michael Coleman, the League of California Cities' fiscal consultant, has released a preliminary report on the 63 local revenue measures that voters considered on the Nov. 2007 ballot. Overall, 32 measures concerned city taxes, fees or financing. Five were special taxes requiring two-thirds voter approval, 26 concerned general taxes requiring majority voter approval, and one was an initiative repeal of a fee.

To view the preliminary report, visit www.californiacityfinance.com and search for "Votes on Local Taxes, Bonds and Other Local Revenue Measures November 2007."

Gang Reduction, Intervention, and Prevention Program Grants Now Available

The Governor's Office of Emergency Services (OES) is offering $4.3 million in grants to cities for gang prevention, intervention, re-entry, education, job training and skills development, family and community services, and suppression activities. Cities may request up to $500,000 to cover up to three years of anti-gang programs in their local areas.

The grant requires cities to provide a "dollar-for-dollar" match, meaning the amount awarded to a city must be equally matched by the city through local or federal dollars in the form of cash or in-kind services.

The OES grant program is a subset of Gov. Arnold Schwarzenegger's California Gang Reduction, Intervention and Prevention (CalGRIP) initiative launched earlier this year and involves several state agencies and existing state programs focused on reducing the problem of gang violence in California.

All grant proposals must be postmarked by 5 p.m. on Monday, Nov. 26 for consideration.

The Request for Proposal (RFP) applications are available electronically on the OES Web site at www.oes.ca.gov under the "Grants & Funding" header. Click on the link for "Law Enforcement and Victim Services," and then "Request for Proposal Funding Information," to locate the appropriate form.

Questions concerning grant applications should be directed to Kirby Everhart, chief, OES Crime and Gangs Branch, at kirby.everhart@oes.ca.gov. Applicants are requested to submit questions via e-mail so that a written record can be maintained of questions asked and the answers given.

Public Employee Post-Employment Benefits Commission to Meet in Sacramento

The Public Employee Post-Employment Benefits Commission (PEBC) will be examining proposals on how to address California's public debt related to post-employment benefits – such as retirement and health care – at its next meeting on Tuesday, Nov. 13, in Sacramento.

Established by Gov. Arnold Schwarzenegger by executive order S-25-06 in Dec. 2006, the 12-member commission has met statewide over the last year and must prepare a final report on the issue by Jan. 2008.

Various organizations and agencies have provided PEBC with recommendations, including the League of California Cities. The League's proposal for pension reform includes the need to provide full-career employees with adequate benefits to continue their standard of living into retirement through fiscally sustainable contributions by the employers and taxpayers. For more on the League's recommendations, see "Governor's Post-Employment Benefits Commission Prepares for Final Report" at www.cacities.org/er.

The Nov. 13 meeting will be held in at the headquarters of the California Public Employees Retirement System (CalPERS), located at 400 Q Street. For more information, contact Ashley Snee Giovannettone at (916) 869-9419.

Public Utilities Commission to Rehear Taking of Cities' Rule 20A Funds
Cities Encouraged to Submit Comments

The California Public Utilities Commission (CPUC) has agreed to rehear its prior decision to reallocate Rule 20A funding from cities with "inactive" undergrounding programs. The funds, acquired from ratepayers, are used for the underground placement of electrical lines.

Due to some cities not receiving notice prior to CPUC's initial decision to relocate the funds, the League of California Cities had requested that the commission rehear the issue. CPUC agreed and is now soliciting comments from cities on the matter.

How to Comment

CPUC has set a comment and reply schedule for the rehearing. Comments are due no later than Monday, Nov. 26. Reply-to comments are due no later than Dec. 3. The League intends to submit comments in this proceeding and encourages interested cities to do so as well, emphasizing the particular circumstances regarding your city's undergrounding program, and the role that Rule 20A funds will play.

The League believes these individual letters will assist CPUC in understanding that a "one-size-fits-all" approach is not appropriate in determining which cities may truly have no need for their Rule 20A funds.

To have your city placed on the service list for this proceeding, send an e-mail to bds@cpuc.ca.gov with "AL 2110-E" in the subject line. In the body of the e-mail, include the following information:

- Organization name
- Postal address
- Contact Name
- E-mail address

Further updates on this issue will be published in *Priority Focus* as the matter moves through the CPUC process.

Local Program to Help Obtain Census Info Available

Although the 2010 Census is still three years away, the U.S. Census Bureau has begun mailing informational booklets to all state, local and tribal governments about the Local Update of Census Addresses (LUCA) program – a tool for governments to provide updated addresses for their communities.

This joint and voluntary program between the Census Bureau and local governments is the official start of the 2010 Census. The Bureau projects that by 2010, there will be more than 310 million people living in the 50 states, Washington, D.C. and Puerto Rico.

In partnership with the Census Bureau, local governments will use their area knowledge to improve the list of addresses for housing units and group quarters, including growth from new construction or annexation.

After registering for LUCA between now and Jan. 2008, participating governments will receive review materials to improve the address list.

The information contained in the address list is confidential by law, and those governments that choose to participate in the LUCA program will be provided an option to review the Census Bureau's address list. Like all census employees, those who review and update a confidential address list are subject to a jail term, a fine or both if they disclose any protected information.

After LUCA, but prior to the 2010 Census questionnaire delivery, address listers will perform a field canvass across the country to make sure the latest address list is correct. Using global positioning system (GPS) mapping on hand-held computers, workers will be able to update information electronically while out in the field.

For more information, visit the 2010 Census LUCA Program at www.census.gov/geo/www/luca2010/luca.html, or call the Census Bureau Geography Division at (866) 511-5822.

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

Visit (and bookmark!) the League's Legislative Resources 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.
