

PRIORITY FOCUS



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US SENATE CONTINUES DEBATE ON ECONOMIC RECOVERY ACT FEDERAL AGENCIES GEAR UP TO PROCESS FUNDS

The United States Senate continues to debate the American Recovery and Reinvestment Act of 2009. The stimulus package, which has grown to nearly \$940 billion, drew opposition from moderates this week. Unlike the House, the Senate will not have enough votes to pass the package without some Republican support. Democratic moderates indicated late Thursday that they were close to a deal that would decrease the price tag of the package and garner support from enough Republicans to pass the legislation. *For more, see Page 2.*

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LEAGUE REPRESENTATIVES TESTIFY IN LEGISLATIVE HEARINGS LOCAL BUDGET CONDITIONS AND TRANSPORTATION FUNDING ISSUES

League representatives testified Wednesday at two separate legislative informational hearings, one reviewing local government finance held jointly by the Assembly Local Government Committee and the Assembly Budget Subcommittee #4 on State Administration, the other on state transportation funding held by the Assembly Transportation Committee. *For more, see Page 2.*

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SENATE PRESIDENT INDICATES BUDGET VOTE MAY BE NEAR

State Senate President Pro Tempore Darrell Steinberg was reported yesterday as saying that both the Assembly and Senate would meet sometime next week to vote on a budget, even as he cautioned that no final agreements on a budget deal had been reached. *For more, see Page 3.*

'Economy' Continued from Page 1...

Majority Leader Harry Reid expressed cautious optimism that the Senate vote will happen later today, with a firm deadline of Sunday. Once the Senate passes the bill, it will go to the conference committee where a small committee will reconcile differences between the House and Senate versions. House and Senate leadership are still hopeful that they will send the final bill to the President by the end of next week.

Federal Transportation Agencies Release Online Guides

In the meantime, federal agencies are gearing up to process and distribute the funds quickly. This week, the Department of Transportation announced that it created a team to oversee transportation infrastructure spending in the economic stimulus package. The team will work to make funds available quickly, craft reporting standards for accurate monitoring, and ensure that all transparency and accountability standards are met.

Transportation agencies, including the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA), have already posted online guides on how to speed the pace of transportation spending. The FHWA spending guidance is available at <http://www.fhwa.dot.gov/economicrecovery/index.htm>. FTA's guidance can be found at http://www.fta.dot.gov/index_9118.html.

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League First Vice President Ken Cooley, vice mayor of the city of Rancho Cordova, provided the lead testimony for the League detailing the many difficult budget conditions that cities are facing across the state. Cooley was joined on a panel of city officials by Scott Nassif, president of the League's Desert Mountain Division and mayor pro tem of the town of Apple Valley, and Tony Santos, mayor, city of San Leandro. Also attending the hearing to provide a brief overview for new committee members on the basics of city and county finance was League fiscal policy advisor Michael Coleman. Cooley and the other city representatives detailed the service cuts and layoffs cities are making to cope with the economic downturn, and highlighted the importance in protecting local funding for services and infrastructure. Two witnesses also appeared on behalf of the California State Association of Counties (CSAC) to deliver remarks.

The committee members, led by Assembly Member Anna Caballero (D-28, Salinas), chair of the Local Government Committee and Assembly Member Juan Arambula (D-31, Fresno), chair of the Budget Subcommittee #4 on State Administration, asked questions and relayed their concerns about local budget conditions. They also asked the city and county representatives for their suggestions to help alleviate cities' fiscal difficulties and ways to stimulate local economies. In response, Cooley said that having the state adopt a budget quickly that addressed the state's deficit without taking more local revenue that would compound local budget difficulties was the most important step. Cooley also advocated for the expedited release of the infrastructure bond funds, protecting funding for redevelopment agencies, and not passing any new mandates on local government, including those that expected locals to recover their costs by levying additional fees. These themes were echoed by other witnesses. Nassif also shared several ideas from cities in the League's Desert Mountain Division, which included having transportation projects selected at the county level rather than by the California Department of Transportation and temporarily suspending the costs associated with AB 32 and SB 375. Santos advocated for restoring the Vehicle License Fee. The hearing ended on a positive note with committee members stating their appreciation for the discussion and looking forward to working with the League and CSAC on measures which could relieve costs and limit additional mandates on local government.

At the Assembly Transportation Committee hearing, Wayne Lewis, assistant Public Works director for the city of Fairfield represented the League. Lewis shared with the committee, chaired by Assembly Member Mike Eng (D-49 Monterey Park), the many challenges cities face when there is no predictable funding for transportation. The committee discussed the need for a permanent, protected funding source for maintenance for highways and local streets and roads. Several of the new committee members expressed their support and appreciation for what cities are doing to adjust during these difficult fiscal times. The committee members also stated their interest in receiving suggestions from cities on speeding up project delivery.

The announcement was welcomed by most Capitol-watchers, even as a state of high anxiety continues over the extent of program cuts and whether revenue increases could be structured to win the two-thirds needed for passage.

The "Big Five" budget discussions did occur this week, but little or no information about the details of a budget package had emerged.

The League and cities continue to reiterate to legislators the importance of the state solving its budget problems without borrowing, shifting or taking local revenues. (See "League Testifies at Legislative Budget and Transportation Hearing", p. 1.)

Comments Regarding the New IRS Withholding Requirements Are Due By March 5, 2009

Cities that enter into large contracts for services or property have until March 5, to comment on new tax withholding requirements being drafted by the federal Internal Revenue Service (IRS).

The regulations will implement provisions of the Tax Increase Prevention and Reconciliation Act (TIPRA), passed in 2005.

TIPRA's Subsection (3402(t)) requires any local government that pays \$100 million or more in a calendar year to persons providing property or services to the government, including individuals, trusts, estates, partnerships, associations, and corporations, will be required to withhold 3 percent federal income tax. If the local government fails to withhold the tax required, it becomes liable for the payment of the tax. Withholding is required at the time of payment, and applies to all payments in any form (cash, check, credit card or payment card) with the exceptions listed below.

The provisions will go into effect beginning Dec. 31, 2010.

TIPRA is most commonly remembered for extending the reduced tax rates on capital gains and dividends, and reducing the alternative minimum tax requirements. The requirement does not apply to payments under contracts signed prior to Dec. 31, 2010.

Cities should note the following exceptions from the withholding requirement:

1. Payments otherwise subject to withholding, such as wages.
2. Payments for retirement benefits, unemployment compensation, or social security.
3. Payments subject to backup withholding, if the required backup withholding is actually performed.
4. Payments for real property.
5. Payments of interest.
6. Payments to other government entities, foreign governments, tax exempt organizations, or Indian tribes.
7. Payments made under confidential or classified contracts, as described in IRC 6050M(e)(3).
8. Payments made by a political subdivision of a state, or instrumentalities of a political subdivision of a state that make annual payments for property or services of less than \$100 million.
9. Public assistance payments made on the basis of need or income. However, assistance programs based solely on age, such as Medicare, are subject to the requirements.
10. Payments to employees in connection with service, such as retirement plan contributions, fringe benefits, and expense reimbursements under an accountable plan.
11. Payments received by nonresident aliens and foreign corporations.
12. Payments made by Indian tribal governments.
13. Payments in emergency or disaster situations.

To submit comments electronically or request a public hearing, go to www.regulations.gov and search for (IRS REG-158747-06).

The State Announces Riverside as an 'Emerald City'



Bridgett Luther, director of the Department of Conservation presents Ron Loveridge, mayor of Riverside with a proclamation, designating the city of Riverside as an "Emerald City." Photo by, Michael J. Elderman

On Tuesday, Feb. 3, at the city council evening session in Riverside, the state designated the city of Riverside as an "Emerald City." This recognition is for sustainable green initiatives and a commitment to help the state achieve multiple state environmental priorities. The California Department of Conservation (DOC) recently announced that Riverside will be the first city in the state to be designated an "Emerald City" in its Emerald Cities Pilot Project.

"We chose Riverside because of extraordinary efforts in sustainable activities in many environmental areas, including renewable energy," said Bridgett

Luther, director of the California Department of Conservation. "At the end of the pilot, DOC will create an implementation 'road map' to help cities move toward a more sustainable future. It will help California cities achieve what Riverside is already close to achieving."

According to state officials, Riverside will be one of two cities in the pilot project that will gauge their sustainable land uses and development principles; energy conservation and efficiency; water conservation and quality; environmental health of citizens; air quality; and waste reduction and recycling rates. The city of Tracy in Central California is the other city.

"This didn't happen by accident," said Riverside Mayor Ronald Loveridge. "Our Green Action Plan was not created to sit on a shelf for show; it's a real-world guideline for our environmental future. It brings government, businesses and the community together to achieve a cleaner, greener Riverside."

Every city department has had a hand in the Emerald City claim, said Riverside's Sustainability Officer Mike Bacich. "Riverside Public Utilities, Public Works, Parks, General Services – to name a few – have worked together to get Riverside to this point," he said. "We are all working on this together."

Luther formally invited the city to participate in the programs at a council meeting on Tuesday, Feb. 3. She said that recycling programs often serve as "the gateway to green" for many cities and encouraged Riverside to take its citywide recycling program to the next level.

"California is where movements like this start at the citizen level," Luther said in the packed council chambers, which included dozens of local students and environmental activists. "It is all coming together because green is our future. Cities that embrace sustainability will be the places where people want to come to and live."

Part of the Emerald City program will include building a "best practices book," making more information available to cities and counties via the Web and creating a "green toolbox" for government agencies that want to do more with sustainability, Luther said. She also expects Riverside officials to help her agency identify barriers to going green, including cost burdens, regulatory roadblocks and a lack of communication between state agencies.

"I think this is going to be the state's finest hour," Luther said. "We are going to go great places together."

Riverside officials said they were pleased that Luther had recognized their efforts and they pledged to work with the state to further sustainability in California.

"It shows that we are doing more than just talking about going green," Riverside Council Member Frank Schiavone said. "We're actually doing something about it."

Luther's visit coincided with an update the same night of the city's progress in carrying out of the goals of its Clean and Green Sustainable Riverside Action Plan. The plan is divided into seven categories encompassing such topics as energy, greenhouse gas emissions, waste reduction, urban design, urban nature, transportation and water.

Of the plan's 38 action items, 34 are either completed or on target, and the remaining four items have been updated for further completion.

"Riverside has come a long way," said Tim Maloney, a local landscape architect and member of a group of citizens that provides input on the plan.

Established in 1895, Riverside Public Utilities is a consumer-owned water and electric utility governed by a Board of nine community volunteers that provides high quality, reliable services to over 106,000 metered electric customers and 63,400 metered water customers throughout the city of Riverside. The utility is committed to increased use of renewable energy resources and sustainable living practices that help reduce environmental impacts within the city of Riverside and the state of California. For more information on our green events, go to: www.greenriverside.com.

2009 League of California Cities Planners Institute, March 25 – 27

Don't miss out on this year's Planners Institute, filled with educational sessions designed to meet the priorities of planning professionals, as well as invaluable strategy sessions and networking opportunities. The Institute will be held on March 25-27 in Anaheim at the Marriott Hotel and Conference Center. You will want to attend if you are a: Planning Director, Redevelopment Director, Planning Commissioner, Planning Staff, Community Development Director, Mayor or Council Member.

Mark your calendar to come see Keynote Speaker Van Jones, the Founder/CEO of Green For All in Oakland. Jones testified before Congress at a hearing on Jan. 15 focused on creating jobs and stimulating the economy through renewable energy and energy efficiency. Jones' testimony can be read at <http://www.greenforall.org/blog/green-for-all-testifies-before-congress-green-the-stimulus-and-create-a-clean-energy-corps#testimony-before-the-select>.

Below are featured workshops you won't want to miss!

- California Environmental Quality Act 101 (CEQA Basics)
- Preparing and Adopting Effective General Plans
- Using Prop 1C and Other State Funds to Achieve Housing Element Goals
- Urban Design: What Cities Can Do for You and What You Can Do for Your City
- Group Homes vs. The Neighborhood — Can They Get Along?
- Planning Cities for a New Era
- SB 375 — the Intersection of Climate Change, Land Use and Transportation
- Housing Elements and Housing Laws: What Every Commissioner Should Know
- Development Blueprint: A Look at Mixed-Use in Downtown Anaheim
- Practical Solutions for Production of Affordable Workforce Housing
- Using Performance Measurement to Deliver Efficient, Quality Development Review Services
- Best Practices in Local Affordable Multi-family Housing Preservation Strategies
- Bridging the Gap: City Planning and Available Water Supplies

Register online today at www.cacities.org/events. The registration and housing deadline is Tuesday, March 3. You must first register online before you will be sent the link to reserve hotel nights. The Anaheim Marriott Hotel & Convention Center has lowered their housing price from \$189 to \$169 (plus applicable state & local taxes per room night). If you have already registered for the hotel, they will honor the lower price.

Register Now! Green CA Summit, March 16 – 18, 2009

Register now to attend the 3rd Annual Green California Summit, to be held March 16 – 18, 2009, at the Sacramento Convention Center. You will gain insights that can help you conserve and cut costs. The summit will provide information, training and resources that will increase understanding of current environmental pressures and challenges and that will support the efforts of both the government and private sectors to respond to these pressures in an efficient and economically sustainable manner.

The summit offers six pre-conference workshops and 18 concurrent breakout sessions. The pre-conference workshops are full-day (six-hour) sessions that will allow for in-depth exploration of topics relevant to various aspects of green government. Pre-conference topics will cover Buying Green, Green Fleets, Financing Renewable Energy Projects, LEED Project Management, Green O&M and AB 32 Tool Kit for Local Government. Concurrent sessions will be 75 minutes in length and feature ideas on transportation, energy, green building, green basics and climate change.

Discover hundreds of green products and services all in one place - talk to experts and get intensive, hands-on education that's not available anywhere else! Free registration is offered to attend the keynote speaker sessions and expo floor. Special group rates are available for teams of four or more.

For questions please contact Cindy Dangberg at (916) 838-3339 or cdangberg@green-technology.org. For more information please visit the Green Technology Summit Web site at <http://www.green-technology.org/gcsummit/attendees.htm>.

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). 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.
