



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: March 18, 2008

SUBJECT: Consideration of the State Budget and Legislative Update

RECOMMENDATION:

Staff recommends that the City Council receive and file the March 2008 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 March 2008 Budget and Legislative Update from Tony Rice is attached.

March 18, 2008

To: City of Manhattan Beach

Fm: Rice/Englander & Associates

RE: SACRAMENTO UPDATE

Significant actions have taken place in California politics since your last update. The following describes those actions:

State Budget

As we have feared, the state budget continues to get worse. We reported to you in our last update that the Legislature and the Governor agreed to several actions intended to address the current year budget shortfall. And while true, and reasonably significant in their breadth, the non-partisan Legislative Analysts' Office issued a report the week immediately following those actions saying the state's deficit grew by more than \$1.5 billion in two months, nearly the exact amount the state had scored as savings mere days before. And since those actions, the economy has soured even further, pushing the deficit even higher. We do not expect any more large-scale analyses of the state's budget situation until the release of the May Revise, the document issued based on the state's tax collections for 2007, and the final estimate utilized by policymakers in crafter the 2008-09 budget. That said, many of us believe it is not unreasonable to expect the overall deficit to reach \$18 billion, or more.

The significance of such a large deficit may seem ephemeral, but it can have very real consequences for local government revenues. At this time, local government revenues have not been slated for taking by the state. That is, except for one proposal offered by the Legislative Analysts' Office that would take Proposition 172 funds from cities to pay for County wide enforcement. That same proposal would also eliminate booking fees paid by the state to counties, which would likely mean an assessment to cities to backfill the losses associated with the revenue. While the LAO does offer a funding mechanism to offset the financial losses to cities, it is dubious as to whether it would a) be enough to cover the entire program costs and b) sufficient enough to cover the future growth of the program. Rice/Englander & Associates, in coordination with other local government representatives, have been educating policymakers of the negative effect of this proposal and are working hard to counter the measure. No definitive action has yet been taken on the proposal.

In the broader budget context, while local government revenues (namely Proposition 1A funds and Proposition 42 transportation funds) have not been outright mentioned as being considered as a possible budget solution for the state, we must remain vigilant to ensure that remains the case. As the budget deficit continues to grow, an increasing amount of pressure will be placed on the Legislature and the Governor to find large sources of revenue. In total, Proposition 1A funds and Proposition 42 funds amount to more than \$3 billion. If in fact the state follows through on its desire (at least in some caucuses) to cut Proposition 98 education funding, many lawmakers would be hard pressed not to cut other programs, like local revenues, as well. It is important to make the case that local revenue not be harmed because the state continues to be unable to balance its own books.

In a clear sign that many in the Legislature are not interested in solely making cuts to balance the books, the Democratic Leadership in the Senate recently went on record as saying they will be making a concerted effort to push for tax increases this year. This is the first time in our experience that a caucus has been so brazen in its demand for a tax increase so early in the budgetary negotiations. If tax increases were to be approved it would certainly offset a like amount needed through cuts. We will continue to provide updates and analysis as the budget negotiations unfold.

Legislation

As you know, Rice/Englander & Associates believes in working with allies to better affect an outcome. To that end, we meet weekly with other local government representatives to share information for the betterment of the whole. We have recently decided to produce a list of legislation we all believe are important to local governments. This document is not intended to be static, but rather a living document that will change based on changes to legislation. The first initial take on priority bills is listed below. The size and scope of this list will often change, and we will brief staff of those changes when they occur. The list is rather short at this time due to the sheer number of bills released at the deadline for the introduction of new bills, just a few weeks ago. We continue to pour over all the bills and will brief staff on those items of highest significance.

Energy

AB 2030(Lieu) Energy: building standards. (1-02/15/2008 [html pdf](#))

Status: 02/28/2008-Referred to Com. on NAT. RES.

Location: 02/28/2008-A NAT. RES.

AB 811(Levine) Contractual assessments: energy efficiency improvements. (A-01/24/2008

[html pdf](#))

Status: 02/07/2008-Referred to Coms. on E.,U. & C. and JUD.

Location: 02/07/2008-S E. U., & C.

Net Metering

AB 2466(Laird) Government energy producers. (1-02/21/2008 [html pdf](#))

Status: 02/22/2008-From printer. May be heard in committee March 23.

Location: 02/21/2008-A PRINT

AB 2820(Huffman) Renewable energy resources. (1-02/22/2008 [html pdf](#))

Status: 02/25/2008-Read first time.

Location: 02/22/2008-A PRINT

Water

AB 2175(Laird) Water conservation.

Status: 03/05/2008-Referred to Com. on W.,P. & W.

Location: 03/05/2008-A W.,P. & W.

AB 2270(Laird) Recycled water.

Status: 03/05/2008-Referred to Com. on W.,P. & W.

Location: 03/05/2008-A W.,P. & W.

Solid Waste

SB 1016(Wiggins) Diversion: annual report. (A-04/10/2007 [html pdf](#))

Status: 12/05/2007-Hearing postponed by committee. (Refers to 7/2/2007 hearing)

Location: 05/24/2007-A NAT. RES.

AB 1719(Hancock) Recycling: beverage containers: plastic bags. (A-09/11/2007 [html pdf](#))

Status: 09/12/2007-In Assembly. Concurrence in Senate amendments pending. Re-referred to

Com. on RLS. pursuant to Assembly Rule 97. (Page 3415.)

Location: 09/12/2007-A RLS.

SB 1357(Padilla) Beverage containers: grants. (1-02/20/2008 [html pdf](#))

Status: 02/28/2008-To Com. on E.Q.

Location: 02/28/2008-S E.Q.

AB 1719(Hancock) Recycling: beverage containers: plastic bags. (A-09/11/2007 [html pdf](#))

Status: 09/12/2007-In Assembly. Concurrence in Senate amendments pending. Re-referred to

Com. on RLS. pursuant to Assembly Rule 97. (Page 3415.)

Location: 09/12/2007-A RLS.

SB 1020(Padilla) Solid waste: diversion. (A-06/26/2007 [html pdf](#))

Status: 08/30/2007-Hearing postponed by committee. (Refers to 8/30/2007 hearing)

Location: 08/30/2007-A APPR. SUSPENSE FILE

AB 2866(De Leon) Solid waste: solid waste disposal fees. (1-02/22/2008 [html pdf](#))
Status: 02/25/2008-Read first time.
Location: 02/22/2008-A PRINT

AB 2679(Nunez) Solid waste: enforcement agencies. (1-02/22/2008 [html pdf](#))
Status: 02/25/2008-Read first time.
Location: 02/22/2008-A PRINT

AB 1195(Torrico) Recycling: used oil: incentive payments. (A-02/04/2008 [html pdf](#))
Status: 02/04/2008-From committee chair, with author's amendments: Amend, and refer to committee. Read second time, amended, and re-referred to Com. on APPR.
Location: 02/04/2008-S APPR

Land Use

AB 2280(Saldana) Density bonus. (1-02/21/2008 [html pdf](#))
Status: 03/05/2008-Referred to Coms. on H. & C.D. and L. GOV.
Location: 03/05/2008-A H. & C.D.

AB 2447(Jones) Subdivision maps: disapproval. (1-02/21/2008 [html pdf](#))
Status: 02/23/2008-From printer. May be heard in committee March 24.
Location: 02/21/2008-A PRINT

AB 2097(Coto) Low and Moderate Income Housing Fund: emergency shelters and supportive services. (1-02/19/2008 [html pdf](#))
Status: 02/28/2008-Referred to Com. on H. & C.D.
Location: 02/28/2008-A H. & C.D.

AB 3005(Jones) Community development: emergency housing and assistance. (1-02/22/2008 [html pdf](#))
Status: 02/25/2008-Read first time.
Location: 02/22/2008-A PRINT

AB 2513(Caballero) Housing and Emergency Shelter Trust Fund of 2006: allocation of funds: regional housing need share. (1-02/21/2008 [html pdf](#))
Status: 02/22/2008-From printer. May be heard in committee March 23.
Location: 02/21/2008-A PRINT

Housing

SB 1226(Alquist) CalHome Program: mobilehome parks. (1-02/14/2008 [html pdf](#))
Status: 02/27/2008-To Com. on T. & H.
Location: 02/28/2008-S T. & H.
Housing Bonds

AB 2494(Caballero) Housing-Related Parks Program.

Status: 02/22/2008-From printer. May be heard in committee March 23.

Location: 02/21/2008-A PRINT

**AB 2513(Caballero) Housing and Emergency Shelter Trust Fund of 2006:
allocation of**

funds: regional housing need share.

Status: 02/22/2008-From printer. May be heard in committee March 23.

Infrastructure Implementation

**SB 974(Lowenthal) Ports: congestion relief: air pollution mitigation: regulatory
fee. (A-**

09/05/2007 [html](#) [pdf](#))

Status: 02/26/2008-From inactive file to third reading file.

Location: 02/26/2008-A THIRD READING

SB 748(Corbett) Transportation: state-local partnerships. (A-07/12/2007 [html](#) [pdf](#))

Status: 08/30/2007-Set, first hearing. Referred to APPR. suspense file. Set, second hearing.

Hearing canceled at the request of author.

Location: 08/30/2007-A APPR. SUSPENSE FILE

AB 1261(Caballero) Infrastructure financing. (A-08/20/2007 [html](#) [pdf](#))

Status: 08/20/2007-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 07/17/2007-S APPR.

Transportation

AB 1815(Feuer) California Transportation Infrastructure Funding Task Force. (I-01/17/2008

[html](#) [pdf](#))

Status: 02/07/2008-Referred to Com. on TRANS.

Location: 02/07/2008-A TRANS.

**AB 2495(Feuer) Local governments: infrastructure financing. (I-02/21/2008 [html](#)
[pdf](#))**

Status: 02/22/2008-From printer. May be heard in committee March 23.

Location: 02/21/2008-A PRINT

**AB 2321(Feuer) Transportation funding: County of Los Angeles. (I-02/21/2008 [html](#)
[pdf](#))**

Status: 03/05/2008-Referred to Com. on TRANS.

Location: 03/05/2008-A TRANS.

ACA 10(Feuer) Bonded indebtedness: local government: transportation infrastructure. (I-01/07/2008 [html](#) [pdf](#))

Status: 01/08/2008-From printer. May be heard in committee February 8.

Location: 01/07/2008-A PRINT

AB 2316(Ruskin) Motor vehicles: greenhouse gas emission reductions.

Status: 02/22/2008-From printer. May be heard in committee March 23.

Location: 02/21/2008-A PRINT

Revenue and Taxation

AB 2009(Hernandez) Utility user taxes: exemption.

Status: 02/28/2008-Referred to Coms. on REV. & TAX. and L. GOV.

Location: 02/28/2008-A REV. & TAX

SB 1146(Cedillo) Tax administration: disclosure of information: Franchise Tax Board and

cities and counties. (I-02/04/2008 [html](#) [pdf](#))

Status: 02/14/2008-To Com. on REV. & TAX.

Location: 02/14/2008-S REV. & TAX

AB 2705(Jones) Local government: Mello-Roos Community Facilities districts: public

transit. (I-02/22/2008 [html](#) [pdf](#))

Status: 02/25/2008-Read first time.

Location: 02/22/2008-A PRINT

AB 2676(Calderon, Charles) Taxation: transient occupancy tax. (I-02/22/2008 [html](#) [pdf](#))

Status: 02/25/2008-Read first time.

Location: 02/22/2008-A PRINT

Labor and Employee Relations

AB 1844(Hernandez) Public employee benefits. (I-01/28/2008 [html](#) [pdf](#))

Status: 02/21/2008-Referred to Com. on P.E.,R. & S.S.

Location: 02/21/2008-A P.E.,R. & S.S.

AB 628(Price) Meal and rest periods: pool lifeguards. (A-01/07/2008 [html](#) [pdf](#))

Status: 02/27/2008-In committee: Set, first hearing. Testimony taken. Further hearing to be set.

Location: 02/27/2008-S L. & I.R.

AB 1666(Price) Meal and rest periods: stage assistants. (A-01/07/2008 [html](#) [pdf](#))

Status: 02/27/2008-In committee: Set, first hearing. Testimony taken. Further hearing to be set.

SB 1115(Migden) Workers' compensation: permanent disability reports: apportionment. (I-01/22/2008 [html](#) [pdf](#))

Status: 02/28/2008-Read second time. To third reading.

Location: 02/28/2008-S THIRD READING

SB 1123(Wiggins) Public employee benefits. (I-01/28/2008 [html](#) [pdf](#))

Status: 02/07/2008-To Com. on P.E. & R.

AB 1844(Hernandez) Public employee benefits. (I-01/28/2008 [html](#) [pdf](#))

Status: 02/21/2008-Referred to Com. on P.E.,R. & S.S.

Local Pre-emption

AB 2427(Eng) Professions and vocations. (I-02/21/2008 [html](#) [pdf](#))

Status: 02/22/2008-From printer. May be heard in committee March 23.

Eminent Domain

We have reported in the past of the impending initiative battle, scheduled in June, of two competing propositions relating to the ability of local governments to utilize eminent domain. We are limited by law as consultants as to what we can and cannot say regarding initiatives, however, we strongly recommend interested parties contact the League of California Cities at 916-658-8200 should they be interested in being involved in the campaign. We understand the use of eminent domain is not a big issue for Manhattan Beach today, however if one of the propositions were to pass, the ability of Manhattan Beach to utilize the proceedings would be severely curtailed in perpetuity.

Other Matters

We are pleased to report that Assemblymember Ted Lieu has been appointed as Chair of the powerful Assembly Rules Committee. The installation of Mr. Lieu demonstrates his extraordinary abilities as a member of the Legislature, and will no doubt benefit the constituents in his district.

As always, please do not hesitate to contact us with any questions or comments you may have.