

# PRIORITY FOCUS



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***Editor's Note: Priority Focus will not publish on Friday, Dec. 21 or Friday, Dec. 28. Regular publication will resume on Friday, Jan. 4, 2008. Happy holidays!***

### **NEW LEGAL ANALYSIS WARNS 'EMINENT DOMAIN' INITIATIVE THREATENS CALIFORNIA'S LANDMARK GLOBAL WARMING LEGISLATION (AB 32) Other Environmental and Rent Control Protections Also At Risk**

A new, independent legal analysis by Shute, Mihaly & Weinberger LLP, one of California's leading environmental law firms, has warned that the California Property Owners and Farmland Protection Act (CPOFPA) could hinder the implementation of AB 32, California's landmark law to reduce greenhouse gas emissions. *For more, see Page 2.*

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### **PROP. 1B LOCAL STREETS AND ROAD FUNDS AVAILABLE JAN. 15**

The California Department of Finance (DOF) earlier this week announced that instructions and forms for allocating Proposition 1B local street and road funds would be sent to cities and counties by Jan. 15, 2008. *For more, see Page 2.*

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### **LAKEWOOD HONORED WITH LEAGUE'S NEW CITY 'ADVOCACY AWARD'**

The city of Lakewood was honored with the League of California Cities' first "City Advocacy Award" on Tuesday, Dec. 11, at the Lakewood City Council meeting.

Lakewood was selected in recognition of the city's outstanding commitment to legislative advocacy, including the establishment of an inter-governmental relations committee, annual state legislative priorities for the city, maintaining active relationships with local legislators and participation in League advocacy efforts. *For more, see Page 2.*

**'Eminent Domain' Continued from Page 1...**

The measure would also roll back rent control protections and have a devastating impact on other laws and regulations intended to protect the environment.

The laws and regulations that the analysis states could be impaired or stopped under this measure include:

- AB 32 implementation regulations
- California Environmental Quality Act mitigations
- Water supply and water quality protections
- Urban limit lines and other growth control measures
- Protections of endangered species and their habitats
- Protection of coastal areas, farmland, and ranchland, as well as cultural and historic sites
- "Smart growth" regulations
- Ordinary zoning regulations

The landlords sponsoring CPOFPA are falsely claiming that their initiative has no "regulatory takings" impacts or impacts on the environment. This new legal analysis proves otherwise. Specifically, the analysis points out:

"The initiative prohibits regulations affecting the use of real property that are enacted 'in order to transfer an economic benefit to one or more private persons at the expense of the property owner.' Put simply, nearly all regulation provides an economic benefit to some private person. Accordingly, although the initiative is ambiguous in several significant areas, a court could interpret it to restrict a host of environmental and land use regulations that would be plainly legitimate under existing law."

Independently commissioned by the California League of Conservation Voters Education Fund, a copy of the complete legal analysis can be downloaded at [www.clcveducationfund.org](http://www.clcveducationfund.org).

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**'Prop. 1 B Funds Available' Continued from Page 1...**

This long-awaited announcement was delivered via letter on Dec. 10 to Sens. Mike Machado, Bob Dutton and Christine Kehoe. The letter (hosted at [www.cacities.org/fundingstatus](http://www.cacities.org/fundingstatus)) was written in response to questions raised by the senators as to the specific reasons for the delays in a special hearing on Dec. 3.

The League of California Cities thanks the senators for raising these questions, and looks forward to continuing to work with DOF on implementation issues.

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**'Lakewood City Advocacy Award' Continued from Page 1...**

For more than two decades, Lakewood has played an active role helping the League accomplish its legislative goals. The city first became involved after City Manager Howard Chambers read an article in *Western City* magazine, highlighting how one city implemented a system to quickly respond in the fast-paced legislative process.

Mayor Diane DuBois commented on Lakewood's investment to legislative action at the state level, explaining how legislative advocacy has been engrained in the city for many years.

"The Lakewood City Council knows the value of staying close to the legislative process, thanks to the guidance the League of California Cities has provided," she said. "We continue to be partners with the League's member cities in making the interests of local government known by working with our own state legislators. We've seen the benefit to Lakewood residents of our consistent, knowledgeable, and timely advocacy."

League Legislative Director Dan Carrigg presented an award plaque to the Lakewood City Council, remarking just how vital Lakewood and cities in general are to the League's success.

"The League relies on its member cities like Lakewood to work with us collectively to make sure that the state government hears the voices of our cities loud and clear," Carrigg said. "When cities lobby in Sacramento they in fact protect vital local community services—parks, public safety, recreation programs, library services, local streets and roads. It's about creating and maintaining vibrant communities for everyone who lives in a city."



From left to right: Lakewood Mayor Diane DuBois, League Legislative Director Dan Carrigg, and Lakewood Deputy City Manager Lisa Novatny. (League Photo/Kristine Guerrero)

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## **A Reminder on Prop. 1A Protection of Major City Revenue**

As estimates of the California's chronic general fund budget problem continue to grow, local officials are warily checking their wallets. It isn't too long ago when the California Legislature looked to local revenues to help solve budget shortfalls.

But in Nov. 2004, the landscape changed as far as the Legislature's authority to take major local revenues. By an unprecedented 84 percent "yes" vote, Californians adopted Proposition 1A, an amendment to the California state constitution that protects vital local revenues.

Prop. 1A prohibits the state from:

- Shifting property taxes from cities, counties or special districts with certain exceptions;
- Reducing the local Bradley Burns Uniform Sales & Use Tax rate or altering its method of allocation (except to comply with federal law or an interstate compact);
- Decreasing vehicle license fee (VLF) revenue from the 0.65 percent rate without providing replacement funding to cities and counties. The state may charge for administrative costs (California Department of Motor Vehicles, Controller) and the Legislature retains the power to change state law allocating VLF revenue among cities and counties; and
- Failing to reimburse to cities and counties for local sales tax revenues shifted to fund state economic recovery bonds under the triple-flip (for more on the triple-flip, visit [www.californiacityfinance.com](http://www.californiacityfinance.com)).

## **State Mandate Funding**

Prop. 1A also expands definition of “state mandate” to include the transfer of responsibility of a program for which the state previously had full or partial responsibility. Under Prop. 1A, the state is required to suspend any state mandate upon local government in any year the Legislature does not fully fund the mandate, including for all costs incurred in prior years.

## **Emergency Temporary Suspension of Property Tax Protection**

Beginning in FY 2008-09, the Legislature may temporarily suspend the property tax revenue protection provisions of Prop. 1A under certain very restrictive conditions. The Legislature may “borrow” not more than 8 percent of total property tax revenues (currently around \$2 billion) if:

1. The Governor issues a proclamation of “severe fiscal hardship;”
2. The Legislature enacts an urgency statute suspending Prop. 1A property tax protection with two-thirds vote of each house; and
3. The Legislature enacts a law providing for full repayment of the “borrowed funds” plus interest within three years

The Legislature may not enact such a suspension more than twice in any 10-year period and may only do so if any previous borrowing under this provision has been repaid.

## **Similar Protections for Prop. 42 Transportation Sales Tax in Prop. 1A of 2006**

Prop. 42 of 2002 earmarked revenues from the state sales tax on gasoline for transportation purposes including local streets and roads. Under longstanding provisions of Prop. 42 and its implementing legislation, cities and counties received no allocations this year. In FY 2008-09, however, cities are due to receive nearly \$300 million (allocated on a per capita basis), with a like amount allocated to counties, and another \$300 million to public transportation.

In Nov. 2006, the voters of California approved another Prop. 1A, this one providing protections for the Prop. 42 transportation sales taxes. Similar to the property tax protections in Prop. 1A of 2004, the 2006 measure provides that the Legislature may borrow revenues Prop. 42, but only under the same stipulations posted for Prop. 1A (2004) listed above.

For more information on Prop. 42 and Prop. 1A (2004), visit [www.californiacityfinance.com](http://www.californiacityfinance.com).

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## **Final Transit-Oriented Development Guidelines Released**

Last week, the California Department of Housing and Community Development (HCD) published final guidelines for its transit-oriented development program. The guidelines will be used for the application process and notice of funding availability. Applications are due March 7, 2008.

Cities are encouraged to review the guidelines, which are available at [www.hcd.ca.gov/fa/tod/](http://www.hcd.ca.gov/fa/tod/).

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## **Nominations Now Being Accepted for League City Managers Department Awards**

Do you have a colleague or city manager that has gone above and beyond the call of duty to contribute to their communities, or promoted the advancement of diversity within their community and workplace? If so, it's time to recognize them with a nomination for the 2008 John H. Nail Memorial Award or the 2008 Award for the Advancement of Diverse Communities.

The [John H. Nail Memorial Award](#) was created by the League of California Cities City Managers Department in honor and memory of a highly regarded city manager and individual. This award recognizes local government administrative professionals who are serving as municipal assistants (regardless of position or title) and have contributed significantly to their communities.

The [Award for the Advancement of Diverse Communities](#) was established by the City Managers Department and honors a city manager or assistant city manager who has been most successful in promoting the advancement of diversity within the community and the workplace through the development and implementation of effective programs, policies and/or practices encouraging diversity.

Nomination applications for each award are available at [www.cacities.org/managers](http://www.cacities.org/managers), under “[2008 John H. Nail Memorial Award & Award for the Advancement of Diverse Communities](#).” The application deadline is 5 p.m., on Friday, Dec. 21. Applications should be sent to the following address:

League of California Cities  
Attn: Natasha Karl  
1400 K Street, 4th Floor  
Sacramento, CA 95814

For more information on the awards, contact League Legislative Analyst Natasha Karl at (916) 658-8254.

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### **League 2008 Annual Conference: Call for Session Proposals**

Do you have a great idea for a session at the 2008 League of California Cities Annual Conference? If so, the League wants to hear from you! This is an exciting opportunity to share your ideas, knowledge and expertise with local government staff, elected officials and decision makers.

Each year, the League receives more than 200 submissions for 50-55 session slots. Annually, the conference hosts approximately 2,200 attendees from across the state, including mayors, council members, city attorneys, city managers, city clerks, municipal assistants, public works officers, planners, planning commissioners, fiscal officers and city department staff. An exhibition with over 320 vendors is also showcased.

The 2008 conference theme is “Sailing into the Future” and will be held at the Long Beach Convention Center, Sep. 24-27, 2008. Submissions on any topic area are welcome. Please note that only fully completed proposal forms submitted on or before noon on Tuesday, Jan. 15, 2008, will be considered by the 2008 Annual Conference Program Planning Advisory Committee.

Any individual, group, business or organization may submit full proposal suggestions. Please visit [www.cacities.org/events](http://www.cacities.org/events) for additional details and submission form or contact the League at [education@cacities.org](mailto:education@cacities.org).

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### **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](http://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.

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