

PRIORITY FOCUS



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GOVERNOR'S MEETING WITH CITY AND COUNTY LEADERSHIP FOCUSES ON STATE-LOCAL COLLABORATION

Gov. Arnold Schwarzenegger, in an effort to work collaboratively with local government in the delivery of public services, met with leaders from the League of California Cities and the California State Association of Counties (CSAC) on Wednesday, Jan. 23. *For more, see Page 2.*



HOMEOWNERS PROTECTION ACT QUALIFIES FOR JUNE 2008 BALLOT

Eminent Domain Reform Now, the coalition working to support responsible eminent domain reform, announced Wednesday, Jan. 23 that the **Homeowners Protection Act** has qualified for the California statewide June 2008 ballot. *For more, see Page 2.*



SUMMARY OF GOVERNOR'S PROPOSED INFRASTRUCTURE BONDS AND ACTIONS

Components of Gov. Arnold Schwarzenegger's FY 2008-09 proposed budget provide funding for infrastructure of critical importance to cities.

Funding from the 2006 infrastructure bonds (Propositions 1B-1E and 84) is just starting to be allocated in the amounts proposed in the FY 2007-08 budget. The Governor's proposed FY 2008-09 budget includes additional allocations from the 2006 infrastructure bonds. He has also proposed new bonds and several infrastructure-related concepts as part of his Strategic Growth Plan. The bonds are being proposed for ballots in 2008 and 2010. *For more, see Page 3.*

League President and San Diego City Council Member Jim Madaffer, Second Vice President and Rolling Hills Estates Council Member Judy Mitchell and Immediate Past President and Riverside Mayor Ron Loveridge represented the League. The Governor called the meeting to brief local government leaders on California's serious budget deficit and his plan to continue to move the state forward while addressing the looming shortfall.

Included in the Governor's agenda are programs he wants to accelerate because of the direct impact they can have on the economy. Specifically, he intends to issue the remaining 2006 infrastructure bonds approved by voters, which amounts to about \$29 billion. Some of these funds will finance critical state and local transportation projects. The Governor also told local government leaders that he is committed to pushing for a healthcare package in the legislature.

Along with outlining his proposal to place restrictions on expenditures during economically robust times, the Governor asked for input from local governments on potential budget solutions and was interested in the reaction of local government officials to his proposed budget.

The leaders in the room expressed concern over a number of the local government proposals in his budget, but were also quick to recognize the magnitude of the problem faced by the Governor and legislature in closing an estimated \$14 billion deficit.

The local officials in attendance were supportive of the Governor's efforts to put the state's bond money to work on infrastructure needs in California. League President Jim Madaffer assured the Governor that cities were ready to put the bond money to good use, in particular, the transportation money passed by the voters in Proposition 1A (2006).

The meeting rounded out with a discussion of how the Governor hopes to deal with the state's projected cash flow problems over the next 12 to 18 months. As part of his strategy, he proposed delaying payments on the Highway Users Tax (per gallon gasoline excise tax) to local governments for five months.

The League's leadership was concerned that this delay could postpone local projects. These projects are important to the communities and the overall economy. The Governor's staff said that they were not wedded to any particular program on the list of proposed budget delays, but also reiterated the serious nature of the cash flow problem and how it could only be managed with an array of solutions.

As the meeting concluded, the Governor encouraged local officials to continue the dialogue with the Administration throughout the budget process. The League will continue to monitor the budget and will issue updates through *Priority Focus* and the Web site (www.cacities.org). The League's analysis of the Governor's proposed FY 2008-09 budget is available online at www.cacities.org.

'Homeowners Protection Act Qualifies' Continued from Page 1...

If passed by voters, the **Homeowners Protection Act** would provide solid protections for homeowners by prohibiting governments from taking an owner-occupied home to transfer to a private party. The measure is a direct response to the U.S. Supreme Court's infamous *Kelo v. City of New London* decision of 2005.

The broad coalition supporting the **Homeowners Protection Act** includes seniors, homeowners, business, labor, environmentalists, affordable housing advocates, public safety leaders and local government.

Last week the so-called California Property Owners and Farmland Protection Act qualified for the June ballot. This anti-rent control measure would also eviscerate local land use planning, gut environmental protections and undermine public water projects needed to ensure the state an adequate supply of clean drinking water. The deeply flawed measure, also known as the "Hidden Agendas Scheme," is being funded by wealthy apartment owners and mobile home park owners.

'Infrastructure Bonds and Actions' Continued from Page 1...

Below is a listing of the Governor's proposed bonds and new infrastructure-related initiatives:

- **Water Bond:** A \$11.9 billion general obligation bond with funding designated as follows: \$3.5 billion for additional storage, \$2.4 billion for Delta sustainability, \$3.1 billion for water conservation, \$1.1 billion for resource area restoration, \$1.1 billion for water quality improvement, and \$700 million for a variety of projects.
- **K-12 School Bond:** An \$11.6 billion bond divided between the 2008 and 2010 election cycles.
- **Higher Education Bond:** A \$12.3 billion bond divided between the 2008 and 2010 election cycles with allocations for the UC, CSU and community college systems.
- **High Speed Rail:** A modified version of the high speed rail bond that is currently scheduled for the November 2008, ballot with changes designed to ensure sufficient financing for the system is put in place.
- **Court Facilities:** A \$2 billion bond to upgrade court facilities.
- **Performance-Based Infrastructure:** This proposal would expand the authority of state and local governments to use public-private partnerships to develop, maintain or operate various types of infrastructure projects.
- **Strategic Growth Council:** This proposed state council would be responsible for coordinating investments in air and water quality, improving natural resource protection, increasing the availability of affordable housing, improving transportation, meeting the goals of AB 32, and encouraging sustainable land use. The Strategic Growth Council would also "collect, manage and provide data and information to local governments that will assist local governments in developing and planning sustainable communities."

It is important that city officials begin to become familiar with these proposals. While most of the political focus is now on the state's budget difficulties, the above proposals are going to be the subject of legislative discussions during the 2008 Legislative session. The Governor's Strategic Growth Plan is available online at www.ebudget.ca.gov.

Calls Needed to Oppose Bill on Vacancy Decontrol for Mobilehomes

The League of California Cities is opposed to AB 1309 (Calderon), which would establish vacancy decontrol for mobilehomes sold in mobilehome parks in jurisdictions with local rent control ordinances. The bill will be up for vote in the Assembly floor before Jan. 31, which is the deadline for bills to move from their house of origin to the other house of the Legislature.

This bill provides that if a tenancy in a mobilehome park is voluntarily terminated, the management may set the initial rent for a space when there is a change in ownership of the mobilehome on that space. In other words, when a resident moves out, the mobilehome park owner can increase the rate to what ever amount they want. Passage of this bill would result in the overturning of local rent control ordinances. Cities would lose an important source of affordable housing with each change in tenancy.

The League opposes any legislation that restricts the ability of cities to enact rent control ordinances for mobilehomes. A local jurisdiction is in the best position to assess the local housing conditions and needs, and determine what controls need to be implemented to protect affordable homeowners and renters.

Take Action!

The League requests cities to call their representative in the California State Assembly at their Capitol office on Monday, Jan. 28 to request a 'NO' vote on AB 1309. Contact information for your representative can be located online at www.leginfo.ca.gov.

PUC Releases Draft Resolution on Reallocation of Rule 20A Funds

The California Public Utilities Commission (PUC) released a draft resolution on Jan. 15 for comment on the Rule 20A reallocation rehearing. This resolution addresses concerns raised by the League regarding criteria used to determine whether a city's undergrounding program is inactive. The League also asked the PUC to examine whether sufficient notice was given to potentially affected cities whose funds were at risk.

The League submitted a request for rehearing after PUC issued a ruling in August 2007 allowing Southern California Edison to reallocate Rule 20A funds from so-called "inactive" cities to a city that needed additional funding for an undergrounding project. Rule 20A refers to funds that are available to finance electrical utility undergrounding projects.

The PUC granted the League's request late last year and issued the draft resolution after receiving comments from the League, individual cities, and electric utilities. League staff analysis concluded that the new resolution is a substantial improvement to the prior ruling.

Under the draft resolution, a city will not be considered to have an inactive undergrounding program if it meets any of the following criteria:

- The city has formally adopted an undergrounding district ordinance; or
- The city has started or completed an undergrounding conversion project since 1999 or the city is currently planning an undergrounding conversion project; or
- The city has received Rule 20A funds from only five years or fewer due to a recent incorporation.

What is Next?

Appendix A to the draft resolution lists the 18 cities in Edison territory that still do not meet any of the above criteria. A city on this list may be removed if it can demonstrate that it meets one of the three criteria listed above.

The PUC is scheduled to review the draft resolution on Feb. 14. If the resolution is approved at that time, any city included in Appendix A will have until June 1 to demonstrate that it is not an inactive city by showing it meets one of three criteria.

Comments on the draft resolution must be submitted to the Commission by Feb. 4. The document can be found on the PUC's Web site at www.cpuc.ca.gov/puc.

Flood Protection Law Implementation Workshop: Feb. 14, 2008

The League of California Cities is co-sponsoring a workshop on Thursday, Feb. 14 for local government officials on the 2007 flood package with an emphasis on the impact the legislation will have on the roles and responsibilities of cities and counties.

This comprehensive package of bills includes statutory changes that would require all cities and counties to increase consideration of flood risks in their general plans, and creates a new standard in flood protection for urban development in the Sacramento-San Joaquin region.

Workshop participants will have the opportunity to:

- Hear from the Department of Water Resources;
- Learn from experts about the flood package's local government liability provisions; and
- Learn how Sacramento and West Sacramento has worked to meet the 200-year flood requirements.

Workshop Details

Thursday, Feb. 14
10 a.m.-3:30 p.m.
California State Association of Counties Conference Center
1020 11th Street, Second Floor
Sacramento, CA 95814

There is no cost to attend and lunch will be provided. Along with the League, the event is being sponsored by the Regional Council of Rural Counties, the California State Association of Counties and the California Chapter of the American Planning Association.

Register Now!

Space is limited at this workshop. Register now by contacting Stanicia Boatner at sboatner@counties.org.

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.
