



City Advocate Weekly

LEGISLATION AND POLICY AFFECTING CALIFORNIA CITIES

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BUDGET UPDATE: AS STATE'S FISCAL WOES WORSEN, LOCAL GOVERNMENT VULNERABILITY WIDENS

It was a busy week in the Capitol and across the state as the League of California Cities and city officials continued fighting budget proposals to borrow \$2 billion of local property taxes and take other vital local government revenues to help close the state's now estimated \$24 billion budget deficit. These events garnered considerable news coverage by both the Capitol press corps and reporters statewide. *For more, see Page 2.*

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NEW WEB SITE, WWW.SAVEYOURCITY.NET, SHOWCASES HOW A STATE RAID OF LOCAL PROPERTY TAXES WOULD HARM CALIFORNIA COMMUNITIES

The League of California Cities launched www.SaveYourCity.net on Tuesday, May 26. This unique and innovative platform lets mayors, city council members and concerned members of the public tell policy makers how communities will be devastated if the state forces cities to bail the state out of its budget deficit. Anyone can register on the site and submit a video.

For more, see Page 3.

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MAYORS AND COUNCIL MEMBERS HOLD PRESS CONFERENCE IN SAN DIEGO TO URGE STATE LAWMAKERS TO LEAVE LOCAL FUNDS LOCAL

League of California Cities President Judy Mitchell joined San Diego Mayor Jerry Sanders and dozens of other California mayors and council members at San Diego's Fire Station 35 on Thursday, May 28 to speak out against the proposal to borrow \$2 billion of local property taxes and take transportation funding to help balance the state's \$24 billion budget deficit.

For more, see Page 4.

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Big City Mayors Meet with State Lawmakers

League President and Rolling Hills Estates Mayor Judy Mitchell joined mayors representing five of the state's largest cities, on Tuesday, May 26 in a series of meetings to oppose the borrowing of local government funds. In the meetings were Los Angeles Mayor Antonio Villaraigosa, San Diego Mayor Jim Sanders, Santa Ana Mayor Miguel Pulido, Sacramento Mayor Kevin Johnson and a member of Oakland Mayor Ron Dellums' staff.

The mayors met with Gov. Arnold Schwarzenegger, Director of Finance Mike Genest, State Controller John Chiang, State Treasurer Bill Lockyer, Senate Republican Leader Dennis Hollingsworth (R-Murrieta) and Assembly Republican Leader Sam Blakeslee (R-San Luis Obispo).

The dominant theme of the meetings, as well as a mid-day press conference, was the opposition to borrowing local government revenues. The mayors shared with constitutional officers negative impacts to cities that this proposal would create. The mayors are planning to return to the Capitol next Wednesday to continue to lobby on behalf of cities.

SaveYourCity.net Launches

Also on Tuesday, the League launched www.SaveYourCity.net as a forum for mayors, city council members and concerned members of the public to tell their stories about how their city will be impacted if the state borrows \$2 billion in local property tax revenues.

The site features video testimonials that are automatically sent to the Governor and the legislators of the person who submitted the video. In just a few days, hundreds of city officials, business and community leaders and the public have already submitted video testimony to lawmakers and the Governor through www.SaveYourCity.net.

City officials are encouraged to upload a video testimonial to the Web site. The League's regional public affairs directors can tape your message and help you upload it. Contact your regional public affairs director to take action!

Additional Budget Proposals that Impact Local Governments

The Governor's office released an additional list of proposed cuts on Tuesday, May 26 which are intended to replace the \$5.6 billion revenue anticipation warrants in the original May Revise proposal. Most important to cities is the proposal to take \$750 million from the local share of Highway Users Tax Account (HUTA) (gas tax) to pay for bond debt, bringing the total local share next year from \$1.05 billion to \$300 million. This would not be a loan, so cities would not be repaid in the future.

Last week on Thursday, May 21, the Legislative Analyst's Office (LAO) released analysis of the Governor's May revise which also included additional budget suggestions. The LAO has proposed borrowing \$1.03 billion in HUTA revenues in FY 2009-10 with repayment to happen in the next two-to-three years. League attorneys are also analyzing potential legalities associated with this proposal. Finally, LAO has proposed redirecting some local public safety program funding to the General Fund. These are just suggestions from the LAO, and so far neither the Governor nor the Legislature has included them in their own proposals.

The Governor's Administration indicated on Tuesday in the Budget Conference Committee that additional proposals for cuts could be expected. The Legislature has asked that the cuts be released with details by the end of Friday.

During a Budget Conference Committee hearing on Thursday, the League strongly opposed this proposal based upon the devastating impact that losing these funds would cause to local communities. In addition, the League testified how this proposal breaks faith with the intent of the voters when they voted for various state infrastructure bonds because it is likely that the voters would not have supported taking local revenues to pay for the bonds. The League's initial legal

research has found that this proposal has significant legal flaws that would cause it to be in violation of various state constitutional provisions.

The League's fiscal consultant is in the process of preparing city-by-city estimates of the impacts of this proposal. The information should be released Monday.

The LAO's budget analysis and report can be found on the LAO's Web site:
http://www.lao.ca.gov/2009/bud/may_revise/may_revision_052109.pdf.

Local Government Organizations Send Letter to State Lawmakers

A group of 38 organizations representing local government interests, including the League of California Cities, sent a letter on Thursday, May 28, to the Governor, all Assembly members, all Senators and all state constitutional officers. The letter expressed the groups' opposition to any proposed borrowing or taking of local government revenues by the state. It made clear how if the state borrows or takes local government revenues it will compound problems at the local level and that local governments are concerned that the state will have difficulty repaying the borrowing.

San Diego News Conference

League of California Cities President Judy Mitchell joined will join San Diego Mayor Jerry Sanders and dozens of other California mayors and council members at San Diego's Fire Station 35 on Thursday to speak out against a the proposal to borrow \$2 billion of local property taxes and take transportation funding to help balance the state's \$24 billion budget deficit. Please see "Mayors and Council Members Hold Press Conference in San Diego to Urge State Lawmakers to Leave Local Funds Local" for more information.

159 Cities Declare a State of Severe Fiscal Hardship

The momentum of cities declaring a state of severe fiscal hardship is building. Cities began taking this action through resolutions the week of May 11. As of print on Friday, May 29, 159 cities had passed a resolution declaring a state of severe fiscal hardship.

Budget Action Day June 3

The League is holding Budget Action Day in Sacramento on Wednesday, June 3. The one day event is an opportunity for city officials to come to the Capitol and meet with legislators on budget issues. Budget Action Day begins at 10 a.m. at the Citizen Hotel with a briefing. Comptroller John Chiang will address city officials during the briefing.

'Save Your City' Continued from Page 1...

Each video uploaded to www.SaveYourCity.net is automatically sent to the Governor and the legislators of the person who submitted the video. More than 200 city officials, business and community leaders and the public have already submitted video testimony to lawmakers and the Governor.

Visitors to www.SaveYourCity.net will find an interactive forum where they can search for videos relevant to their local community. The Web site also features a form for groups wanting to join the Save Your City Coalition and a tool kit with fact sheets for how budget cuts will affect the affordable housing community, public safety, the environment, labor, builders and business.

"The League is working on every level to protect vital city services for the millions of Californians who live in cities. We've taken Save Your City to the Web because we know how important it is to reach the public with information about threats to their communities. This site is a powerful tool that gives people worried about cuts to city services a way to talk about the real impact a state raid would have on their community," said League Executive Director Chris McKenzie.

McKenzie recorded a video for the Web site talking about why it is so critical that proposals to borrow local government property taxes are opposed. Click here to watch it.

http://www.youtube.com/watch?v=J4at_p8KIM

In addition to the Save Your City Web site, the League has also launched a page for Save Your City on Facebook where fans can get the latest updates on the campaign and network with others who are concerned about the devastating impact a state raid of local property tax revenues would have on their city services.

'Press Conference' Continued from Page 1...

"The League is working on every level to protect vital city services for the millions of Californians who live in cities. Asking local governments for a bailout of the state's budget is like making a sub-prime loan to a borrower who has a terrible credit rating and can't afford his daily expenses. Robbing communities of gas tax funds that have been used for years to repair local streets is short-sighted and will harm both the state's economy and the state's revenues. This is bad policy from the start and California's cities shouldn't be forced to continue rescuing the state from its self-inflicted financial misfortunes," said League President and Rolling Hills Estates Mayor Judy Mitchell.

There were approximately 100 city officials at the news conference. Along with Mayor Sanders, other speakers included League President and Rolling Hills Estates Mayor Judy Mitchell, League Second Vice President and Modesto Mayor Jim Ridenour, Escondido Mayor Lori Holt Pfeiler and San Diego Assistant Police Chief David Ramirez.

The mayors and council members at Thursday's news conference in San Diego emphasized how their cities are already in fiscal distress and that forcing cities to loan the state money now will have dire consequences for public safety and other vital services. Cities have been making tough budget cutting decisions such as employee layoffs and furloughs, reduction of public safety services, project delays and program reductions.

"We want our state leaders to hear loud and clear that taking our local property tax and gas tax revenues will mean more layoffs, fewer police officers, few fire fighters, fewer potholes filled, fewer programs to keep our youth engaged, shorter library hours and more. Cities have to balance their budgets and can't shift the burden on to someone else's shoulders. It's time for the state to bear the burden of its budget mess and leave cities to provide the services our residents rely on us to provide," said League Executive Director Chris McKenzie.

Cities Continue to Declare State of Severe Fiscal Hardship in Wake of Budget Proposal

Since May 11, 159 cities across California have declared a state of severe fiscal hardship and opposed a proposal to take local property tax revenues to finance the state budget. Cities are already struggling to balance their own budgets: enacting drastic cuts including public safety reductions, employee layoffs, hiring freezes, project delays, program reductions and more.

159 Cities Declare State of Severe Fiscal Hardship

Adelanto	Desert Hot Springs	Lodi	Rocklin
Albany	Dinuba	Lomita	Rohnert Park
Antioch	Duarte	Los Angeles	Sacramento
Apple Valley	Dunsmuir	Los Banos	Salinas
Arcata	El Cajon	Los Gatos	San Anselmo
Arroyo	El Monte	Loyalton	San Bernardino
Grande	Elk Grove	Marina	San Carlos
Artesia	Encinitas	Marysville	San Jacinto
Arvin	Escondido	McFarland	San Luis
Atascadero	Eureka	Merced	San Luis Obispo
Atherton	Fairfield	Millbrae	San Marcos
Bakersfield	Folsom	Modesto	Sand City
Banning	Fort Bragg	Moreno Valley	Santa Clara
Beaumont	Fortuna	Morro Bay	Santa Cruz
Bellflower	Fowler	Mount Shasta	Santa Fe
Benicia	Fremont	Mountain View	Santa Fe Springs
Biggs	Gardena	Novato	Santa Maria
Blythe	Grass Valley	Oakdale	Santee
Buena Park	Grover Beach	Oceanside	Seaside
Calimesa	Hanford	Orinda	Sebastopol
Carmel	Hawthorne	Orland	Solana Beach
Carlsbad	Hemet	Oroville	Sonoma
Carson	Hermosa Beach	Palm Springs	Sonoma
Cathedral City	Highland	Palo Alto	South San Francisco
Chowchilla	Hollister	Paradise	Stockton
Chula Vista	Imperial	Perris	Taft
Citrus Heights	Imperial Beach	Petaluma	Tehachapi
Claremont	Indian Wells	Placentia	Temecula
Clayton	Ione	Plymouth	Torrance
Cloverdale	Irwindale	Poway	Tulare
Clovis	Jackson	Rancho Cordova	Vacaville
Coachella	La Mesa	Rancho Cucamonga	Vallejo
Coalinga	La Puente	Rancho	Visalia
Colfax	La Quinta	Mirage	Vista
Colusa	Lake Elsinore	Red Bluff	Walnut
Concord	Lakewood	Redding	Wheatland
Corona	Larkspur	Redlands	Wildomar
Coronado	Lathrop	Redondo Beach	Williams
Covina	Lemon Grove	Riverside	Williams
Culver City	Santa Clarita		Willows
Del Mar	Lindsay		Yountville
Delano			

In the next month, 30 more cities are expected pass similar resolutions of severe fiscal hardship and send a message to the Governor that his budget proposal to raid \$2 billion in local property taxes is unacceptable.

A sample resolution can be found on the League's Web site
http://www.cacities.org/resource_files/28002.SAMPLERESOLUTIONFINDINGASEVEREFISCALHARDSHIPMay8.pdf

Plan to Attend Budget Action Day on Wednesday, June 3

The League is holding a special event in Sacramento on June 3 to bring city officials to lobby their legislators and administration officials on possible implications of the May 19 special election results. The timing of this session is designed to allow many city officials to come in just for the day.

With California's fiscal crisis, budget negotiations and testimonies are going to be extremely important. The May revise has set the tone for the coming weeks of budget negotiations and this is an important time to meet with your legislators to protect local funding. California cities need to join forces to respond to the May revise proposals to ensure cities' needs are heard and understood in the Capitol.

Schedule of Events

10 – 11:15 a.m., May Revise Budget Briefing
Citizen Hotel, Metropolitan Terrace, Sacramento, CA

- State Controller John Chiang will address city officials

11:15 a.m. – 3:30 p.m., Time for Scheduling Lunch and Lobbying Appointments with Legislators

Please contact Meghan McKelvey at mmckelvey@cacities.org or (916) 658-8253 if you would like to attend.

District Budget Meetings

City officials who are unable to make the trip to Sacramento on June 3 are encouraged to contact their League regional public affairs manager to schedule a district meeting with their legislator.

Legislature Holds Suspense Hearings: Information on Key Legislation League Tracking

This week, bills with costs of \$150,000 or more were examined by the appropriations committees in the Assembly and Senate. The process of holding bills of this fiscal impact is called "suspense" and the committees meet biannually to take up the suspense files then pass bills out of committee that either fall below a set cost threshold or are agreed upon by the committee. There were a number of bills of particular interest to cities that went through suspense including AB 155 (Mendoza) which the League has opposed very strongly through the legislative session.

The Senate Appropriations Committee held a significant portion of its suspense calendar this year. In general, the committee held bills that expanded existing programs or created new ones. However, they did let out about 80 bills with a total cost of about \$3.5 million dollars to the state's General Fund. Similarly, the Assembly Appropriations Committee let about half of its bills out of committee, with a cost of about \$6 million.

The cost of many of these bills will be absorbed by the implementing state agency's existing budget, or the costs will be incurred through state or local fees. In the case of a number of the bills, the implementation dates for the bills have been put off for several years. In those cases, the bill has no cost to the state's General Fund for FY 2008-09 (this budget year).

Below is a list of the key bills the League is watching, the League's position and how the bills fared:

- SB 194 (Florez): oppose, held by the Senate Appropriations Committee
- SB 518 (Lowenthal): oppose, approved by the Senate Appropriations Committee, but first amended to make the mandatory provisions of the bill permissive
- AB 128 (Coto): oppose, held by Assembly Appropriations Committee
- AB 155 (Mendoza): oppose, passed by Assembly Appropriations Committee with clarifying amendments
- AB 262 (Bass): support, passed by Assembly Appropriations Committee
- AB 396 (Fuentes) oppose, held by Assembly Appropriations Committee
- AB 479 (Chesbro): "watch," passed by Assembly Appropriations Committee
- AB 596 (Evans): support, held by Assembly Appropriations Committee
- AB 1284 (Huffman): support, held by Assembly Appropriations Committee

Robin Lowe Elected League First Vice President, Jim Ridenour, Second Vice President

The League's 2009 board of directors nominating committee was called upon to select a replacement for a vacancy on the executive committee caused by the resignation of Rancho Cordova Council Member Ken Cooley as first vice president. The committee nominated Hemet Council Member Robin Lowe for the first vice president position and nominated Modesto Mayor Jim Ridenour to fill the second vice president position. The board of directors met to approve the nominations on Friday, May 22.

Lowe has served on the Hemet City Council for 14 years, including four terms as mayor. Active in the League as the second vice president prior to her nomination for first vice president, Lowe has been a member of the board of directors since 2000 and has served as president of the Riverside County Division and the Mayors and Council Members Department and chair of the Transportation, Communications and Public Works Policy Committee. In addition, she was elected to the National League of Cities board of directors in 2007.

Elected Modesto mayor in December 2003, Ridenour joined the League's board of directors in October 2006 as the division representative from the Central Valley. Ridenour also has served as the Central Valley Division representative on the Public Safety Policy Committee from 2006 to the present.

The nominating committee will meet again in July to consider nominations for second vice president and five at-large board member positions. The board of directors will consider the nominations at its meeting in September in conjunction with the 2009 Annual Conference.

League Neutral on Bill Regarding Healing Arts Businesses

Last year, the League strongly opposed Assembly Bill 2427 (Eng), sponsored by the California Veterinary Medical Association (CVMA). This bill attempted to prohibit local governments from regulating local healing arts businesses under their existing police power. Healing arts businesses are regulated by the California Department of Consumer Affairs and do not include massage therapy services. The bill was brought to the Legislature after CVMA sued the city of West Hollywood over an ordinance prohibiting the declawing of animals for non-therapeutic purposes. While the city ultimately won the case and has had their ordinance upheld, CVMA brought the bill to the legislature to overturn the ability of local governments to regulate veterinary and other types of healing arts businesses. AB 2427 was ultimately vetoed by the Governor last year.

This year, CVMA introduced SB 762 (Aanastead), a similar bill that deals with the local regulation of healing arts professions. This version of the bill contains specific language to protect the erosion of a city's police powers as it relates to ordinances, zoning, business licensing or reasonable health and safety requirements. In addition, SB 762 grandfathers in the city of West

Hollywood's ordinance. In light of this revision, the League has moved from an opposition position to a neutral position.

For more information about SB 762 (Aanastead), visit the League's Web site at www.cacities.org/billsearch and type "SB 762" into the search function.

State Water Board to Hold Workshop on Water Quality Enforcement Policy

The State Water Resources Control Board (SWRCB) will hold a workshop in Sacramento on June 4 to consider proposed revisions to portions of the State Water Quality Enforcement Policy. SWRCB is the agency responsible for the coordination and control of water quality in California. The proposed revisions to the Enforcement Policy can be found on the Water Resources Control Board Web site:
http://www.waterboards.ca.gov/water_issues/programs/enforcement/policy_revisions.shtml.

Workshop Details

The June 4 workshop is scheduled for 1:30-4:30 p.m. in the Coastal Hearing Room of the Cal-EPA Building (1001 I Street, 2nd Floor, Sacramento). It is not clear if the meeting will also be webcast.

SWRCB will not take any action on the Enforcement Policy at the workshop but will consider comments and feedback from stakeholders regarding the proposed changes.

For further information on this meeting, please contact Ann Marie Ore at (916) 327-8195.

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