

FOCUS

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

May 19, 2006
Issue #20-2006

GOVERNOR SIGNS HOUSING BOND AT LEAGUE OF CALIFORNIA CITIES LEGISLATIVE ACTION DAYS

More than 500 city officials gave Gov. Arnold Schwarzenegger a standing ovation this week in Sacramento, when he signed SB 1689 (Núñez/Perata) – the housing bond package passed two weeks ago as part of an infrastructure funding package – at the League of California Cities' Legislative Action Days event on May 17.

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From left to right: Senate Minority Leader Dick Ackerman, Senate President Pro Tempore Don Perata, Gov. Arnold Schwarzenegger and Assembly Budget Chair John Laird.

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LEAGUE ETHNIC DIVERSITY CAUCUSES URGE 'FAIR COMPETITION' IN TELECOM REFORM

NEW TELECOM TOOL KIT AVAILABLE

Representatives of the League of California Cities' Latino, African-American and Asian-Pacific Islander Caucuses spoke on May 17 at the League's Legislative Action Days, urging the Legislature to work for new telecommunications rules that ensure that competition in telecommunications is fair to all neighborhoods, regardless of income levels or ethnicity.

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FEDERAL TELECOM UPDATE

The Senate Commerce, Science and Transportation Committee held a May 18 hearing on federal telecommunications law reform draft legislation, S.2686, the "Communications, Consumer's Choice and Broadband Deployment Act of 2006," recently introduced by Committee Chairman Ted Stevens (R-Ark.). *For more, see Page 4.*

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PROP. 42 PAYBACK FUNDS: HOW SHOULD CITIES BUDGET?

With last week's release of the May Revise to the budget, Gov. Schwarzenegger is continuing to propose, as he did in January, that the FY 2006-07 budget include \$920 million to pay back loans the state took from Proposition 42 transportation funding in FY 2003-04. This amount includes \$254 million for local streets and roads (half for cities, half for counties), roughly the same level of funding as in the current FY 2005-06 year.

Many city managers and finance officers are wondering if they should build their city's share of the payback into their own city budget proposals.

The conservative answer is "no," because at this time, the proposal is simply that – a proposal. Absent this repayment of previously suspended Proposition 42 funds, the Transportation Congestion Relief Program in current law (Revenue and Taxation Code Sec. 7104(c)) would be provide no Proposition 42 appropriation to cities or counties in FY 2006-07 to FY 2007-08.

A clearer (and perhaps rosier) answer to this question will be available in a few weeks, when the Legislature has acted on the Governor's proposal.

FIND A BILL, LEGISLATORS, LEG COMMITTEE - OR ASK LEG STAFF

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

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The Governor hailed the bond as a great success, and a shining example of what the Legislature can accomplish when working together. It will appear on the November statewide ballot as Proposition 1C.

"The bond package was passed not because of me, but all of you," the Governor told the packed ballroom of local government officials, including members of the League's board of directors. "There was no 'Republican way,' no 'Democrat way,' we did it the California way. This was a huge victory for California."

The League's Legislative Action Days is an annual event, where city officials come to the State Capitol to lobby their legislators on League priority issues. This year's program featured a variety of speakers from the League, State Legislature, and state agencies.

Governor, Legislators Receive League Awards

Following the Governor's speech, League First Vice President Maria Alegria, Mayor Pro Tem in the city of Pinole, presented the Governor with a commemorative shovel as an award recognizing his work on the bi-partisan infrastructure investment package. Also on hand to receive the awards were Senate President Pro Tempore Don Perata, Sen. Dick Ackerman, Sen. Bob Dutton, Sen. Alan Lowenthal and Sen. Tom Torlakson.

The commemorative shovels were intended to signify the infrastructure work that will be undertaken if the housing and other infrastructure bonds are passed by voters in November. Also honored, but not present to accept the awards, are Assembly Speaker Fabian Núñez and Assembly Minority Leader George Plescia.

Telecommunications Discussed by Levine, Diversity Caucus Members

The Governor's remarks came at the end of a program that also included a discussion of telecommunications reform.

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Assemblymember Lloyd Levine, chair of the Assembly Utilities and Commerce Committee, spoke about AB 2987, a telecommunications reform measure opposed by the League that Levine is co-sponsoring with Assembly Speaker Fabian Núñez. Levine remained after his address to hear concerns expressed by members of the League's ethnic diversity caucuses about the bill's lack of stringent protections against red-lining.

"Here's what it comes down to," said Los Angeles councilmember Tony Cardenas, a member of the League's Latino Caucus. "We support competition, but only if it leads to fairness – better access to video and broadband services for all neighborhoods and all businesses."

Levine stressed that both he and the Speaker are working together with local officials to address their concerns.

Other speakers at the event included Senate President Pro Tempore Don Perata, who spoke about the infrastructure package, and Assembly Budget Chair John Laird, who talked about the May Revise to the budget.

State Transportation, Housing Officials Discuss Bonds

Legislative Action Days continued on May 18, with League President and Los Angeles councilmember Alex Padilla opened the session. Commenting on the success of the previous day's meetings, Padilla stressed that the League would continue to succeed legislatively if members kept working together. He emphasized that there was much work yet to be done.

"We have many challenges on the horizon," the League President said. "While the state infrastructure package is a great start, we know we will need more tools at the local level to fund local services and infrastructure. We also need to continue to work to ensure that our communities get a fair deal on telecom reform and ... establish a permanent source of funding for affordable housing."

"It is our unity that has made us strong, and our unity will make us stronger," Padilla concluded.

Padilla then introduced Terry Abbott, division chief, Local Assistance, of the California Department of Transportation. Abbott gave an overview of the infrastructure bond package, detailing how funds would be allotted, if the infrastructure bond package is passed by voters in November.

Lynn Jacobs, director of the California Department of Housing and Community Development (HCD), next addressed the group. She stressed that her goal for the department is to work together with local officials to build more housing.

"This is my one-month anniversary [since assuming the position of HCD Director], and I want you to know my goal is to help you produce more housing, not to get in the way of you doing so," Jacobs explained.

The new HCD Director also commented on some of the new affording housing programs that would be established if the infrastructure bond package is passed by voters. She said that her intent is to work with the League and other organizations to establish stakeholder groups that will consult with the department on how best to prioritize projects that can be funded by the new bond.

"We want to be able to tell the Legislature what works in the field and work with you to find out where the money is best spent," Jacobs said. "My main reason in being here today is to ask for your support as we work to build more housing. We have to make sure the people of California are safely and adequately housed."

The session closed with a briefing by League Deputy Director Dwight Stenbakken on the status of AB 2987 negotiations with the authors and their staff.

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The hearing was the first of two scheduled hearings leading up to a markup of the bill, which is tentatively scheduled to take place next month.

The May 18 hearing focused primarily on the legislation's intent to increase competition in the video service market to the benefit of consumers. All senators present for the hearing voiced their support for the measure's goal of expediting the entry of new providers into the market.

However, several senators also expressed reservations with the bill's proposed plan to achieve this objective through the establishment of a national franchise system that would shift control of public rights of way to the Federal Communications Commission (FCC).

Chairman Stevens was sympathetic to these concerns, and emphasized that the measure before the committee was still merely a draft. He committed to work with the national local government groups who raised this and other concerns.

Boxer Support for Local Concerns

Sen. Barbara Boxer (Calif.) was particularly vocal about the effect that the draft measure would have on local governments, raising many of the League's major concerns with the bill, including rights-of-way, build-out and anti-redlining.

Michael Guido, vice chairman of the U.S. Conference of Mayors Transportation and Communications Committee and mayor of Dearborn, Michigan, offered testimony at the hearing on behalf of local government. Mayor Guido did an outstanding job of presenting local governments' positions on rights-of-way and consumer protection, as well as the need to include build-out provisions in any federal telecommunications law reform legislation.

A copy of the mayor's testimony is available at www.cacities.org/telecom. You can also view the full panel of witnesses on the committee's website at <http://commerce.senate.gov>. The committee will

post the prepared testimony of all participating witnesses at this address within the next several days.

Also available at www.cacities.org/telecom is a copy of a letter that the National League of Cities, the National Association of Counties, the U.S. Conference of Mayors and the National Association of Telecommunications Officers issued to the committee's chairman and ranking member last week expressing their concerns with the legislation.

While the committee had initially proposed a second hearing to be held on S. 2686 on May 25, followed by a markup of the bill on June 8, Chairman Stevens mentioned the need for a new schedule to be developed in light of conflicting schedules of committee members.

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"California city officials support and welcome competition among telecommunications providers," said Maria Alegria, first vice president of the League of California Cities and mayor pro tem of the city of Pinole. "We know that it's good for consumers. It leads to lower prices and better service."

"But competition must be fair for all Californians. We can only have fair competition and equity if telecom providers are required to commit to build-out schedules that will ensure that all communities, regardless income levels, have access to service within a reasonable timeframe."

The League of California Cities is opposed to AB 2987 (Núñez/Levine) in its current form, because it fails to specify build-out schedules for new market entrants, or to guarantee that cities will have the same rights to public access stations and broadband services to schools and libraries as can be negotiated under current cable television franchising authority. The cities are also concerned about enforcement of consumer protection provisions, maintaining revenues that are vital to providing essential services, and preserving local control over local rights-of-way.

The comments by the diversity caucus members followed a presentation on AB 2987 by its co-author, Assemblymember Lloyd Levine.

In addition to Alegria, diversity caucus speakers included **E. Timothy Parker**, mayor pro tem of Newman and president of the African-American Caucus; **Steve Cho**, vice president of the League's Asian-Pacific Islander Caucus and a council member in the city of Fremont; **Ed Balico**, vice mayor in the city of Hercules, and a member of the League's Asian-Pacific Islander Caucus; and **Tony Cardenas**, council member, Los Angeles, a member of the Latino Caucus. The speakers raised concerns about the lack of specific build out provisions in the measure, enforcement of consumer protection standards, continued support for public access or "PEG" ("public, education, government") stations, and service to libraries and schools.

Cardenas was adamant that city officials were open to reform, but only if the competition resulting from that reform is fair to all Californians.

"We support competition, but only if it leads to fairness – better access to video and broadband services for all neighborhoods and all businesses, large and small," Cardenas explained. "Assembly Speaker Nunez and Assemblymember Levine ... understand our concerns. We are hopeful that we will soon see amendments that address our issues."

New Telecom Advocacy Tool Kit

The League also rolled out new telecommunications advocacy materials this week, as part of an intensified effort the League will undertake in the weeks ahead to build grassroots coalitions and undertake media outreach regarding state and federal telecommunications reform measures.

The "Telecom Action Kit" was presented to city officials at the League's Legislative Action Days, and is available for download at www.cacities.org/telecom. The kit includes background materials on AB 2987 (Núñez /Levine), direction regarding coalition building and media outreach, and urges city officials to contact their League regional representatives to coordinate grassroots activities.

Also included are a sample resolution for adoption by a city or other local agency, a sample oped and sample letter to the editor.

Additional tool kit materials will be added in the weeks ahead, as the League continues its emphasis on educating the media and legislators about local concerns with AB 2987.