



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Aldinger and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Lindy Coe-Juell, Assistant to the City Manager

DATE: November 6, 2007

SUBJECT: Consideration of the State Budget and Legislative Update

RECOMMENDATION:

Staff recommends that the City Council receive and file the November 2007 Budget and Legislative Update from Tony Rice, the City's legislative advocate.

FISCAL IMPLICATION:

There are no fiscal implications associated with staff's recommendation.

BACKGROUND:

The City contracts with Tony Rice of Rice, Englander and Associates, for legislative advocacy and representation. One of the deliverables of the contract is to provide regular updates on the state budget and legislative activity.

DISCUSSION:

The November 2007 Budget and Legislative Update from Tony Rice is attached.

November 6, 2007

To: City of Manhattan Beach

Fm: Rice/Englander & Associates

RE: SACRAMENTO UPDATE

Governor Ends Consideration

Midnight Sunday, October 14, 2007, the Governor finally wrapped up his consideration of all the bills sent to him by the Legislature in 2007. This was a rather unique year in comparison to past years in that the Governor seemed to wait an inordinate amount of time before acting on numerous proposals. For instance, the Legislature passed more than 700 bills to the Governor during the final weeks of the Session for him to consider, yet the Friday prior to the deadline the Governor still had approximately 350 bills on his desk to act. All of us were anxiously awaiting the outcome of several high priority bills.

The cause for the delay seems now to be two-fold: after the Legislature adjourned the Governor was traveling a lot out of the state. And technically, the Governor does not have the powers of Governor once he travels beyond the California borders. The second cause for the delay now appears to be that the Governor created signing ceremonies for various policy areas almost daily that generated a lot of time and consideration. For instance, the Governor held a signing ceremony for a package of water bills for the Central Valley one day, and a signing ceremony for bills relating to the reduction of gang violence another.

In all, the Governor was sent nearly 1000 bills in 2007, with the vast majority of those proposals sent to him during the final weeks of the legislative session. Of those bills, he approved slightly more than 75%. His near 25% of vetoes is consistent with his entire tenure in office as he routinely vetoes slightly more than 20% of the proposals he has received to date.

Special Sessions

As we've previously reported, on the last day of the Legislature's regular session the Governor convened two separate special sessions; one to deal with water storage and delivery for California and the other for healthcare reform to cover the approximately 7.5 million people without health insurance in California. The thinking was to fast track the water issues and deal with the healthcare reform issues after a water deal was achieved. It now appears that both items are "dead" at this time. In fact, the chief negotiator in the Assembly for water has just left California for a three week vacation. So it now seems that the year of healthcare reform in California has concluded with a thud.

Legislation – Specific Items of Interest

The following updates you on some high profile legislation:

- **AB 1381 (Nunez)** - This bill, authored by the Speaker of the Assembly, would create the Office of Statewide Violence and Gang Prevention to coordinate and combat gang violence in California. This bill was signed by the Governor.
- **ACA 8 (De La Torre)** – This city friendly eminent domain proposal was unable to garner the necessary votes for passage in the Legislature as the Assembly Republicans refused to vote for the proposal, and it needed 54 votes for passage. Expect an intense and bitter initiative fight next year between the sponsors of this proposal and the backers of a heavily restrictive eminent domain proposal.
- **SB 624 (Padilla)** – This bill would provide greater scrutiny on retailers selling tobacco in order to keep tobacco products from being sold to minors. This bill was signed by the Governor.
- **SB 625 (Padilla)** – This bill would fund the enforcement activities contained in SB 625 by imposing a fee on tobacco retailers that allow their license to lapse. This bill was signed by the Governor.
- **SB 886 (Negrete McCleod)** – This bill sought to add one seat to the South Coast Air Quality Management District Board from the West Side of Los Angeles. We are pleased to report the Governor signed this legislation.
- **SB 964 (Romero)** – As introduced, this bill was exceptionally problematic for local governments as it would have severely restricted essential communications amongst cities and staff. This bill was vetoed by the Governor.
- **SB 1028 (Padilla)** – This bill would direct the State Air Board to implement more measures to reduce motor vehicle emissions. This bill was signed by the Governor.

Attachment

We have exceptional relationships with all offices in Sacramento, including committee offices. Attached is a memo prepared by the Senate Local Government Committee sent to us on some of the major bills assigned to their committee in 2007. We are pleased to report that many of the city unfriendly proposals introduced this year were either soundly defeated or heavily amended as the proposals moved through the legislative process.

Budget

The Administration will conclude shortly its compiling of the requests by all state agencies and departments regarding funding requests for the 2008-09 budget. The Governor's Office and the Department of Finance will match the requests against the current and projected budget revenues over the next two months in preparation of the release of the Governor's Proposed 2008-09 State Budget, constitutionally required to be released no later than January 10, 2008. At this time, the fiscal outlook of the state continues to be gloomy. While these discussions are usually closely guarded there is no doubt the state will experience significant shortfalls, yet again, for the upcoming budget. Unless the revenue figures improve significantly in a relatively short period of time the upcoming budget could be the most challenging faced by the state in several years. We must remain vigilant as the budget battle unfolds between January and June to ensure that local government revenues are not harmed.

Looking Ahead

The Legislature adjourned its Regular Session on September 14, 2007. While Special Sessions have been called to deal with healthcare reform and water reform, there appears to be broad based inactivity. Unless the Legislature convenes to handle these issues the next guaranteed time that the Legislature will begin full deliberations again is January 7, 2008, the official start of the final year of the two year Regular Session.

October 15, 2007

TO: People Interested in Local Government, Public Finance, and Land Use

FROM: Senator Gloria Negrete McLeod

SUBJECT: Local Government Bills During 2007

Now that Governor Arnold Schwarzenegger has finished acting on bills, I want you to know about some of the more interesting bills affecting public finance, land use, and local governance that came to the Committee this year. The urgency bills took effect when they were chaptered; regular bills take effect on January 1, 2008. The Committee will take up the two-year bills when the Legislature returns in January, and then we will work on the newly-introduced bills.

LOCAL FINANCE

SB 444 (Senate Local Government Committee) conforms standby charge statutes to the requirements of Proposition 218. Status: Signed; Chapter 27, Statutes of 2007.

SB 547 (Correa) provides up to \$20 million of annual state funding to the counties with the lowest shares of property tax allocations. Status: Senate Appropriations Committee; two-year bill.

SB 605 (Alquist) authorizes Santa Clara County to increase its vital records fees by up to \$4 to fund the coordination of their domestic violence programs. Status: Senate Local Government Committee; two-year bill.

SCA 12 (Torlakson) adds stormwater fees to Proposition 218's voter approval exemption for sewer, water, and garbage property-related fees. Status: Senate Floor; two-year bill.

AB 83 (Lieber) creates the PARE program to pay counties for the schools' share of the costs of running the property tax system. Status: Senate Appropriations Committee; two-year bill.

AB 239 (DeSaulnier) authorizes Contra Costa and San Mateo counties to charge \$25 fees on recorded real estate documents to fund affordable housing. Status: Senate Local Government Committee; two-year bill.

AB 263 (Arambula) corrects errors identified by the State Controller's Office which cause the Fresno Metropolitan Flood Control District to over-contribute property taxes to ERAF. Status: Signed; Chapter 490, Statutes of 2007.

AB 373 (Wolk) makes dozens of changes to the Mello-Roos Community Facilities District Law and the School Facilities Improvement District Law. Status: Signed; Chapter 670, Statutes of 2007.

AB 938 (Calderon) creates new procedures that will allow local officials to charge regulatory and user fees to pay for stormwater and urban runoff programs. Status: Senate Environmental Quality Committee; two-year bill.

AB 1170 (Krekorian) imposes deadlines on deciding state mandates test claims and completing audits of state mandates reimbursement claims. Status: Senate Appropriations Committee; two-year bill.

AB 1222 (Laird) enacts consensus reforms to the state mandate reimbursement process. Status: Signed; Chapter 329, Statutes of 2007.

AB 1260 (Caballero) clarifies how local officials should comply with Proposition 218's notice and protest procedures for property-related fees. Status: Signed; Chapter 280, Statutes of 2007.

AB 1261 (Caballero) revises the statute governing public-private infrastructure agreements. Status: Senate Appropriations Committee; two-year bill.

AB 1275 (DeSaulnier) authorizes counties to increase their vital records fees by up to \$4 to fund the coordination of domestic violence and child abuse programs. Status: Senate Local Government Committee; two-year bill.

LAND USE PLANNING & DEVELOPMENT

SB 5 (Machado) requires more planning for flood protection, including a new Central Valley Flood Protection Plan and amended general plans and zoning ordinances. Status: Signed; Chapter 364, Statutes of 2007.

SB 167 (Negrete McLeod) allocates money from Proposition 84 to help cities and counties revise and implement their general plans and to improve regional planning. Status: Senate Appropriations Committee; two-year bill.

* **SB 732 (Steinberg)** allocates money from Proposition 84, including loans for revising local general plans and improving regional planning. Status: Assembly Floor; two-year bill.

SB 821 (Kuehl) requires the California Research Bureau to report on the implementation of the state law that requires cities and counties to impose conditions for water availability on larger subdivisions. Status: Assembly Appropriations Committee; two-year bill.

SB 934 (Lowenthal) allows public officials to create up to 100 Housing and Infrastructure Zones, to be financed with property tax increment revenues. Status: Senate Appropriations Committee; two-year bill.

AB 162 (Wolk) expands the requirements for flood management in city and county general plans. Status: Signed; Chapter 369, Statutes of 2007.

AB 1066 (Laird) requires the Governor's Office of Planning and Research to include information and advice about rising sea levels in OPR's *General Plan Guidelines*. Status: Senate Appropriations Committee; two-year bill.

AB 1253 (Caballero) allocates money from Proposition 84 for local and regional planning. Status: Amended and used for a different topic; no longer relevant to land use planning.

REDEVELOPMENT

SB 437 (Negrete McLeod) requires redevelopment agencies to report their project areas' time limits in their annual reports and five-year implementation plans. Status: Signed; Chapter 90, Statutes of 2007.

AB 887 (De La Torre) requires redevelopment officials to give more information to property owners who are subject to condemnation and to pay higher benefits when using eminent domain to condemn small businesses. Status: Senate Floor; two-year bill.

LOCAL POWERS & GOVERNANCE

SB 76 (Flores) requires school district officials to receive the same ethics training as other local government officials. Status: Assembly Appropriations Committee; two-year bill.

SB 103 (Cedillo) requires local officials to report their economic development subsidies. Status: Vetoed.

SB 141, SB 142, and SB 143 (Senate Local Government Committee) are the annual Validating Acts. Status: Signed as Chapter 6 (urgency), Chapter 216 (urgency), and Chapter 217, all Statutes of 2007.

SB 144 (Senate Local Government Committee) is the annual Local Government Omnibus Act, making 23 relatively minor and noncontroversial changes to the state laws affecting local agencies' powers and duties. Status: Signed; Chapter 343, Statutes of 2007.

SB 233 (Cox) broadens the definition of "project" for counties' design-build authority. Status: Signed; Chapter 584, Statutes of 2007.

SB 343 (Negrete McLeod) requires that agenda materials which are distributed within 72 hours of local legislative bodies' meetings be made publicly available at a specified location. Status: Signed; Chapter 298, Statutes of 2007.

SB 416 (Ashburn) allows all counties to use the design-build contracting method. Status: Signed; Chapter 585, Statutes of 2007.

SB 964 (Romero) clarifies the Brown Act's prohibition on serial meetings and prohibits an agency from discriminating when providing writings to its local legislative body. Status: Vetoed.

AB 701 (De La Torre) doubles the statutory salary schedule that applies to city councilmembers and clarifies how city councils can further raise their salaries. Status: Vetoed.

AB 1496 (Swanson) requires cities and counties with civil service systems to classify all employees, with exceptions, and imposes the same standards and procedures for temporary employees as school district merit systems. Status: Senate Local Government Committee; two-year bill.

AB 1580 (La Malfa) and SB 516 (Aanestad) create two new special districts in Shasta and Siskiyou Counties to take over the State Department of Water Resources' watermaster duties. Status: Signed as Chapter 416 and Chapter 434, both Statutes of 2007.

AB 1634 (Levine) requires cat and dog owners to spay or neuter their animals, with exceptions. Status: Senate Local Government Committee; two-year bill.

LAFCOs & BOUNDARY CHANGES

SB 162 (Negrete McLeod) requires LAFCOs to consider environmental justice when they act on boundary changes. Status: Signed; Chapter 428, Statutes of 2007.

SB 819 (Hollingsworth) permanently allows LAFCOs to consolidate special districts that were not formed under the same principal act. Status: Signed; Chapter 98, Statutes of 2007.

AB 745 (Silva) makes protest petitions subject to the same requirements to disclose contributions and expenditures that apply to application petitions. Status: Signed; Chapter 109, Statutes of 2007.

AB 1744 (Assembly Local Government Committee) makes nine changes to the state laws affecting LAFCOs and local agencies' boundaries. Status: Signed; Chapter 244, Statutes of 2007.

* This bill did not come to the Senate Local Government Committee.



The best way to get copies of these bills, their analyses, histories, voting records, and any veto messages is from the California Legislature's official website: www.leginfo.ca.gov.

More information about the Committee's work is available at www.sen.ca.gov/locgov.