City of Culver City, California

City Council Agenda Item Report

Meeting Date: 09/25/06	Item Number: A-3
AGENDA ITEM: A Resolution of the City Council of the City of Culver City Supporting Propositions 1A, 1B, 1C, 1D, 1E and 84 on the November 2006 Ballot.	
Contact Person/Dept.: Shelly Wolfberg, Intergovernmental Relations Officer	Phone Number: (310) 253-6008
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Public Notification: League of California Cities and Master Notification List (09/20/06)	
Department Approval: Martin R. Cole (09/20/2006)	City Manager Approval: Jerry B. Fulwood (09/20/2006)
City Controller Approval:	

RECOMMENDATION:

Staff recommends the City Council consider supporting Propositions 1A, 1B, 1C, 1D, 1E and 84 on the November 7, 2006 state ballot.

BACKGROUND/DISCUSSION:

Proposition 1A - Transportation Funding Protection. Legislative Constitutional Amendment.

This measure amends the State Constitution to further limit the conditions under which the Proposition 42 transfer of gasoline stales tax revenues for transportation uses can be suspended. This measure:

- Protects transportation funding for traffic congestion relief projects, safety improvements, and local streets and roads.
- Prohibits the state sales tax on motor vehicle fuels from being used for any purpose other than transportation improvements.
- Authorizes loans of these funds only in the case of severe state fiscal hardship. Requires loans of revenues to no more than twice in any 10-year period.

The measure also authorizes the Legislature to provide for the issuance of bonds by state or local agencies in accordance with the established Prop. 42 allocation methodology. The City of Culver City is expected to receive an estimated $299,220 in Proposition 1A revenues for repayment and interest from FY 03-04 and FY 04-05.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- No direct revenue or cost effects. Increases stability of funding for state and local transportation uses in 2007 and thereafter; reduces somewhat the state's authority to use these funds for other, non-transportation priorities.

Proposition 1B- Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

This measure authorizes the state to sell about $20 billion of general obligation bonds which proceeds would be available for expenditure by various state agencies and transit operators upon appropriation by the Legislature as follows:

- Congestion Reduction, Highway and Local Road Improvements - $11.3 billion – for capital improvements to reduce congestion and increase capacity on state highways, local roads and public transit for grants available to locally funded transportation projects, as well as for projects to rehabilitate state highways and roads.
- Public Transportation - $4 billion – to make capital improvements to local transit services and the state's intercity rail service. These improvements would include purchasing buses and railcars, as well as making safety enhancements to existing transit facilities.
- Goods Movement and Air Quality - $3.2 billion – for projects to improve the movement of goods – through the ports, on the state highway and rail systems, and between California and Mexico – and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.
- Safety and Security - $1.5 billion – for projects to increase protection against a security threat or improve disaster response capabilities on transit systems; as well as for grants to improve the safety of rail crossings to seismically retrofit local bridges, ramps, and overpasses; and to improve security and disaster planning in publicly owned ports, harbors, and ferry terminals.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State costs of about $38.9 billion over 30 years to pay off both the principal and interest costs of the bonds. Payments of about $1.3 billion per year.
- Additional unknown state and local government costs to operate and maintain transportation infrastructure funded with bonds. A portion of these costs would be offset by revenues generated by the improvements, such as fares and tolls.

Proposition 1C: **Housing and Emergency Shelter Trust Fund Act of 2006.**

This measure authorizes the state to sell $2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs. The major allocations of the bond proceeds are as follows:

- Development Programs ($1.35 billion). The measure would fund three new programs aimed at increasing development, primarily projects in existing urban areas and near public transportation. The programs would provide loans and grants for a wide variety of projects, such as parks, water, sewage, transportation and housing.
- Homeownership Programs ($625 million). A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers.
- Multifamily Housing Programs ($590 million). This measure also would fund programs aimed at the construction or renovation of rental housing projects, such as apartment buildings. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).
- Other Housing Programs ($285 million). These funds would be used to provide loans and grants to the developers of homeless shelters and housing for farm workers.

<u>Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:</u>

- State cost of about $6.1 billion over 30 years to pay off both the principal and interest costs on the bonds. Payments of about $204 million per year.

Proposition 1D: **Education facilities: Kindergarten-University Public Education Facilities Bond Act of 2006.**

This measure allows the state to sell $10.4 billion of general obligation bonds for K-12 school facilities ($7.3 billion) and higher education facilities ($3.1 billion).

K-12 Facilities

- Modernization ($3.3 billion)
- New Construction ($1.9 billion)
- Relief Grants for Overcrowded Schools ($1 billion)
- Career Technical Education Facilities ($500 million)

- Charter School Facilities ($500 million)
- Environment-Friendly Projects ($100 million)
- Joint-Use Projects ($29 million)

Higher Education Facilities

Construct new buildings and related infrastructure, alter existing buildings, and purchase equipment for use in these buildings for the state higher education segments.

- Community Colleges ($1.5 billion)
- University of California ($890 million)
- California State University ($690 million)

<u>Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:</u>

- State costs of about $20.3 billion to pay off both the principal and interest on the bonds. Payments of about $680 million per year.

Proposition 1E: **Disaster Preparedness and Flood Prevention Bond Act of 2006.**

This measure authorizes the state to sell about $4.1 billion in general obligation bonds for various flood management programs, allocated as follows:

- State Central Valley flood control system repairs and improvements; Delta levee repairs and maintenance ($3 billion)
- Flood control subventions (local projects outside the Central Valley) ($500 million)
- Storm water flood management (grants for projects outside the Central Valley) ($300 million)
- Flood protection corridors and bypasses; floodplain mapping ($290 million)

<u>Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:</u>

- State cost of about $8 billion over 30 years to pay off both the principal and interest costs on the bonds. Payments of about $266 million per year.
- Reduction in local property tax revenues of potentially up to several million dollars annually. The measure provides funds for land acquisition by the state for flood management, including the development of bypasses and setback levees.

Under state law, property owned by government entities is exempt from property taxation.

- Additional unknown state and local government costs to operate or maintain properties or projects acquired or developed with these bond funds.

Proposition 84: Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute.

This initiative allows the state to sell $5.4 billion in general obligation bonds for the following purposes:

- Water Quality ($1.525 billion)
- Protection of Rivers, Lakes, and Streams ($928 million)
- Flood Control ($800 million)
- Sustainable Communities and Climate Change Reduction ($580 million)
- Protection of Beaches, Bays, and Coastal Waters ($540 million)
- Parks and Natural Education Facilities ($500 million)
- Forest and Wildlife Conservation ($450 million)
- Statewide Water Planning ($65 million)

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about $10.5 billion over 30 years to pay off both the principal and interest costs on the bond. Payments of about $350 million per year.
- Reduction in local property tax revenues of several million dollars annually. This initiative provides fund for land acquisition by governments and nonprofit organizations for various purposes. Under state law, property owned by government entities and by nonprofit organizations (under specified conditions) is exempt from property taxation.
- Unknown costs, potentially tens of millions of dollars per year, to state and local governments to operate or maintain properties or projects acquired or developed with these bond funds.

The League of California Cities worked this past year to encourage the Legislature and Gov. Schwarzenegger to place a package of infrastructure funding measures on the November ballot - and is urging cities to support all six infrastructure measures: Propositions 1A, 1B, 1C, 1D, 1E (placed on the ballot by the Legislature) and Proposition 84 (placed on the ballot through the initiative process). Passage of the above measures would effectively recommit the state to an aggressive infrastructure investment program. The League supports the adoption and implementation of a long term capital investment plan and budget to upgrade and repair the state's vital infrastructure that is essential to sustainable growth in California. California cities face mounting infrastructure deficits and population growth and passage of these ballot initiatives will help alleviate some of the burdens that local governments have had to endure.

FISCAL ANALYSIS:

There is no fiscal impact for the City Council to take a position on these measures.

ATTACHMENTS:

1. Resolution
2. City of Culver City Legislative Advocacy Program for 2006
3. Text of Proposed Laws for Propositions 1A, 1B, 1C, 1D, 1E and 84

MOTION:

That the City Council:

1. Adopt Resolution No. 2006 -__________ "A Resolution of the City Council of the City of Culver City establishing City Council positions Prop. 1A, 1B, 1C, 1D, and 1E and Proposition 84 on the November 7, 2006 Ballot"; and

2. Send copies of the adopted resolution to Governor Arnold Schwarzenegger, Senator Kevin Murray, 26th District, Assemblymember Karen Bass, 47th District and the League of California Cities.