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LOCAL GOVERNMENT OFFICIALS WILL GATHER NEXT WEEK TO TACKLE REBUILDING CALIFORNIA FROM THE GROUND UP

Summit July 17-18, Sacramento

With California in the midst of a severe budget crisis that has magnified the current system's weaknesses, hundreds of local government leaders are coming to Sacramento July 17-18 to explore state governance and fiscal reform. These almost 400 leaders represent California's 7,930 elected city, county and school officials who are committed to reinvigorating California's system of governance to restore efficiency, transparency and accountability.
For more, see Page 2.

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ASSEMBLY MEMBER MENDOZA OPTS OUT OF VOTE ON MUNICIPAL BANKRUPTCY BILL

Assembly Member Tony Mendoza (D-Artesia) announced to the Senate Local Government Committee on Wednesday, July 8, that he would not take his bill, AB 155, up for a vote. However, Assembly Member Mendoza told the committee that he still wanted to go ahead with a hearing on the bill and take testimony from proponents and opponents. This means that AB 155 did not pass the committee and remains under the jurisdiction of the committee until further notice. No further Senate Local Government Committee meetings are currently scheduled for the remainder of the year. *For more, see Page 3.*

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CALIFORNIA COMMUNITIES ESTABLISHES STATEWIDE TAXABLE AMERICAN RECOVERY BOND POOL PROGRAM

In response to the American Recovery and Reinvestment Act (ARRA), California Communities has launched the Statewide Taxable American Recovery (STAR) bond pool program. STAR is a financing program that is designed to maximize the financial benefits of the taxable markets for California cities and counties issuing financings authorized by ARRA. *For more, see Page 4.*

'Summit' Continued from Page 1…

Local government is closest to the people and that is why Rebuilding California – From the Ground Up begins with local governments. Delegates participating in this two-day summit will be examining solutions as well as the topics with the greatest impact on the state-local relationship. The historic event will be the first time leaders from the three local government arenas are gathering to address the state's chronic dysfunction.

The summit will be hosted by the Cities Counties School Partnership, a joint effort of the League of California Cities, California State Association of Counties and California School Board Association. City, county and school leaders are convening the summit because local government is the closest level of government to the people. Reforms must include restoring a greater degree of local control over programs, taxation and spending decisions.

One example of the dysfunction of state government is that the state has taken upwards of $10 billion in city property taxes to help meet state budget obligations to schools since 1991, yet state spending on schools is among the lowest if not the lowest in the nation. With the current economic downturn, the state government is facing its day of reckoning, and the results are deeply troubling. The summit will provide a forum for hundreds of city, county and school leaders to discuss reforms to address these pressing problems and the way in which they can be implemented.

Delegates will focus on a range of issues such as a constitutional convention, bonds and taxes, state borrowing and mandates, personnel issues and creating greater transparency and accountability to the voters.

Speakers will discuss ideas on how to modernize the state budget process as well as sales and property tax systems and requiring periodic reviews of the State's governance.

Scheduled speakers include:

- Rich Gordon, CCS Partnership Chair, CSAC immediate past president, San Mateo county supervisor
- Fred Silva, California Forward senior policy consultant
- Paula Campbell, CSBA president
- James Mayer, California Forward executive director
- James Wunderman, Bay Area Council executive director
- Bill Leonard, Board of Equalization member
- Dede Alpert, former state senator (invited)
- Judith Mitchell, League president
- Chris McKenzie, League executive director
- An expert in statewide survey research from Fairbank, Maslin, Maullin and Associates
- Paul McIntosh, CSAC executive director
- Scott Plotkin, SCBA executive director
- Gary Wyatt, CSAC president
- Jim Madaffer, League immediate past president

Resources

The League has posted a number of resource documents for the summit on our Web site at www.cacities.org/2009summit.

- Joint Principles (draft)
- Talking Points
- FAQs
- Agenda

Additional information about the summit can be found on the CCS Partnership Web site at www.ccspartnership.org.

Rebuilding California Social Media

Social media will be a major component of the summit and participants will be able to "tweet" questions to moderators using the Summit's Twitter page. Just sign up for a Twitter account at www.twitter.com, request to follow RebuildingCA (http://twitter.com/RebuildingCA) and your request will be approved by a moderator. City, county and school board officials who are unable to attend can still follow the proceedings by following the same steps.

Rebuilding California also has a Facebook page. City officials are encouraged to become a fan of this page by searching for RebuildingCA in the search function on Facebook.

'AB155' Continued from Page 1…

AB 155 would require local agencies contemplating bankruptcy to first obtain approval from the California Debt and Investment Advisory Commission (CDIAC) prior to filing for bankruptcy. The bill would also authorize CDIAC to charge local governments a fee to cover the costs associated with rendering a decision as to whether a municipality would be granted the ability to file for bankruptcy.

On Tuesday, Dan Walters, in his *Sacramento Bee* column, called the bill yet another not-so-transparent attempt "to expand public employee union power." Labor groups have made AB 155 one of their priorities this year, and the League has made defeating this bill one of its major priorities.

Although not mentioned by Assembly Member Mendoza, the bill was not taken up for a vote was because there were insufficient votes in the committee to pass it. Sen. Lois Wolk (D-Davis) and Sen. Dave Cox (R-Fair Oaks) both stated they would have voted "no" on the bill if it had been taken up for a vote. Senators Wolk and Cox deserve a big word of "thanks" from California city officials.

Most of the public employee organizations in Sacramento testified in favor of the bill while a long line of public sector representatives urged the committee to defeat the legislation including Vallejo Mayor Osby Davis and Marc Levinson, Vallejo's bankruptcy attorney in the case.

Mayor Davis discussed the process in Vallejo that led to the city filing for bankruptcy protection under Chapter 9 of the federal bankruptcy code. He emphasized to the committee that in spite of making the difficult and unpopular choice to finally go into bankruptcy, the process between the city and employee unions has been one of continued negotiation and joint problem solving to address Vallejo's underlying financial problems.

In response to questions from committee members, Levinson, pointed out that bankruptcy judges are independent, not subject to political pressures, are uniquely knowledgeable about financial issues and are in the best position to independently determine the financial viability of a municipality. He also pointed out the rigorous fiscal analysis done in any bankruptcy proceeding is something that simply couldn't be accomplished by a state commission assigned this new responsibility.

Sen. Cox commented that the bill would only create an impediment to bankruptcy proceedings and that we [the legislature] "ought not to put it into place." Sen. Cox also stated that he believed the current federal bankruptcy process was working well.

The League opposes AB 155 because the bill is an unnecessary intrusion into what is fundamentally a local government's fiscal decision. Cities don't take bankruptcy lightly; in fact it's often a decision of last resort.

As with any action of the legislature, the events of Wednesday can be undone by simply amending AB 155 into another vehicle through a process known as "gutting and amending." The League will certainly be on the lookout for an action of that nature between now and the end of the session.

The success of any attempt to place the contents of AB 155 into another piece of legislation will heavily depend on the leadership of the Senate or the Assembly. It is our opinion that the Legislature and its leadership should be focused on finding ways to balance its own budget instead of inserting itself into local government fiscal matters for purely political reasons. Local governments and the public employee unions behind AB 155 would be better served with a guarantee that local revenues are safe from seizure by the state.

'STAR' Continued from Page 1…

Utilizing a "pooled" approach, through STAR California Communities will issue taxable Build America Bonds (BABs) and Recovery Zone Economic Development Bonds (RZEDs). These new financing tools provide extremely cost effective financing for new economic development projects in your area.

If your city received bond issuance allocations for RZED and RZF bonds or is thinking of selling a BAB issuance, it is important to contact California Communities. The STAR program is designed to provide the lowest overall borrowing costs through:

- improved taxable bond market access;
- lower costs of issuance; and
- a financing team expert in taxable/tax-exempt hybrid structures.

Your city can work with your bond counsel and financial advisor to help structure your STAR bond debt offering to help with the structuring of your community's local obligations components of financing. California Communities has approved the team of Orrick Herrington & Sutcliffe as bond counsel and Piper Jaffray as the STAR Bond underwriter.

For more information, please contact James Hamill at (925) 933-9229 ext. 216 or Terrence Murphy at (925) 933-9229 ext. 223 at California Communities or visit the California Communities Web site at www.cacommunities.org.

DOE Announces Up to $10.5 Million in Solar Energy Education for Local Governments

The U.S. Department of Energy (DOE) this week announced a funding opportunity for up to $10.5 million to increase the ability of local governments to accelerate solar energy adoption and workforce development. Funding for the five-year award is subject to annual appropriations. DOE will provide local governments across the U.S. with useful, timely information on increasing solar energy use with this new funding opportunity.

Through the Solar America Cities program, a partnership effort with 25 large U.S. cities, DOE has developed guides, case studies, and tool kits to assist local governments in promoting solar energy. Under this new effort, DOE will partner with outreach organizations to get these tools into the hands of local government officials and stakeholders.

DOE has encouraged local governments to take a comprehensive approach to solar energy adoption, one that includes workforce development and green jobs training, economic development through support for a local solar industry, and financial incentive programs that help citizens make investments in solar energy. By facilitating peer-to-peer information sharing, DOE will empower local governments to integrate solar energy into their communities.

Applications are due by Oct. 15, and DOE anticipates announcing selections no later than Dec. 15.

For information, see the Solar Energy Technologies Program Financial Opportunities Web page at www.solar.energy.gov/financial_opportunities.html. Applications must be submitted through FedConnect at www.fedconnect.net.

About Solar America Cities

DOE's Solar America Cities (www.solaramericacities.energy.gov) partnership supports 25 cities committed to making solar a mainstream energy source. DOE provides financial and technical assistance to support the cities' innovative efforts to accelerate the adoption of solar energy technologies.

The Solar America Cities program has engaged more than 180 organizations, including municipal, county, and state agencies, solar companies, universities, utilities, and non-profit organizations. These partners have made a commitment to power their cities with clean, safe, reliable solar energy. The Solar America Cities program promotes photovoltaics and concentrating solar power technologies (both produce electricity), as well as solar water heating and space heating and cooling.

For more information about other DOE efforts, visit the Office of Energy Efficiency and Renewable Energy Web site at www.eere.energy.gov.

Department of Labor Announces New Federal Stimulus Job Training Program

Local Workforce Investment Boards or regional consortia of boards, along with One Stop Career Center delivery systems, are eligible to compete in partnerships with State Workforce Investment Boards for approximately $190 million in grant funds. These funds were announced on June 24 by Department of Labor (DOL) Secretary Hilda Solis. The grants are designed to help develop a national workforce that is ready to meet the demands of the energy efficiency and renewable energy industries. A portion of the funds will be reserved for communities or regions undergoing auto industry-related restructurings.

It's called the State Energy Sector Partnership and Training Grant program (SESPTG), which is part of a total $500 million for competitive grants for green jobs training contained in the American Recovery and Reinvestment Act (ARRA). Secretary Solis announced the grant competitions for this funding saying that it will be split into five separate grant competitions for strategic partnerships and other entities to prepare workers for careers in energy efficiency and renewable energy industries.

Four categories, including SESPTG, are designed to serve workers in need of training through various national, state and community outlets. The other three are: Energy Training Partnership Grants; Pathways out of Poverty Grants; and Green Capacity Building Grants. The fifth program, State Labor Market Information Improvement Grants, will fund state workforce agencies that will collect, analyze and disseminate labor market information and develop labor exchange infrastructure to direct individuals to careers in green industries.

The DOL's Employment and Training Administration (ETA) intends to fund state grants ranging from $2 to $4 million. DOL encourages a strategic planning process that aligns the Governor's overall workforce vision, state energy policies, and local and regional training activities that lead to employment in targeted industry sectors. This strategic planning process is an opportunity to develop a statewide energy sector strategy through a comprehensive partnership and development of a Sector Plan. If an energy sector strategy is currently in place, that strategy should be reviewed and evaluated to address the requirements of this funding opportunity.

Funding Application Instructions

Address mailed applications to:

U.S. Department of Labor
Employment & Training Administration
Division of Federal Assistance
Attention: B. Jai Johnson, Grant Officer
Reference SGA/DFA PY– 08–20
200 Constitution Avenue, NW, Room N4716

Washington, DC 20210

For a full program description and complete ''Application and Submission Information,'' please refer to section IV of the Federal Register notice of June 24, available at: http://www.doleta.gov/grants/pdf/SGA-DFA-PY-08-20.pdf.

Applications are due to the Employment & Training Administration by Oct. 20.

For more information, please contact Jeanette Flowers, grant management specialist, Division of Federal Assistance, DOL, (202) 693–3322 or Flowers.Jeanette@dol.gov. Please specifically reference SGA/ DFA PY 08–20, and include a contact name, fax and phone number.

State contact information is not currently available. For updated information, please refer to the League's City Funding Book at www.cacities.org/federalstimulus.
