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THE STATE BUDGET AND TRAILER BILLS: LEAGUE'S DETAILED ANALYSIS

Since the passage of the state budget last week, League staff has been reviewing the 33 bills that make up the budget package approved by the Legislature and Gov. Arnold Schwarzenegger. There is much to review: tax increases, triggers, ballot propositions, tax credits, funding deferrals and other provisions. The process of carefully reviewing these measures takes time, given that much of the language was not widely available in print when the budget was adopted.
For more, see Page 2.

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NLC HOSTS WEBCAST ON FEDERAL RECOVERY PACKAGE: WHAT'S IN IT FOR CITIES?

The National League of Cities (NLC) held an Economic Recovery Webcast on Wednesday, Feb. 25 entitled "The Federal Recovery Package: What's In It for Cities and How to Access the Resources." *For more, see Page 8.*

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CONSTITUTIONAL CONVENTION: WOULD IT FIX WHAT AILS CALIFORNIA?

The Bay Area Council and other groups held a well-attended summit on Tuesday, Feb. 24, in Sacramento to discuss the desirability of calling a state constitutional convention to redefine the way government operates in the state. The speakers at the event said the goal of the convention would be to achieve constitutional changes that would help improve California's system of governance in order to better address our ongoing problems with education, health care, crowded prisons, water systems, an ideologically split legislature, and budget stalemates that disable the state. *For more, see Page 8.*

'Budget Bills' Continued from Page 1...

In a "normal" state budget process, major elements of the budget are vetted during a fairly orderly, predictable six-month process, with many budget subcommittee hearings and time for detailed legislative and public review of specific provisions. Since January, however, much of the discussion surrounding the budget has taken place in the private "Big Five" discussions, involving the Governor and legislative leadership. In these discussions, the decision was made to address both the structural imbalance in the FY 2008-09 budget and the projected deficits in the FY 2009-10 budget. This process, combined with last minute arm-twisting to secure the necessary budget votes, resulted in 33 bills being placed into print on very short notice. Below is a description of the contents of those bills.

3rd Extraordinary Session

<u>SB x3 1 (Ducheny)</u> - **Principal FY 2009-10 State Budget Bill:** This 657-page bill is the budget bill for FY 2009-10, containing the department-by-department, line-item appropriations for every program in state government. Given the complexity of this measure, the League will produce a follow-up analysis next week of provisions in this measure that may be of interest to cities.

<u>SB x3 2 (Ducheny)</u> - **Mid-Year Adjustments to FY 2008-09 Budget:** Makes numerous reductions to previously approved appropriations, unallocated cuts to reflect state employee savings, as well as other modifications and technical changes to the 2008-09 Budget Act, which include the following provisions affecting cities:

- Reducing funding for local public safety grants provided through the Office of Emergency Services by $23.9 million
- Reducing the allocation for local transit agencies from $306 to $153 million
- Using $11 million of Proposition 84 funds for court-ordered Americans with Disabilities Act improvements by the Department of Parks and Recreation
- Reducing funding for Corrections Standard Authority local public safety programs by $75.5 million, including juvenile facilities' support and inmate transportation reimbursement (largely county-based)
- Borrowing $5 million from the Peace Officers Training Fund

This measure also includes a provision that moves the date of the Governor's traditional Budget "May Revise" to June 8.

<u>AB x3 3 (Evans)</u> - **State Tax Increases: Sales and Use Tax, Income Taxes, Vehicle License Fees:** Below is a listing of the state tax increases approved as part of the budget package. *The duration of all of these taxes is extended for an additional period if the voters approve the ballot measure containing the state spending cap ACA x3 1(Niello), which will appear as <u>Proposition 1A on the May 19, 2009</u>, statewide elections.*

- **Statewide Sales and Use Tax.** Increases the current tax rate by 1 percent as of April 1, 2009. The rate increase sunsets on July 1, 2011. If the voters approve Prop. 1A, then the tax increase will continue until July 1, 2012.
- **Vehicle License Fee (VLF).** Increases the VLF rate for all vehicles (except for commercial vehicles with a gross weight of 10,000 pounds or more) by 0.5 percent. While the revenue from the 0.35 percent increase will be deposited into the General Fund (GF), revenue from the 0.15 percent increase will be transferred to a newly-created **Local Safety and Protection Account,** appropriated for specific local public safety programs. The VLF rate increase will become effective for registrations beginning May 19, 2009, and sunset on June 30, 2011. If voters approve Prop. 1A then the tax increase will continue until July 1, 2013. This measure further inserts a "kill switch" designed to protect the revenues directed for local public safety. The Director of Finance (DOF) is required to determine and report to the Legislature by Jan. 10, 2010, and each year thereafter, if the revenues derived from the 0.15 percent increase are being used for any purpose not authorized by the newly created Local Safety and Protection Account. If the DOF determines that funds are being used for other state purposes, then the Director of Motor Vehicles shall, upon receiving this notification, immediately cease collection of the tax.
- **Personal Income Tax.** Increases the personal income tax rate by *<u>either</u> 0.25 percent or 0.125 percent* to each marginal personal income tax rate, or to the alternative minimum tax rate (taxpayers pay whichever is higher), for the years 2009 and 2010. The amount of

this increase will be determined by the Treasurer and the Director of the Department of Finance, or designees, who are required to meet and confer at a public hearing to be held on or before April 1, 2009. The Treasurer and DOF, pursuant to language contained in AB x3 16 (Evans), will determine whether or not sufficient federal funds have been made available to offset not less than $10 billion GF expenditures. If they *do not* determine that sufficient funds are available, the tax increase will be 0.25 percent. If they *do* determine that sufficient funds have been made available, then the tax increase will be 0.125 percent. If the voters approve Prop. 1A then the tax increase will continue until Jan. 1, 2013.

- **Dependent Tax Credit.** Reduces the current dependent tax credit of $309 to $227 and the personal income tax credit of $99 (given to taxpayers who are over 65, and to taxpayers filing a joint return with their spouse/domestic partner) to $52, for the years 2009 and 2010. If the voters approve Prop. 1A, then the tax increase will continue until July 1, 2013.

ACA 1 (Niello) - Budget Reform: Reserve Funds and Spending Cap: Modifies and expands the state budget reforms agreed to as part of the 2008-09 budget (SCA 30), but which has not yet been submitted to voters. The revised measure – if approved by the state voters (as Prop. 1A) at the Special Election on May 19, 2009 – does the following:

Budget Stabilization Fund
Requires 3 percent of state GF revenues to be deposited annually in a Budget Stabilization Fund, except when the amount in that fund would exceed 12.5 percent of the GF revenues estimate. Under the existing law, deposits are no longer required when the amount in the fund would exceed 5 percent of the GF revenues estimate.

- Diverts half of these contributions to repay amounts owed to public education under Proposition 98 for 2007-08 and 2008-09 fiscal years ($9.3 billion).
- Of the contributions that continue to flow into the Budget Stabilization Fund, diverts half of those revenues (not to exceed an aggregate of $5 billion) to repay the previously issued Deficit Recovery Bonds. Once repayments to education and Deficit Recovery Bonds are completed, then, full 3 percent contribution will flow into Budget Stabilization Fund.

State Expenditure Cap: Places two limitations on the state's expenditures. First, funds may be withdrawn from the Budget Stabilization Fund for only one of three reasons: (1) to satisfy any "gap" that may exist between the total GF revenues available in the prior fiscal year and the "expenditure forecast amount" (the total expenditures for the prior fiscal year adjusted for population growth and increases in the Consumer Price Index); (2) to respond to a natural disaster or other extreme emergency declared by the Governor; or (3) to be loaned for cash flow purposes to the GF to be repaid within the same fiscal year.

Second, any unanticipated revenues received by the state (which would exceed the threshold of 12.5 percent of the GF) are required to be spent on any of the following outstanding budgetary obligations: (1) any unfunded prior fiscal year obligations required to be paid to schools under Prop. 98; (2) any repayment obligations owed local governments from property taxes borrowed under Prop. 1A; (3) any repayment obligations for amounts owed for transportation revenues borrowed under Proposition 42 to repay the 2004 state deficit reduction bonds.

Any additional amount of unanticipated revenue may be used for any of the following: (1) transfer additional amounts to the Budget Stabilization Fund; (2) pay for one-time infrastructure projects; (3) retire outstanding state general obligation bond debt; (4) return funds to taxpayers through one-time revision to tax rates; or (5) fund unfunded liabilities for vested nonpension benefits for state annuitants.

ACA x3 2 (Bass) - Education Repayment: This measure will appear as Proposition 1B on the May 19, 2009, statewide ballot, and is contingent upon provisions contained within Prop. 1A (spending cap). If both Prop. 1A and this measure are approved, schools and community colleges will receive supplemental education payments totaling $9.3 billion in funding obligations to schools commencing in FY 2011-12. These payments are in lieu of designated maintenance factor payments to schools under Prop. 98 for FY 2007-08 and FY 2008-09.

SB x3 4 (Ducheny) - Education Omnibus: Makes numerous changes to K-14 and community college programs, provides flexibility to various categorical funding programs, and other changes designed to achieve state budget savings and improve state cash flow.

AB x3 5 (Evans) - Makes a number of cuts and other changes to state health programs.

SB x3 6 (Ducheny) - Makes cuts and other changes to welfare and other state social programs.

SB x3 7 (Ducheny) - Sweeps all potential future revenues that may be generated for transit pursuant to "spillover" funds, as well as the 20 percent allocated to transit from Prop. 42 (sales tax on gasoline) funds, from the 2009-10 through the 2012-13 fiscal years, to fund various state transit programs otherwise funded through the GF. In addition, this measure authorizes the DOF to reimburse the GF for transportation-related general fund debt service costs from funds transferred to the Transportation Debt Service Fund. Requires that certain funds (estimated at $100 million per year for two years) generated by tribal compacts that have been previously designated for repayment of specified transportation-related debt to be transferred to the GF.

SB x3 8 (Ducheny) - State and Local Government Omnibus: Makes several changes related to local and state government finances, including payments, contracting, and service agreements. Those of significance to cities:

Local Safety and Protection Account. Directs revenue from the 0.15 percent increase in VLF (approximately $500 million per year) deposited into a newly created Local Safety and Protection Account to the following programs:

- **Citizens Options for Public Safety (COPS)** and **Juvenile Justice Crime Prevention Act (JJCPA)** grants. Requires the Controller to allocate 23.6 percent of the funds received under to each of these programs for FY 2008-09. Requires this percentage to be reduced to 21.30 percent for FY 2009-10 and beyond (approximately $100 million for COPS and $100 million for JJCPA), 6.26 percent for **booking fees,** and requires these funds to be allocated on a quarterly basis commencing on Oct. 1, 2009;
- 3.6 percent for **Small and Rural Sheriffs Grants**;
- 36.04 percent for **Juvenile Probation and Camps Funding** under CDCR; and
- 11.42 percent for **crime prevention programs** under the California Emergency Management Agency.

Among the tax increases adopted by the Legislature and signed by the Governor in AB x3 3 (Evans), is a new 0.15 percent VLF rate dedicated to local law enforcement grants previously paid out of the state general fund. These grants include the **COPS** program (also known as Supplemental Law Enforcement Services Funding SLESF); **JJCPA**; **booking fee** grants to county sheriffs; and **aid to small and rural sheriffs.**

The new VLF rate begins on May 19, 2009, and will be the sole source of funding for these programs in FY 2009-10. VLF revenue received from this new rate for the current fiscal year (final payment from GF will be received in March 2009) will partially make up an $89 million reduction in GF support of the COPS/Juvenile Justice program. During the current transition year, the net reduction in funding to the COPS program will be about $20 million. However, the minimum allocation of COPS funding remains at $100,000 per agency. Consequently, the impact of this reduction will be felt on cities and counties to the extent they were due to receive funding above this minimum. Estimated revised COPS allocations for all cities and counties are posted at www.californiacityfinance.com/COPSfy09revised.pdf

Payment Deferrals

- **Mandates:** Permanently shifts state mandate reimbursements from Aug. 15 to Oct. 15, or 60 days after the date the appropriation for the claim is effective.
- **Highway User's taxes (HUTA):** Defers city and county gas excise tax payments for January, February, and March, to be paid along with the April revenues in May (for 2009 only).

Other Provisions

- Lifts an existing tax increment debt cap applicable to the Glendora Redevelopment Agency that will allow it to receive an additional $2.6 million per year.

- Shifts $35 million for two years, and then $50 million per year ongoing to the County of Orange in Educational Revenue Augmentation Funds (ERAF). These amounts will be backfilled by the state GF.
- Makes a variety of changes to statute affecting the California Emergency Management Agency.
- Suspends the Senior Citizens' Property Tax Deferral Program, removing state's authority expand this program.

SB x3 10 (Ducheny) - **Redirection of Mental Health Funding:** Redirects $226.7 million in FY 2009-10, and up to $234 million in FY 2010-11 from Proposition 63 (tax on millionaires for mental health services) for programs with similar objectives funded under the GF.

AB x3 12 (Evans) - **State Lottery:** Makes several adjustments to audit and other provisions relating to the State Lottery. These changes are consolidated into the previous lottery modernization provisions that were approved as part of the 2008-09 state budget, and will be submitted to the voters at the May 19, 2009, election as Prop. 1C.

AB x3 13 (Evans) - **State Cash Management Omnibus:** Authorizes the state to borrow for cash flow purposes from 18 different funds. Language authorizing most of these provisions requires the payment of interest, and prohibits borrowing that would "interfere with the carrying out of the object" of the programs. Cities should note that from the "Local Public Safety Fund," which is an account established for the deposit of Proposition 172 (1/2 cent sales and use tax for public safety) is listed as one of the funds.

SB x3 14 (Ducheny) - **Prison Overcrowding:** Makes changes to the (AB 900) Safety and Offender Rehabilitation Services Act of 2007, and provides that the required 12,000 new prison beds can be located at any of the facilities under the jurisdiction of the California Department of Corrections and Rehabilitation. Also expands acceptable use of specified bond dollars for these construction projects.

SB x3 15 (Calderon and Florez) - **Tax Credits:** Provides a temporary tax credit of $3,000 to businesses with 20 or fewer employees, for each new position they create, with a $400 million maximum. Establishes motion picture production tax credits of up to $100 million per year for five years for the production of qualified motion pictures in California. Also provides an alternative income apportionment method to multi-state businesses, which includes a new definition that broadly defines in-state "sales" for purposes of the Franchise Tax Board.

AB x3 16 (Evans) - **Income Tax Trigger - Level of Federal Funding:** Requires the Treasurer and the Director of the Department of Finance, or designees, to meet and confer at a public hearing to be held on or before April 1, 2009. The Treasurer and DOF will determine whether or not sufficient federal funds have been made available to offset not less than $10 billion in GF expenditures. If they *do not* determine that sufficient funds are available, the income tax increase contained within AB x3 3 (Evans) will be 0.25 percent. If they *do* determine that sufficient funds have been made available, then the tax increase will be 0.125 percent.

AB x3 17 (Evans) - **Redirection of Tobacco Tax Funds:** Redirects between $275 to $340 million in one-time reserve funds, and authorizes $268 million to be diverted annually for five years from Proposition 10 (tobacco tax for children's health care) for programs with similar objectives funded under the GF.

SB x3 19 (Ducheny) - **Special Election:** Calls for a statewide special election to be held on May 19, 2009, with the following six measures and titles:

- Proposition 1A - 'Rainy Day' Budget Stabilization Fund (ACA x3 1 (Niello))
- Proposition 1B - Education Funding Payment Plan (ACA x3 2 (Bass))
- Proposition 1C - Lottery Modernization Act (AB x3 12 (Evans))
- Proposition 1D - Children's Services Funding (AB x3 17 (Evans))
- Proposition 1E - Mental Health Funding Budget (SB x3 10 (Ducheny))
- Proposition 1F - Elected Official's Salaries. Prevents Pay Increases During Budget Deficit Years (SCA 4 (Maldonado)

This measure also authorizes local elections to be consolidated with the May 19 statewide election, and specifically exempts the application of the existing 88-day limit.

<u>SB x3 20 (Maldonaldo)</u> - **State Controller's Furniture:** This bill reduces the State Controller's budget for operating expenses and equipment by $996,000, and contains intent language that prohibits the expenditure for office furniture for the previously approved Cannery Business Park Lease.

2nd Extraordinary Session

<u>SB x2 3 (Florez)</u> - **Air Quality: Farm Equipment.** Makes changes to the Carl Moyer Memorial Air Quality Standards Program designed to expand eligibility for farm equipment.

<u>SB x2 4 (Cogdill)</u> - **Design-Build, Public Private Partnerships:** Expands design-build authorization for (1) five state facilities within the jurisdiction of Department of Corrections and Rehabilitation, Department of General Services and Judicial Council; (2) ten redevelopment agency projects in excess of $1 million; (3) five local transportation projects (regional transportation agencies or transportation projects); and, (4) ten state transportation projects. Also allows Caltrans and regional transportation agencies to enter into an unlimited amount of public-private partnerships through Jan. 1, 2017.

<u>AB x2 5 (Gaines)</u> - **Employee Flex Time:** Makes changes to employee work weeks menu options and allows an employer to offer employees schedule options when proposing an alternative workweek elections that includes an eight-hour work day.

<u>SB x2 7 (Corbett)</u> - **Mortgage Foreclosures:** Provides a 90-day foreclosure delay on owner-occupied homes where the first loan was recorded between Jan. 1, 2003 and Jan. 1, 2008, unless the loan is serviced by a financial institution that has a comprehensive loan modification program. The provisions of this bill sunset on Jan. 1, 2011.

<u>AB x2 8 (Nestande)</u> - **Transportation Projects: Regulatory Relief:** Modifies existing air quality regulations applicable to fleets and heavy duty construction. Establishes an expedited permit approval process for various state agencies for nine specific transportation construction projects. Exempts eight specific transportation projects and the sale of state surplus property from the California Environmental Quality Act (CEQA). Authorizes the Orange County Transportation Authority to acquire rights-of-way for two specific projects.

<u>SBX2 9 (Padilla)</u> - **Public Works. Labor Compliance. New DIR Regulations.** Requires payment of a fee to the DIR for enforcement of the prevailing wage law under the following circumstances:

1. Under existing law, adoption of a Labor Compliance Program (LCP) may substitute for the payment of prevailing wage rates on certain public works projects (construction projects over $25,000 and maintenance projects over $15,000). This bill retains the option not to pay prevailing wages on these public works projects but substitutes payment of the fee to DIR for the requirement to adopt an LCP.
2. Under existing law, the design-build process that was extended to cities in AB 642 (Wolk) in 2008 requires a city to adopt a LCP. This bill retains the design-build option but substitutes payment of the fee to DIR for the requirement to adopt an LCP.
3. Under existing law, the design-build process applicable to transit operators requires the transit operator to adopt a LCP. This bill retains the design-build option but substitutes payment of the fee to DIR for the requirement to adopt an LCP.
4. When a city uses state bond funds for public works projects.

The fee to DIR is calculated as a percentage of the cost of the public works project. There is an exception to paying the fee and continuing to enforce a labor compliance program with the approval of DIR.

A number of questions have been raised about how this bill affects charter cities. The League's assessment is that this bill's effect on charter cities is limited. While the bill expresses the Legislature's intent that all cities be subject to prevailing wage law, the bill acknowledges that the courts must ultimately decide this issue. The only specific statutory language directed at charter cities is the following: "a capital improvement project undertaken by a charter city to extend that city's water, sewer, or storm drain system or similar system *to a disadvantaged community in an unincorporated area* shall be considered a public work for the purpose of [prevailing wage laws], but any subsequent project to construct, expand reconstruct, install, or repair such systems that have been so extended and that are conducted within that city's political boundaries shall not be considered a public work."

SB x2 10 (Oropeza) - VLF Increases and Rental Car Agreements: Requires rental car companies to pass on the expense of increased vehicle license fee as an unbundled fee to customers in their rental agreements.

SB x2 11 (Steinberg) - Judges: Requires judges receiving various supplemental benefits from counties as of July 1, 2008, to continue to receive them in accordance with the terms and conditions in effect on that date.

SB x2 12 (Steinberg) - State Court Facilities Construction Fund: Makes a continuous appropriation to the existing Immediate and Critical Needs Account of the State Court Facilities Construction Fund until 2012 and makes other related technical changes.

SB x2 15 (Ashburn) - Home Purchase Tax Credit: Creates a personal income tax credit for new home buyers equal to the lesser of $10,000 or five percent of the new home purchase price, with a maximum authorized amount for the program of $100 million.

SB x2 16 (Ashburn) - Horse Racing: Continuously appropriates $32 million from the GF to the State Fair and Exposition Fund to offset fees that would otherwise be paid by the racing industry, and makes other related changes.

Regular Session

SCA 4 (Maldonado) - Open Primary: Subject to voter approval on the June 2010 statewide election, this measure would establish an open primary for each state elective and congressional office in California. In brief, the measure provides that all candidates for office are listed on a single primary ballot with the top two candidates receiving the greatest number of votes to advance to the general election. This bill would also designate the Superintendent of Public Instruction as a nonpartisan office.

SCA 8 (Maldonado) - Legislative Salaries: Subject to voter approval at the May 19, 2009, statewide election as Prop. 1F, this bill prohibits the California Citizens' Compensation Commission from increasing the salary of any state officer that would take effect in December, if there is an operating deficit of more than one percent as determined by the DOF on June 1 of the preceding fiscal year.

SB 6 (Maldonado) - Open Primary-Statutes: Makes the necessary changes to Election Code statutes provided that SCA 4 is approved by the voters in the June 2010 statewide election.

'NLC Webcast' Continued from Page 1...

The Webcast reviewed the major provisions of the American Recovery and Reinvestment Act (ARRA), which includes resources to create jobs through federal investments in cities' transportation, water and sewer, housing, energy, education and public safety infrastructure.

Speakers for the Webcast included NLC President Kathleen M. Novak, mayor, Northglenn, Colo., and NLC Federal Relations Director Carolyn Coleman. Novak opened by saying, "Washington has debated and now it's up to us to deliver."

Coleman then presented city officials with an overview of up-to-date information on the timing and process for accessing these resources as well as advice on key steps cities and towns can be taking to prepare for use of the funds. Participants were able to submit questions via e-mail during the presentation.

California cities received detailed information on the ARRA funding allocations and how to apply for funds in the "City Funding Book" a publication produced by the League of California Cities last week. This booklet, posted on the League Web site (www.cacities.org/resource_files/27711.2009ARRAReport2.23.09.pdf), contains information specific to California. It will be updated by League staff as new information becomes available.

NLC will share examples on their Web site (www.nlc.org) of what cities are doing with their funding. The Webcast is available for viewing at the economic recovery Webcast event site on www.nlctv.org/. Please see "Recent Events" and select the title "The Federal Recovery Package: What's In It for Cities and How to Access the Resources."

You may also view the Webcast on the Federal Economic Stimulus section of the League's Web site at www.cacities.org/federalstimulus.

The next NLC Webcast on "Economic Recovery Implementation" is scheduled for 3 p.m. on March 11. Please visit www.nlctv.org for more information.

'Constitutional Convention' Continued from Page 1...

The summit was co-sponsored by the Center for Governmental Studies, Common Cause, The Courage Campaign, The Greenlining Institute, Joint Venture: Silicon Valley Network, League of Women Voters, Planning and Conservation League, New America Foundation, and the William C. Velasquez Institute. The meeting drew 300 – 400 business leaders, government officials, public interest groups and interested citizens. Many city officials were in attendance at the summit, including League First Vice President Ken Cooley, council member, Rancho Cordova. Chris McKenzie, League of California Cities executive director, also attended.

Many ideas for constitutional changes were floated for preliminary consideration, including switching to a unicameral (single-house) Legislature, eliminating the required two-thirds vote to pass a budget, changing the state initiative system, increasing the size of the legislature (thereby reducing legislative districts), and revisiting term limits. All were discussed as possible solutions to re-establish fiscal responsibility, accountability and effective representation.

In theory, delegates to a convention could agree to change anything in the constitution and put their proposals on the statewide ballot. One of the key issues under discussion was whether any measure that is presented to the voters to call for such a convention should limit the nature of the issues that could be raised at the convention.

While 14 states automatically ask voters every ten to 20 years whether to have a constitutional convention or not, California has not engaged in such an effort since 1878 (www.sos.ca.gov/archives/1879/1879_CC_papers_finding_aid.pdf.) Under California's constitution, a convention may not be called by citizen initiative; it requires two-thirds of the Legislature to agree to put the question of whether to have a constitutional convention on the ballot which can be approved by a majority of the voters.

Some have suggested that legislators would not support such a measure, since it shifts critical decisions about budget rules away from the Legislature to the members of the convention.

Senator and guest speaker Mark DeSaulnier (D-Concord) told attendees that he is testing that proposition, by his introduction of legislation calling for a convention. His SCR 3 proposes that voters be asked at the next general election to support the Legislature's providing for a constitutional convention, to commence six months following voter approval of the measure.

In addition to questions about whether and how to call for a constitutional convention, summit attendees were reminded that there are a number of other critical questions about the convention that would require answers. These include how statewide delegates would be selected, the period of time allotted for the convention, the issues and topics to be considered, and what rules would govern the convention. SCR 3 is currently silent on all of these questions.

The proposal for a Constitutional Convention and many specific reform proposals are currently under study by a joint Fiscal Reform Task Force of the League, California State Association of Counties (CSAC) and the California School Boards Association (CSBA) under the umbrella of the City County School (CCS) Partnership. None of the local government associations expects to take a position on the desirability of calling the Convention until the Task Force completes its work and reports back to the three associations' boards of directors.

HUD Economic Stimulus Funding Information Now Available

City-specific allocations for federal Housing and Urban Development (HUD) formula grant programs in the American Recovery and Reinvestment Act (ARRA) is now available on the League's Web site, on the "Federal Economic Stimulus Updates" tab.

The National League of Cities is awaiting official guidance from HUD on how the funds can be accessed, but the information now available will give you some insight to the level of funding set aside for communities in California.

- Capitol Fund Recovery: www.cacities.org/resource_files/27733.Capital%20Fund%20Recovery%20Web%20Final-CAonly.pdf
- CDBG Recovery: www.cacities.org/resource_files/27734.CDBG%20Recovery%20Web%20Final-CAonly.pdf
- Homelessness Prevention Recovery: www.cacities.org/resource_files/27735.Homelessness%20Prevention%20Recovery%20Web%20Final-CAonly.pdf
- IHBG Recovery: www.cacities.org/resource_files/27737.IHBG%20Recovery%20Web%20Final%20rev-CAonly.pdf
- Lead Hazard Reduction Recovery: www.cacities.org/resource_files/27738.Lead%20Hazard%20Reduction%20Recovery%20Web%20Final-CAonly.pdf
- State Totals Recovery: www.cacities.org/resource_files/27740.State%20Totals%20Recovery%20Web%20Final%202-24%20rev.pdf
- TCAP Recovery: www.cacities.org/resource_files/27739.TCAP%20Recovery%20Web%20Final-CAonly.pdf

The information will also be posted on HUD's Web site at www.HUD.gov/recovery.

California Communities Releases 2008 Community Benefit Report

The California Statewide Communities Development Authority (California Communities) has released its 2008 Community Benefit Report. The report summarizes the local government and private activity community-based projects funded since California Communities' inception twenty years ago.

California Communities was created in 1988 by and for local governments in California, and is sponsored by the League of California Cities and the County State Association of Counties. Its purpose is to help local governments build community infrastructure, provide affordable housing, create jobs and create access to quality healthcare and education through the variety of public agency and private activity bond programs.

California Communities offers six public agency and four private activity programs designed to provide agencies with an efficient mechanism to finance locally-approved projects.

Additionally, California Communities has also created a Member Benefit Report for its more than 500 participating cities, counties and special districts, which details the direct financing and public benefit projects completed by each member agency. For more information on programs utilized by your community, please visit www.psacommunities.org/fs/reports/Benefits/default.aspx.

For more information about California Communities please visit www.cacommunities.org.
The report is available online at
www.psacommunities.org/fs/reports/Benefits/CACommunitiesBenefitReport2008.pdf.

City Advocate Weekly Replaces *Priority Focus*

The League is pleased to announce a new name for its weekly newsletter: *City Advocate Weekly*. With a tag line of "Legislation and Policy Affecting California Cities," the renamed publication will also feature a redesigned masthead. Stories will continue to focus on key legislation affecting cities and other items of interest to city officials.

We believe that the name *City Advocate Weekly* better reflects the purpose and intent of our newsletter. This name change is just one part of the League's effort to better serve its members by updating and streamlining our communications tools. Subscribers will automatically receive *City Advocate Weekly* without having to re-subscribe.

Air Resources Board Offering Local Government Assistance AB 32 Workshop

On March 9, the California Air Resources Board (ARB) will host a workshop for local government officials on cost-effective strategies to assist local governments in reducing greenhouse gas (GHG) emissions as part of the ARB implementation of the California Global Warming Solutions Act of 2006 (AB 32). The workshop will be held in the Coastal Hearing Room from 9 a.m. to 12 p.m. at the Cal/EPA Headquarters building at 1001 I Street in Sacramento. The workshop will also be available via Webcast.

California's Climate Change Scoping Plan encourages local governments to adopt GHG reduction goals consistent with statewide targets to reduce emissions by about 15 percent. In addition, SB 375 sets out a process for achieving these GHG reductions through better land use and transportation planning.

The public workshop will focus on ARB's efforts related to reducing GHG emissions with an overview of local government related climate change activities and how they contribute to the statewide goals of AB 32 and SB 375 implementation.

Participants will receive a Local Government Toolkit which includes important information on cost-saving actions to reduce GHG emissions including energy efficiency and conservation, renewable energy, green transportation, green building, waste reduction and recycling, water conservation, recycling and reuse, and environmentally preferable purchasing.

The toolkit will also include financial resources and case studies that highlight California local governments that have successfully and profitably reduced GHG emissions. This toolkit is a compendium of guidance and resources to assist local governments to reduce GHG emissions and save money.

You can view the public workshop notice at:
www.arb.ca.gov/cc/localaction/meetings/meetings.htm. A workshop agenda and presentation will also be posted to this Web site prior to the workshop meeting.

More information on local government activities will be available at ARB's Local Action for Climate Change Emission Reductions Web site at: www.arb.ca.gov/cc/localaction/localaction.htm

For further information, please contact Dana Papke, staff lead for the Local Government Toolkit, at (916) 324-9615 or dpapke@arb.ca.gov or Annmarie Mora, manager, at (916) 323-1517 or amora@arb.ca.gov.

League President Appoints Board of Directors Nominating Committee

Judy Mitchell, League president and mayor, Rolling Hills Estates, has appointed the 2009 Board of Directors Nominating Committee. Appointed to the committee and charged with the responsibility of nominating League officers and at-large directors, are: Ron Loveridge (chair), mayor, Riverside; Harry Armstrong, mayor pro tem, Clovis; Bill Bogaard, mayor, Pasadena; Tony Cardenas, council member, Los Angeles; Iya Falcone, council member, Santa Barbara; Rod Gould, city manager, Poway; Chip Holloway, mayor, Ridgecrest; Sophie Maxwell, supervisor, San Francisco; Jean Quan, council member, Oakland; Janice Rutherford, council member, Fontana; and Marty Simonoff, council member, Brea.

The Nominating Committee will meet on July 16 before the July 16-17, 2009 Board meeting, to interview the 10 finalists for at-large and all 2nd vice president candidates. The committee's recommendations will be announced during the opening session of the League's Annual Conference in San Jose on Sept. 16, 2009.

Interested In Serving on the League Board of Directors?

The League of California Cities welcomes nominations from elected officials interested in serving in **five** at-large positions (two-year term), or Second Vice President (one-year term). All nominees for Second Vice President must have previously served on the Board of Directors.

If you are interested in submitting your name (or another elected official's name) for nomination to the League Board of Directors, please provide the information requested on the nomination form, along with a bio and letter requesting consideration, to the League's Sacramento headquarters on or before end of business on **Friday, May 15, 2009**. Nomination materials can be found on the League's Web site at www.cacities.org or can be obtained by contacting League staff Mimi Sharpe at (916) 658-8232 or sharpem@cacities.org. Please send all nomination applications to: Mimi Sharpe, League of California Cities, 1400 K Street, Sacramento, CA 95814; fax to: Attn: Mimi Sharpe at (916) 658-8240; or e-mail: msharpe@cacities.org.

Job Opening? *Western City Magazine* Can Help You Find the Best Candidate

List your job opening in *Western City* magazine. When you advertise your job opportunity in *Western City*, you also receive a Web site posting at no additional charge. Visit www.westerncity.com or call (800) 262-1801 for more information.

In a hurry to get the word out? Place your ad on our Web site today by visiting: www.westerncity.com/postjobs.

Interim Management Needs?

MuniLink is the League of California Cities' interim management employee directory. Featuring searchable categories of interim resumes, MuniLink is still the best online tool to connect with highly trained municipal veterans eager to meet your agency's needs.

SEARCHING THE ONLINE DIRECTORY IS FREE for agencies looking for products and services, and offers individuals and companies a fast and effective way of connecting with city officials in California. MuniLink is a joint project of the League, the Institute for Local Government and *Western City* magazine. Proceeds from MuniLink benefit the League's research and advocacy efforts on behalf of cities.

Visit Today! www.cacities.org/munilink

2009 Employee Relations Institute: Passport to Tomorrow, March 12-13

Join us for the Employee Relations Institute, scheduled March 12 – 13, 2009 at the Westin San Francisco Airport in Millbrae. We are sure this will be a rewarding event where human resource technicians, specialists and analysts can learn, network, meet a mentor, and become interested in participating in the League of California Cities legislative activities.

You won't want to miss keynote speaker Marty Sklar, Imagineering Ambassador, Walt Disney Parks & Resorts. Sklar is the only active Disney employee who has participated in the opening of all 11 Disney parks around the world. Additionally, he has written books that guide you through the principles of what each park was built upon. Sklar has been speaking about leadership principles for over 30 years. The Employee Relations Institute has a wonderful and dynamic conference program that you won't want to miss! Register online today at www.cacities.org/events. The registration and housing deadline has been extended to today **Feb. 27, 2009.**

ILG Offers AB 1234/Ethics Training Sessions in March

The League's nonprofit research arm, the Institute for Local Government (ILG), will be offering three AB 1234 ethics training sessions in March. The three sessions are scheduled for:

- March 4: hosted by the city of Pleasant Hill, (also open to neighboring cities.) View the Information flyer at www.cacities.org/resource_files/27611.Pleasant%20Hill%20flyer.doc;
- March 5: hosted by the Los Angeles Division. View the Information flyer at www.cacities.org/resource_files/27696.LA%20Division%20AB1234%20Email%20RSVP%20030509%20MAP.pdf ; and
- March 26: in Anaheim, in conjunction with the League of California Cities Planner's Institute. Visit www.cacities.org/events for more information.

Another session will also be held on May 29, in San Diego, in conjunction with the League's Mayor & Council Members Executive Forum. Please visit www.cacities.org/events for more information.

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.
