

PRIORITY FOCUS



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FEDERAL ECONOMIC STIMULUS PACKAGE PASSED BY HOUSE SENATE VERSION INTRODUCED

Wednesday afternoon the U.S. House of Representatives passed their version of the American Recovery and Reinvestment Act of 2009 (Act) (HR 1 http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1eh.txt.pdf) by a vote of 244-188. The cost of the package totals \$819 billion, and consists of nearly \$550 billion for upgrades to transportation, infrastructure, construction, health care programs, education and housing assistance, and energy efficiency projects, and \$275 billion in personal and business tax credits. *For more, see Page 2.*

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NO BUDGET DEAL

There may be progress on the State budget, but it's not visible to the thousands of Capitol watchers waiting for news that a deal is near.

"Big Five" discussions occurred several days this week. The pressure to reach a solution is growing, as the state approaches the beginning of February – the month that State Controller John Chiang identified as a time when he expects the state to run out of cash sufficient to pay all its bills. Without a budget solution, Chiang has said that some vendors will receive IOU's instead of actual payment, as he juggles the available funding to cover as many priority obligations as possible. *For more, see Page 5.*

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AB 32 IMPLEMENTATION UPDATE

With the passage of the AB 32 Scoping Plan by the California State Air Resources Board (ARB) in December 2008 (see "Air Board Adopts Climate Change Scoping Plan" – *Priority Focus*, Dec. 12, 2008) we now begin the two year process to implement the proposals outlined in the plan. Yesterday, the ARB provided an updated timeline of those ideas for 2009 and beyond. *For more, see Page 6.*

The Act did not receive any support from House Republicans, who cited concerns with the cost of the plan, the transparency of the process, and whether tax cuts or spending would be more helpful to reviving the economy.

General provisions of the Act include preferences for infrastructure projects that can be obligated within 120 days and unprecedented reporting and transparency requirements.

Release of Senate Version

The Senate released their version of the American Recovery and Reinvestment Act of 2009 (S 336 http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:s336pcs.txt.pdf) late this week. At this time, the bill is not in print, and less is known about the specifics of the proposal.

Next steps

Senate committees are expected to hear the Senate version early next week and plan to have it considered before the full Senate by the end of the week.

Following passage of the Act in the Senate, it will be sent to Conference, where the House and Senate will reconcile any differences in the bills.

Below is a brief comparison of funding included in the Act that may be important to cities. These are preliminary numbers based on what we know of the two proposals, and does not include information on the distribution process for most funds. This information will continually be updated and refined as the Act is finalized. Please visit our Federal Economic Stimulus Updates webpage for information provided by the National League of Cities, as well as future information and full side-by-side comparisons of the House and Senate legislation.

WATER/FLOOD PROTECTION

Watershed and Flood Prevention Operations

House:

- \$175 million to purchase and restore floodplain easements; and
- \$175 million for watershed and flood prevention projects

Senate:

- \$275 million total

Watershed Rehabilitation

House:

- \$50 million

Senate:

- \$120 million

Rural Community Advancement Program

House:

- \$1.5 billion for Rural Water and Waste Disposal Direct Loans

Senate:

- \$1.37 billion for Rural Water and Waste Disposal Direct Loans

Drinking Water State Revolving Loan Fund

House:

- \$2 billion to states via formula to finance drinking water infrastructure improvements. States are required to use 50 percent of the amount of the grant in the form of a subsidy to municipalities, including forgiveness of principal, negative interest loans, and grants for projects included on the State's priority list.

Senate:

- \$2 billion to the Drinking Water State Revolving Loan Fund

Clean Water State Revolving Loan Fund

House:

- \$6 billion to states via formula to finance publically-owned wastewater infrastructure improvements. States are required to use 50 percent of the funds as subsidies to municipalities for forgiveness of principal, negative interest loans, and grants for projects on the State's priority list. Twenty percent (20%) is required to be used for projects to address water-efficiency goals, energy-efficiency goals, mitigate storm water runoff, or encourage environmentally sensitive project planning, design, and construction.

Senate:

- \$4 billion for the Clean Water State Revolving Loan Fund

PUBLIC SAFETY

Wildfire Management

House:

- \$300 million for hazardous fuel reduction, forest health, wood-to-energy grants, and rehabilitation and restoration activities on federal lands
- \$550 million for state fire assistance hazardous fuels projects, volunteer fire assistance, cooperative forest health projects, city forest enhancements, and wood-to-energy grants on state and private lands

Senate:

- \$300 million for hazardous fuel reduction, forest health, wood-to-energy grants, and rehabilitation and restoration activities on federal lands
- \$350 million for state fire assistance hazardous fuels projects, volunteer fire assistance, cooperative forest health projects, city forest enhancements, and wood-to-energy grants on state and private lands

Law Enforcement

House:

- \$3 billion for Byrne JAG (formula) grants. These funds can be used for a variety of purposes, including equipment, operations and support for other associated law enforcement personnel (such as prosecutors, public defenders, etc.). These funds can also be used to pay overtime expenses of officers on multi-jurisdictional task forces.
- \$1 billion for competitive COPS hiring grant program to support the hiring of about 13,000 new police officers for three years. The grantee is responsible for at least 25 percent in matching funds and must commit to use its own funds to keep the officer on board for a fourth year.

Senate:

- \$1.5 billion for Byrne JAG (formula) grants
- \$1 billion for competitive COPS hiring program
- \$100 million for State and Local Law Enforcement Assistance (Southwest Border)
- \$150 million for State and Local Law Enforcement Assistance (Rural)
- \$440 million for State and Local Law Enforcement Assistance (Prevention, Intervention, and Prosecution)
- \$300 million for State and Local Law Enforcement Assistance (Violence Against Women)
- \$100 million for State and Local Law Enforcement Assistance (Victims Assistance)
- \$50 million for State and Local Law Enforcement Assistance (Internet crimes against children)

ENERGY

Energy Efficiency and Renewable Energy

House:

- \$6.2 billion for the Weatherization Assistance Program
- \$3.5 billion for Energy Efficiency & Conservation Block Grants

Senate:

- \$2.9 billion for the Weatherization Assistance Program
- \$4.7 billion for Energy Efficiency & Conservation Block Grants

Institutional Loan Guarantee Program

House:

- \$1 billion for loans to institutional entities for identifying, designing and implementing sustainable energy infrastructure projects and grants for energy efficiency innovative technologies projects on grounds and facilities of institutions. Local governments are included in the definition of institutions.

Senate:

- No funds for institutional loan guarantee program

ENVIRONMENT

Diesel Emissions Reduction Act Grants and Loans (new program)

House:

- \$300 million for grants and loans to states and local governments for projects that reduce diesel emissions

Senate:

- \$300 million for grants and loans to states and local governments for projects that reduce diesel emissions

Brownfields

House:

- \$100 million for site assessment and clean-up grants, revolving loan fund and job training

Senate:

- \$100 million for site assessment and clean-up grants, revolving loan fund and job training

TRANSPORTATION

Airport Improvement Projects

House:

- \$3 billion for grants. Grantees must enter into contracts or other binding commitments for no less than 50 percent of the funding within 120 days of enactment.

Senate:

- \$1.1 billion for grants

Highway Infrastructure

House:

- \$30 billion, \$804 million of which will go to roads and roadways on Indian Reservations and national parks.
- Funds will be distributed in the following manner:
 1. 55 percent (\$16.058B) directly to State DOTs
 2. 45 percent (\$13.138B) mirrors the Surface Transportation Program
 - a. 10 percent (\$1.314B) set aside for transportation enhancements
 - b. 90 percent (\$11.824B) split:
 - i. 62.5 percent (\$7.39B to MPOs) suballocated by population
 - ii. 37.5 percent (\$4.434B) to State DOTs
- Approximately half of the \$30 billion is under a 120-day "use it or lose it" requirement; if a state has not obligated half of its apportionment within 120 days the difference between the obligated amount and 50 percent will be taken back by FHWA and redistributed to other states. (note: Money suballocated to a MPO has a "use it or lose it" requirement 30 days shorter than the state requirement. If a MPO has not obligated at least 50 percent of its allocations within 90 days of allocation, it gives the money back to the state so that the state can obligate before the state's 120-day deadline. The same thing happens to the remaining half of the money on July 1.)
- Priority will be given to projects that can award contracts within 120 days are included in an approved state and/or local TIP are projected for completion within a 3-year time frame and are located in economically distressed areas.

Senate:

- \$27 billion for highways, streets, and roads investments. The majority of the funding will be distributed as grants using a formula set in current federal law, and will be distributed in two parts:
 - The first half will be provided to state governments to be obligated within 180 days of distribution.
 - The second half will be split 20 percent to states, and 80 percent to regional transportation agencies. These funds must be obligated within one year of distribution.
- \$5.5 billion for competitive grants to state and regional governments for transportation investments. The projects are required to have a significant impact on the nation, a region, or a metropolitan area.

Public Transit

House:

- \$9 billion for supplemental grants for public transit investment
- Grantees must enter into contracts or other binding commitments for no less than 50 percent of the funding within 120 days of enactment

Senate:

- \$8.4 billion for public transportation. This funding will be distributed by formula to local areas using current federal formulas. The funds will be distributed in two parts, with requirements for the first half to be obligated within 180 days, and the second half to be obligated within one year of distribution.

HOUSING/COMMUNITY DEVELOPMENT

Public Housing Capital Fund

House:

- \$5 billion total. \$4 billion will be distributed by formula, and \$1 billion will be distributed through competitive grants to public housing authorities

Senate:

- \$5 billion total

Community Development Block Grants

House:

- \$1 billion to be distributed using the FY 2008 distribution formula
- Priority to be given to projects that can award contract within 120 days of receipt of funds

Senate:

- No funds for Community Development Block Grants

Neighborhood Stabilization Program

House:

- \$3.4 billion competitive grant program for state, local governments, and non-profits

Senate:

- \$2.25 billion total

MISCELLANEOUS

Wireless and Broadband Deployment Grant Program (new program)

House:

- \$1 billion for Wireless Deployment Grants
- \$1.8 billion for Broadband Deployment Grants
- Eligible local governments are those who are, or intend to be, a provider of wireless voice service, advanced wireless broadband service, basic broadband service, or advanced broadband service.

Senate:

- No funds included for Wireless and Broadband Deployment Grants

Gov. Arnold Schwarzenegger Wins: State Worker Furloughs Can Proceed. The Governor won an important victory Wednesday, when a Sacramento superior court judge rejected arguments from two state employee unions that the Governor lacks the authority to furlough state workers as a means of reducing state costs. The judge said the state's current budget crisis and lack of funds represented an emergency and the Governor's order was "reasonable and necessary under the circumstances." He ordered the State Controller, who had sided with the unions and refused to cut state worker paychecks, to implement the Governor's plan by cutting state workers' paychecks by ten percent. The move will save the state an estimated \$1.3 billion.

League Alerts Administration of Impacts of Local Funding Deferrals. Information provided by more than 40 cities this week made it possible for the League to provide information to the Governor's administration budget and transportation officials about specific local impacts that would likely occur if a plan to delay payments to local agencies of funds from several sources became part of the final budget-balancing package.

As reported last week in *Priority Focus*, the proposal is defer local payments of Highway Users Tax Account (HUTA) funds for seven months; Proposition 42 transportation funds for three months; and mandate payments for two months. The League asked cities to provide information on what impact these deferred payments would have on their ability to provide services.

More than 40 cities responded, providing specific examples of how deferral of these funds will directly translate into local project delays. In a transmittal sent to administration officials, League Legislative Director Dan Carrigg wrote:

"Several frustrated respondents described [the proposal as] an 'anti-economic stimulus.' For some cities this means waiting up to a year on street rehabilitation and for others, stopping construction on major infrastructure projects indefinitely because of the costs to stop construction and start again. Public works officers also point out that these delays will occur during the spring/summer construction period, and also at a time when they have been receiving lower bids that would allow these projects to be stretched further. In addition, some cities report a delay in HUTA payments would mean losing staff in their municipal public works/transportation departments."

While sympathetic with the state's cash flow challenges, Carrigg urged the administration officials to consider approaches that minimize the amount of disruption cities would experience as they work to stimulate important economic activities at the local level.

'AB 32' Continued from Page 1...

In 2009 and 2010, the focus of the climate change work at the ARB and other state agencies will be to adopt regulations implementing the Scoping Plan. ARB plans to continue to use their formal structure of public workshops, draft regulations and formal comment periods for these regulations. Under existing law, the regulations developed in the next two years, will go into effect no later than Jan. 1, 2012.

The key requirements for any regulations developed in this process must meet the following:

- Use open public process for new regulations
- Minimize costs and maximize benefits
- Protect low-income communities
- Complement existing smog and air toxics programs
- Minimize greenhouse gas emission leakage and administrative burdens

The following measures contained within the ARB Scoping Plan and adopted by the ARB as discrete early action items are expected to go before the ARB Board for adoption in 2009:

AB 32 Scoping Plan Key Local Government Implementation Measures						
Scoping Plan Measure	Responsible Lead State Agency	Projected Date Measure to be Adopted by Lead Agency	Projected Implementation Date	Million Tons of GhG Reductions by 2020	Type of Action (Regulation, Voluntary, etc)	Link to Regulations
Pavley tailpipe emissions (AB 1493)	ARB	Sep 2004	2009-2016	27.7	Regulation	www.arb.ca.gov/cc/ccms/ccms.htm
Ship Electrification at Ports**	ARB	Dec 2007	2010	0.2	Regulation	www.arb.ca.gov/ports/shorepower/shorepower.htm
Tire Pressure Program**	ARB	Feb 2009	2010	0.1	Regulation	www.arb.ca.gov/cc/tire-pressure/tire-pressure.htm
Low Carbon Fuel Standard**	ARB	April 2009	2010	15	Regulation	http://www.arb.ca.gov/fuels/lcfs/lcfs.htm
Landfill Methane Control**	ARB	April 2009	2012	1	Regulation	http://www.arb.ca.gov/cc/landfills/landfills.htm
Green Buildings	DGS, ARB, CEC, CPUC, HCD	Ongoing	unknown	26	NA	http://www.bsc.ca.gov/prpsd/stds/default.htm
Commercial Recycling	CIWMB	2010	unknown	5	Mandate	www.ciwmb.ca.gov/climate/Recycling/default.htm
Regional Transportation Related Greenhouse Gas Targets	ARB, Local Government Regional Planning Agencies	Sep 2010	Set targets by 2010.	5	NA	http://www.arb.ca.gov/cc/rac/rac.htm
ARB- California State Air Resources Board						
CEC- California Energy Commission						
CPUC- California Public Utilities Commission						
DGS- California Department of General Services						
HCD- California Department of Housing and Community Development						
** Discrete Early Action Items are required under AB 32 to be enacted and enforceable by January 1, 2010.						

A full timeline of all ARB implementation measures can be found at:
http://www.arb.ca.gov/cc/scopingplan/meetings/012909/sp_measures_implementation_timeline_012909.pdf

Upcoming Legislative Hearing to Address Group Homes

Mark your calendars now for the Wednesday, Feb. 18 informational hearing of the Assembly Human Services Committee, from 1:30 – 5 p.m. at the State Capitol. The hearing will focus on siting of residential facilities for people with disabilities and children.

The siting and location of residential group homes is a major concern for many of California's cities. The staff of the Assembly Human Services Committee has been working with League staff on the scope of the hearing, and quite a bit of thought and consideration has gone into the construction of the agenda.

While the final agenda has yet to be released, the hearing will consist of several different issues presented by group homes. Topics to be addressed include perspectives from the State of California; local governments, including cities and counties; and providers of group homes.

Local government participation is a critical portion of this hearing, especially with regard to the notion of local concerns, local planning efforts to address siting issues and potential future recommendations. While the League has identified a number of cities with experiences to share about the challenges of siting of group homes in neighborhoods, we are looking for additional examples, and possible witnesses to testify at such a hearing. Specific issues include over-concentration of group homes in neighborhoods, code violations, and disproportionate increases in public safety calls.

If your city has examples to be shared, please contact League staff, Lucas Frerichs, at lfrerichs@cacities.org.

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 Convention 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 that 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 out on!

- 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.

League Forms Water Task Force

Over the last year, water supply, conveyance, quality and conservation have been actively discussed at League meetings. Last summer, the League Board of Directors created a specific forum for consideration of water policy issues by approving a new Water Task Force. The scope of the new Task Force is broad: water supply, conveyance, conservation, quality, wastewater and stormwater. The board's direction to the Task Force is two-fold: first, what should be the League's involvement in statewide water policy discussions? Second, if the League should be involved, then should the Task Force develop policies or principles to assist in that involvement, to be voted on by League Policy Committees and the Board of Directors?

There has been strong membership interest in the new task force, as indicated by the overwhelming number of city officials the League has received since last summer, requesting appointment to the group. The League has been reviewing and coordinating membership requests, and identifying topics for the task force to review. Recently, the Board Executive Committee voted to approve two members per League regional division as voting members and

encourage all other interested city officials to participate, but not as voting members. Task force member selection was delegated to each regional division.

The first Task Force meeting is tentatively scheduled for Thursday, April 16 from 11 a.m. - 3 p.m., at the Sheraton Grand Hotel in Sacramento. This meeting will coincide but not conflict with the League's Legislative Action Days and League Board Meeting in Sacramento that day.

If you have further questions or would like to participate on the Task Force, please contact your League Regional Public Affairs Manager, League Policy Analyst Lucas Frerichs (lfrerichs@cacities.org) or League Legislative Representative Kyra Ross (krross@cacities.org) are also available to answer questions.

Assembly Committee Appointments Announced

Assembly Speaker Karen Bass this week announced her appointments to all Assembly legislative committees. The chairmanships had been announced the week of Jan. 16, but the information on the memberships of the various committees had not yet been made public.

Senate committee chairs and members were announced by Sen. President Pro Tem in December 2008.

A listing of all Senate committee members can be found on the Senate Web site at <http://www.senate.ca.gov/~newsen/committees/standing.htm>.

Assembly committee members can be found on the Assembly Web site at <http://www.assembly.ca.gov/acs/acsframeset8text.asp>.

The following members will comprise the Senate and Assembly Local Government Committees. City officials should review these lists carefully and take note of members that represent their cities. You will want to maintain contact with these members about city issues and concerns in the weeks and months ahead.

Assembly Local Government Committee

Chair: Assembly Member Anna M. Caballero, D-Salinas

Vice-Chair: Assembly Member Steve Knight, R- Palmdale

Mike Davis, D – Los Angeles

Michael Duvall, R- Brea

Mary Hayashi, D – Hayward

Paul Krekorian, D – Burbank

Nancy Skinner, D – Berkeley

Senate Local Government Committee

Chair: Sen. Patricia Wiggins, D – Santa Rosa

Vice Chair: Sen. Dave Cox, R – Fair Oaks

Samuel Aanestad, R – Grass Valley

Christin Kehoe, D – San Diego

Lois Wolk, D - Davis

Helen Putnam Awards: Celebrating Excellence in City Government

Enter Your City's Innovative Program Today and Compete for Statewide Recognition

Each year the League of California Cities honors outstanding work in cities across the state through the League Partner-sponsored Helen Putnam Awards for Excellence. If your city has done remarkable, innovative work in any of the 10 categories listed below now is the time to get your deserved recognition. It is an opportunity to thank your employees and collaborators, gain the appreciation of your residents and feel proud of outstanding contributions made to better your city.

The award recognizes the successes of California cities as demonstrated by beneficial innovations, resourceful efficiencies, improved public service, and overall enhanced public trust and support. The award also provides a great opportunity to have a community celebration of the good work you are doing.

Categories for the 2009 Helen Putnam Awards

1. Community Services and Economic Development
2. Enhancing Public Trust, Ethics and Community Involvement
3. Health and Wellness Programs
4. Housing Programs and Innovations
5. Internal Administration
6. League Partners Award for Excellence in City-Business Relations
7. Planning and Environmental Quality
8. Public Safety
9. Public Works, Infrastructure and Transportation
10. Ruth Vreeland Award for Engaging Youth in City Government

Additionally, this year will mark the first President's Advocacy Award. This prestigious award honors a distinguished program that best advocates for the League Board's annual strategic priorities. One outstanding winner will be chosen from the ten categories. Additionally, as in past years, a Cities, Counties and Schools (CCS) Partnership Award will be given to the applicant that exhibits a proven effort in demonstrating a culture of collaboration among local jurisdictions. The CCS Partnership is a collaboration of the League, California State Association of Counties and California School Boards Association.

To qualify, simply demonstrate that your city offered a program or service that has proven measurable and successful within a minimum of one year of actual implementation.

The submission deadline is April 9. For your convenience, applications and more information is also available at www.cacities.org/helenputnam. New this year, applications can be submitted electronically.

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.
