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AGENDA

BOARD LEGISLATIVE COMMITTEE

Friday, February 19, 2010
12:45 p.m., Peralta Oaks Board Room

The following agenda items are listed for Committee consideration. In accordance with the Board Operating Guidelines, no official action of the Board will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations to the Board of Directors.

AGENDA

<u>STATUS</u>	<u>TIME</u>	<u>ITEM</u>	<u>STAFF</u>
	12:45 p.m.	1. STATE LEGISLATION / ISSUES	
		A. NEW	O'Brien/Pfuehler
		a. Proposed Legislation	
(R)		AB 1594 (Huber) – to require explicit legislative approval of a peripheral canal around the Delta	
(R)		AB 419 (Caballero) – to speed up approval of LAFCo recommendations	
		B. ISSUES	O'Brien/Pfuehler
(I)		a. June Ballot Initiatives	
(I)		b. November Ballot Initiatives	
(I)		c. State Budget – Schwarzenegger's proposal	
		2. FEDERAL LEGISLATION / ISSUES	Pfuehler/O'Brien
		A. NEW	
(I)		a. Federal Initiatives – Jobs Bill(s)	
		B. ISSUES	Pfuehler/O'Brien
		3. PUBLIC COMMENTS	
		4. STATUS OF RECOMMENDATIONS	
		5. CORRESPONDENCE & ARTICLES	

(R) Recommendation for Future Board Consideration

(I) Information

(D) Discussion

Future 2010 Meetings:	April 16, 2010	July 16, 2010	October 15, 2010
	May 21, 2010	August 20, 2010	November 19, 2010
	June 18, 2010	September 17, 2010	December 17, 2010

Legislative Committee Members:

Ted Radke, Chair, Doug Siden, Ayn Wieskamp, John Sutter, Alternate
 Erich Pfuehler, Staff Coordinator

Distribution/Agenda Only

Afton Crooks
 Michael Kelley
 Stana Hearne
 Peter Rauch
 Johan Klehs
 Judi Bank

Distribution/Agenda Only

Dan Levy
 Pete Wilson
 Robert Follrath, Sr.
 Fred W. Lopez
 Yolande Barial
 Bruce Beyaert

Distribution/Full Packet

Board of Directors
 Pat O'Brien
 Rosemary Cameron
 Dave Collins
 Bob Doyle
 John Escobar

Distribution/Full Packet

Allen Pulido
 Carol Johnson
 Tyrone Davis
 Dave Kalahela
 Carol Victor
 Ted Radosevich

Distribution/Full Packet

Hulet Hornbeck
 Dr. George Manross
 Norman LaForce
 Rich Guarienti
 Di Rosario
 Jon King

Board of Directors

Ted Radke President Ward 7	Doug Siden Vice-President Ward 4	Beverly Lane Treasurer Ward 6	Carol Severin Secretary Ward 3	John Sutter Ward 2	Whitney Dotson Ward 1	Ayn Wieskamp Ward 5	Pat O'Brien General Manager
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BOARD LEGISLATIVE COMMITTEE
2009/10 Status of Recommendations

The following is a record of bills that the Board has taken action on.

1. AB 83 (Feuer) Torts: personal liability. (2/2009)
STATUS: 7/1/2009 Withdrawn from Governor. Ordered returned to enrollment.
CURRENT LOCATION: **8/6/2009 A-CHAPTERED**

 AB 90 (Adams) Torts: personal liability. (1/22/10)
STATUS: 1/22/10 Failed Deadline pursuant to Rule 61(b)(2). (Last location was 2 YEAR on 6/8/2009).
CURRENT LOCATION: 1/22/2010 A-DEAD

 The Board unanimously voted **support** pending state legislative AB 83 and AB 90.
 (Resolution #2009-4-105)
CURRENT LOCATION: 6/8/2009 A-2 YEAR
NOTIFIED AUTHOR: **April 24, 2009**
2. AB 1496 (Skinner) Torts: personal liability immunity. (1/31/10)
STATUS: 1/31/2010 Failed Deadline pursuant to Rule 61(b)(3). (Last location was 2 YEAR ON 6/2/2009)
CURRENT LOCATION: 1/31/2010 A-DEAD
 The Board unanimously voted to **support** pending legislation AB 1496.
 (Resolution #2009-4-106)
NOTIFIED AUTHOR: **April 24, 2009**
3. AB 521 (De La Torre) Utility property: leases for park purposes. (10/11/2009)
STATUS: 10/11/2009 Chaptered by the Secretary of State, Chapter Number 448, Statutes of 2009.
CURRENT LOCATION: **10/11/2009 A-CHAPTERED**
 The Board unanimously voted to **support** pending legislation AB 521.
 (Resolution #2009-4-107)
NOTIFIED AUTHOR: **April 24, 2009**
4. AB 979 (Berryhill) Hunting or fishing: local regulation (9/4/2009)
STATUS: 9/4/2009 to inactive file on motion of Senator Harman.
CURRENT LOCATION: 9/4/2009 S-INACTIVE FILE
 The Board unanimously voted to **oppose unless amended** pending legislation AB 979.
 (Resolution #2009-4-107)
NOTIFIED AUTHOR: Letter dated April 8, 2009 to Jared Huffman, Chair, Committee on Water, Parks & Wildlife
5. AB 1084 (Adams) Local planning: development projects: fees (10/11/09)
STATUS: 10/11/2009 Chaptered by the Secretary of State, Chapter Number 507, Statutes of 2009
CURRENT LOCATION: **10/11/2009 A-CHAPTERED**
 The Board unanimously voted to **oppose unless amended** pending legislation AB 1084.
 (Resolution #2009-4-107)
NOTIFIED AUTHOR: **N/A**

6. AB 135 (Jeffries) Public resources: forest resource improvement: urban forestry: cost sharing (8/24/09)
STATUS: 9/4/2009 In committee: Set, first hearing. Hearing canceled at the request of author.
CURRENT LOCATION: 8/25/2009 S-N.R. & W.
 The Board unanimously voted to **support** pending legislation AB 135.
 (Resolution #2009-6-167)
NOTIFIED AUTHOR: *June 1, 2009*

7. AB 817 (Nestande) Government liability: special districts: indemnification.
STATUS:5/01/2009)
CURRENT LOCATION: 1/15/2010 A -DEAD
 The Board unanimously voted to **support** pending legislation AB 817.
 (Resolution #2009-6-168)
NOTIFIED AUTHOR: *June 1, 2009*

8. AB 1464 (Symth) Transportation: California Bicycle Routes of State or Regional Significance Act (8/25/09)
STATUS: 10/11/2009 Chaptered by the Secretary of State, Chapter Number 396, Statutes of 2009
CURRENT LOCATION: 10/11/2009 A-CHAPTERED
 The Board unanimously voted to **support** pending legislation AB 1464.
 (Resolution #2009-6-169)
NOTIFIED AUTHOR: *June 1, 2009*

9. SB 372 (Kehoe) State parks system: unit modification, adjustment, or removal. (9/15/09)
STATUS: 10/11/2009 Vetoed by the Governor
CURRENT LOCATION: 10/11/2009 S-VETOED
 The Board unanimously voted to **support** pending legislation SB 372.
 (Resolution #2009-6-172)
NOTIFIED AUTHOR: *June 1, 2009*

10. SB 555 (Kehoe) Eminent Domain Law: conservation easement. (9/15/09)
STATUS: 10/11/2009 Vetoed by the Governor.
CURRENT LOCATION: 10/11/2009 S-VETOED
 The Board unanimously voted to **support** pending legislation SB 555.
 (Resolution #2009-6-173)
NOTIFIED AUTHOR: *June 1, 2009*

11. HR 1044 (Miller) Port Chicago Naval Magazine National Memorial Enhancement Act of 2009 (5/15/09)
STATUS: Received in the Senate and Read twice and referred to the Committee on Armed Services.
CURRENT LOCATION: 7/16/2009 Referred to Senate committee. On Oct. 29, 2009 this was included as part of Defense Authorization and signed into law.
 The Board unanimously voted to **support** pending legislation HR 1044.
 (Resolution #2009-6-170)
NOTIFIED AUTHOR: *July 6, 2009*

12. HR 1443 (Matsui) The Complete Streets Act (5/15/09)
STATUS: Referred to the Subcommittee on Highways and Transit.
CURRENT LOCATION: 3/12/2009 Referred to House subcommittee.

The Board unanimously voted to **support** pending legislation HR 1443.
(Resolution #2009-6-171)

NOTIFIED AUTHOR: July 6, 2009

13. ACA 9 (Huffman) Local government bonds: special taxes: voter approval.
STATUS: 8/31/2009 From committee: Be adopted. (Ayes 12. Noes 5.) (August 27). Read second time. To third reading.

CURRENT LOCATION: 8/31/2009 A-THIRD READING

The Board unanimously voted to **support** pending legislation ACA 9.
(Resolution #2009-7-188)

NOTIFIED AUTHOR: September 22, 2009

14. S. 866 (Reed) A bill to amend the Elementary and Secondary Education Act of 1965 regarding environmental education, and for other purposes.
STATUS: Read twice and referred to the Committee on Health, Education, Labor, and Pensions.

CURRENT LOCATION: 4/22/2009 Referred to Senate committee.

HR 2054 (Sarbanes) To amend the Elementary and Secondary Education Act of 1965 regarding environmental education, and for other purposes.

STATUS: Referred to the Subcommittee on Early Childhood, Elementary, and Secondary Education.

CURRENT LOCATION: 6/4/2009 Referred to House subcommittee.

The Board unanimously voted to **support** pending legislation S. 866 and H.R. 2054.
(Resolution #2009-7-189)

NOTIFIED AUTHORS: September 22, 2009

15. SB 448 (Pavley) California State Safe Harbor Agreement Program Act. (9/10/09)
STATUS: 10/11/2009 Chaptered by the Secretary of State, Chapter Number 184, Statutes of 2009

CURRENT LOCATION: 10/11/2009 S-CHAPTERED

The Board unanimously voted to **support** pending legislation SB 448.
(Resolution #2009-10-275)

NOTIFIED AUTHOR: October 21, 2009

16. S. 1469 (Boxer) A bill to provide for the administration of Port Chicago Naval Magazine National Memorial as a unit of the National Park System, and for other purposes.

STATUS: Read twice and referred to the Committee on Armed Services.

CURRENT LOCATION: 7/16/2009 Referred to Senate committee.

The Board unanimously voted to **support** pending legislation S 1469.
(Resolution #2009- 10-274)

NOTIFIED AUTHOR: October 21, 2009

17. SB 402 (Wolk) Recycling: California redemption value.

STATUS: 10/11/2009 Vetoed by the Governor.

CURRENT LOCATION: 10/11/2009 S-VETOED

The Board unanimously voted to **support** pending legislation SB 402. Pulled by the Board Dec. 1, 2009 due to Governor's veto.

NOTIFIED AUTHOR: N/A

18. SB 406 (DeSaulnier) Land use: environmental quality.

STATUS: 10/11/2009 Vetoed by the Governor.

CURRENT LOCATION: 10/11/2009 S-VETOED

The Board unanimously voted to **support** pending legislation SB 402. Pulled by the Board Dec. 1, 2009 due to Governor's veto.

NOTIFIED AUTHOR: N/A

Updated 2/11/10

TO: Board Legislative Committee
FROM: Pat O'Brien and Erich Pfuehler
DATE: February 1, 2010

RE: Qualified Statewide Ballot Measures for June 8, 2010

The following five measures have qualified and been assigned ballot numbers as of 2/1/10:

PROPOSITION 13 - Property tax: new construction exclusion: seismic retrofitting

This Constitutional amendment (SCA 4, Ashburn) would prohibit tax assessors from re-evaluating property taxes when a property owner seismically retrofits an existing building. Currently, seismic retrofits constitute "new construction" which can be taken into account by assessors to increase the value of the property and therefore increase property taxes.

PROPOSITION 14 - Elections: open primaries

This Constitutional amendment (SCA 4, Maldonado) proposal comes to the ballot as part of Maldonado's vote for last year's budget. It would allow Californians to vote in the primary election for any candidate for a Congressional or state elective office regardless of political party. The top two vote-getters would meet in a runoff election, so conceivably two Republicans or Democrats could face each other in the runoff. Currently, independent voters may vote in all California Democratic primaries and in all Republican primaries except for President. The aim is clearly to give moderates, like Maldonado, a shot against an opponent from their own party in the runoff.

PROPOSITION 15 - Political Reform Act of 1974: California Fair Elections of 2008.

This initiative (AB 583, Hancock) sets up a pilot project for public financing of elections for the 2014 and 2018 elections for the office of Secretary of State. The initiative requires that the available funds for each four year cycle would be no more than 10% of the total amount deposited in the Fair Elections Fund from California Taxpayers.

PROPOSITION 16 - New 2/3rds Requirement for Local Public Electricity Providers

This measure would require local governments to obtain the approval of 2/3rds of the voters before providing electricity to new customers if any public funds are involved. Pacific Gas and Electric (PG&E) is supporting this ballot initiative to address attempts by San Francisco and Marin counties to offer their residents more renewable energy sources. The counties are seeking to purchase renewable electricity on behalf of their residents and resale it directly to them, thus eliminating PG&E's traditional role.

PROPOSITION 17 - Allows Auto Insurance Companies to Base their Prices in Part on a Driver's History of Insurance Coverage.

This measure would allow all drivers who "continually maintain their automobile insurance" to be eligible for insurance discounts, similar to "good driver" discounts. The measure is financially backed by auto insurance giant Mercury Insurance and its billionaire Chairman George Joseph. Critics claim it is a way for Mercury and other insurance companies to charge "whopping surcharges" to those who have had a lapse in their coverage.

Ballot Initiatives Currently in Circulation for November 2010

**This is a sampling of the 69 in circulation which would be of most interest to the District.*

Constitutional Convention:

1417. – Citizens' Constitutional Convention Act

This is being put forward by the Bay Area Council and Jim Wunderman's group. It allows for the citizens of California to call a Constitutional Convention (currently such a convention can only be called by the Legislature).

1418. – The Call for a Citizens' Limited Constitutional Convention

Also put forward by the Bay Area Council and Jim Wunderman. It calls for a limited Constitutional Convention and sets the parameters for delegate selection. Special Districts are not explicitly included as part of the delegate selection process.

State Parks:

1421. – State Parks and Wildlife Conservation Trust Fund Act of 2010

This initiative would impose an \$18 per vehicle license fee for "free" access to state parks. Funds would go toward operation and maintenance of state parks, as well as to the Department of Fish and Game (7%), Ocean Protection Council (4%), wildlife conservancies (2%) and the Wildlife Conservation Board (2%). For agencies which operate state parks, like EPRPD, 5% is set aside for "reimbursement" of those operating costs. The measure is supported by Joe Caves from Conservation Strategy Group, and has the support of the State Parks Foundation and Resources Law Group.

Stop Borrowing from Locals:

1432. – Community Funding and Protection Accountability Act of 2010

A submission by the San Leandro law firm of Remcho, Johansen and Purcell on behalf of the California Forward Action Fund. It would allow schools and local governments – who deliver basic services like education, police service and road repair – to keep their funding from being borrowed or diverted by Sacramento. It authorizes local government agencies to develop a countywide strategic action plan to establish goals, increase efficiency and improve local services.

1415. – Local Taxpayer, Public Safety and Transportation Protection Act of 2010

The measure conclusively and completely prohibits the state from "seizing, diverting, shifting, borrowing, transferring, suspending or otherwise taking" revenue from local governments. This measure is supported by Californians to Protect Local Taxpayers and Vital Services, a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities (non-public funds and CitiPAC) and the California Alliance for Jobs – Rebuild California Committee.

1414. – Local Taxpayer, Public Safety and Transportation Protection Act of 2010

This is essentially the same measure as 1415 with the same supporters.

Changes in 2/3rds vote for Budget Passage and/or to Raise Taxes:

1431. – Best Practices in Budget Accountability Act

The law firm of Remcho, Johansen and Purcell filed this initiative on behalf of the California Forward Action Fund. It allows budgets to be approved by a majority vote, but implements pay-as-you-go budgeting and forces members of the Legislature to forfeit their pay if the state budget is late.

1408. – *Passing the Budget on Time Act*

Again, the law firm of Remcho, Johansen and Purcell filed this initiative. It changes the 2/3rds majority vote requirement to a simple majority and requires Legislators to forfeit their pay if they fail to pass a budget on time. It does not change Prop. 13 or the 2/3rds requirement to raise taxes.

1386. – *The California Democracy Act*

Filed by U.C. Berkeley Linguistics Professor (*Don't Even Think of an Elephant* author) George Lakoff, it would require only a majority vote for all legislative actions on revenue (taxes) and budget.

Changes for local elections:

1402. – *The Local Voter Control and Government Accountability Act*

This initiative would permit 55% of local voters to approve a bond or special tax for local purposes like education, police, fire protection, traffic relief and hospital construction. It is unclear if parks qualify, but I suspect they would. This initiative was filed by Remcho, Johansen and Purcell associates James Harrison and Margaret Prinzing.

1420. – *Local Control of Local Classrooms Act*

This initiative would allow local communities to adopt Education Special Tax measures with only 55% of the vote. It has been put forward by Californians for Improved School Funding. The initiative is backed by Delanie Eastin, Senator Ellen Corbett, Superintendent Sheila Jordan and consultant Connell Lindh.

1398. – *Grass Roots Initiative Reform Act*

This initiative would make the services of the Legislative Counsel available to all citizens wishing to submit a ballot proposal. It would provide increased disclosure of those funding efforts to qualify initiatives onto the ballot and provide more time for proponents to gather signatures. The proponent of this initiative, Aaron Starr, is the current chair of the U.S. Libertarian Party and former chair of the Libertarian Party of California.

Changes in 2/3rds vote to make it Harder to Raise Taxes:

1441. – *Clarifying the Definition of Taxes*

Filed by the President of the California Chamber of Commerce Allan Zaremborg, this initiative further defines “taxes” as any fee, levy, charge or exaction of any kind imposed by the state. It continues the requirement that all “taxes” need to pass both the State Senate and Assembly by 2/3rds vote.

1440. – *Voter Approval to Increase Taxes*

This initiative was filed by Josiah Keane who works for Meridian Pacific – a Republican political campaign consulting firm. The measure would require approval of the electorate by a majority vote for any tax increases. This would be on top of the required 2/3rds vote by the Senate and Assembly.

1439. – *Taxpayer Protection Act of 2010*

This initiative was filed by the Howard Jarvis Taxpayers Association. It requires voter approval for any new, extended or increased state tax, and specifies that “fees” and “fines” are new taxes for the purposes of securing a 2/3rds vote.

State Legislature:

1394. – *Legislative Term Limits Reform Act of 2010*

This initiative reduces the total number of years a Legislator is permitted to serve from 14 to 12 and permits the Legislator to serve all of those years in one body or a combination of the two. It was submitted by the law offices of Olson, Hagel and Fishburn. Since 1982, Lance Olson has been the lawyer for the state Democratic Party.

1382. – *Citizen Legislature Act*

Submitted by Citizens for California Reform (FPPC ID# 1312882), this initiative would create a part-time legislature and cut legislative pay by 50%.

Tax Reform:

1413. – *Comprehensive Tax Reform Initiative*

This is Frank D. Walker’s “Commons” single tax proposal. The proposal would repeal the 2/3rds vote requirements to raise state or local taxes. It repeals Prop. 13’s caps on property taxes. It excludes first \$150,000 of personal income from taxation and imposes maximum 8% marginal tax rate on personal income above \$150,000. It allows taxpayers to take a credit against personal income taxes for property taxes paid in the same year and imposes taxes on land having rental value.

1395. – *California Freedom from Slavery Act*

This Constitutional Amendment would eliminate income and property taxes for California residents over the age of 55. The sponsor Lee W. Olson, is also collecting signatures for initiatives which prohibit funding schools with taxes and allowing only parents to establish curriculum for schools.

Reductions in Public Employee Pensions:

1435. – *Public Employee Pension Limitation Law*

This initiative would bar new government pensions above \$100,000 for the first year, then adjusted to cost-of-living increases pegged to the California Consumer Price Index. No pension, however, could ever get larger than \$162,500. The only way the provisions could be changed is with a three-fourths vote of the Legislature or through voter approval. The measure would have no direct effect on existing retirement benefits of public employees and retirees hired before its effective date.

1434. – *New Public Employees Benefits Reform Act*

This initiative which would reduce public employee pensions is sponsored by Marcia Fritz, Vice Chairman of California Foundation for Fiscal Responsibility. The Jarvis Taxpayers Association and other anti-tax / anti-union groups are supporting the measure.

1433. – *New Public Employees Benefits Reform Act*

This is nearly identical to 1434 with the same sponsor.

National Park Service

News Release

FOR IMMEDIATE RELEASE - February 1, 2010

Contact: David Barna (202) 208-6843

\$2.7 Billion Proposed for FY2011 National Park Service Budget

Washington, DC - The President's Fiscal Year 2011 budget for the National Park Service requests \$2.7 billion and makes investments of \$35.3 million in park operations increases. The budget underscores cost containment, program consolidation and management efficiencies to meet federal fiscal realities, yet provides the resources necessary to effectively carry out the National Park Service's mission.

"Caring for national parks, welcoming more than 286 million visitors every year, and revitalizing America's towns and cities through our community-based resource conservation and recreation programs is the mission of the National Park Service," said National Park Service Director Jon Jarvis. "The President's support of these efforts is reflected in this budget."

"Like everyone else, we will need to tighten our belts, but the funding called for in this proposal will ensure the continuation of key initiatives for visitors, youth, land conservation and climate change," said Jarvis.

"It is incumbent upon us - regardless of our budget - to look for innovative approaches that allow us to do our work more effectively and efficiently.

This year, we began the consolidation of our workforce management and acquisition and contracting offices to provide better services, and lower our costs."

The budget includes \$50.9 million in park operational increases as part of the Secretary's Treasured Landscapes initiative to support operations on public lands that enhance the visitor experience, promote ecosystem restoration, support species recovery and protect habitat, and facilitate cultural resource preservation and conservation. The increases are offset by reductions resulting from management efficiencies. The FY 2011 budget requests an additional \$31.5 million to improve interpretive ranger programs, visitor facility operations and maintenance, and park resource protection. The budget includes an additional \$17.3 million to enhance the Servicewide capacity to carry out increasingly complex stewardship responsibilities, safeguard our nation's icons, protect the health and safety of visitors and employees, and maintain assets. The budget also includes \$2.0 million to support Chesapeake Bay ecosystem stewardship efforts and improve public access to the Bay.

In addition, the proposal includes \$5.8 million for Secretary of the Interior Ken Salazar's Youth in Natural Resources Initiative that augments National Park Service efforts to use national parks to introduce young people to nature, engage them in the stewardship of parks, and offer experiences that could lead to a career in conservation or land management.

The money would fund youth education and employment programs at 19 park units benefiting 27 parks.

The \$30.0 million increase for national park land acquisition and state grants to promote local recreation and conservation continues the Obama Administration's commitment to fund Land and Water Conservation Fund (LWCF) programs at \$900 million annually by 2014 using a multi-year incremental approach. The LWCF supports federal, state, and local acquisition of lands and waters for recreational and conservation purposes.

The FY 2011 budget request continues support of the Climate Change Adaptation Initiative at the FY 2010 level. The National Park Service received \$10.0 million in FY 2010 that will be used to assess parks' vulnerability to climate change, develop adaptation and mitigation strategies to reduce impacts, and continue monitoring resources in collaboration with other Interior bureaus and partners. In 2010, the National Park Service and other Interior bureaus will implement the first series of Landscape Conservation Cooperatives that bring together many stakeholders to improve the resiliency and adaptation of natural resources to climate change at the landscape level. The effort is part of the anticipated eight regional Department of the Interior Climate Science Centers that will make research results and scalable information on anticipated regional climate change effects available to park managers and programs.

The FY 2011 budget increases are offset by eliminating Congressional earmarks, reducing the construction and heritage area partnership programs and terminating programs, including the Save America's Treasures and Preserve America grants programs.

More detailed information is in the FY2011 Interior Budget in Brief which is available online at:

<http://www.doi.gov/budget>. Read more: <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/01/29/EDG01BL719.DTL#ixzz0eQURvhLK>

The Reporter

Budget time is running short

By Denis C. Theriault/ San Jose Mercury News

Posted: 01/31/2010 01:00:26 AM PST

SACRAMENTO -- Nearly a month after Gov. Arnold Schwarzenegger called an emergency legislative session to begin tackling some \$8.9 billion in budget fixes, the clock for lawmakers would seem to be ticking louder every day.

But aside from a few lengthy budget hearings and some closed-door huddles, the Capitol's business has mostly been, well, business as usual. Bills have hatched and died. Cocktails have been downed at campaign soirees. And industry lobbyists have made the rounds -- some of them carrying balloons.

Concrete alternatives to the governor's deep cuts to schools, transit funding and welfare programs will wait until this week. That leaves the Legislature's leaders with precious little time -- three weeks from today -- to negotiate a deal before crisis measures kick in and force the rest of the people's business onto the sidelines. Again.

"We're moving as expeditiously as possible," said Assembly-woman Noreen Evans, D-Santa Rosa, who chairs the Assembly Budget Committee. "The special session ends Feb. 22. It's very likely we'll do it before then."

And yet, if that sounds like a firm deadline, it isn't. Not really.

For one, lawmakers and the governor's office have yet to agree on the size of the problem they must tackle immediately.

Legislators appear loath to rush into proposals that will mostly affect next fiscal year's bottom line. Democrats also may propose delaying payments, instead of relying on cuts, to fend off a cash crunch this spring. The governor, meanwhile, is signaling he'll reject any package that doesn't address the full problem he's laid out.

Lawmakers have until March 1 before gridlock actually starts costing the state, financial officers say, with every day afterward potentially widening an 18-month, \$19.9 billion deficit by millions of dollars. Heck, they can squabble all the way until April 1, when the state finally will overdraw its checking account, if only for a few days.

Then again, they might wait until revised estimates for the 2010-11 budget come out in May -- or until the state learns how much assistance, if any, it might receive from Washington.

And don't forget that a budget for the 2010-11 fiscal year ultimately doesn't need to be in place until June 15. Or that even in better financial times, lawmakers typically overshoot that deadline by weeks.

The governor's office warns that implementing budget changes so late would cost an additional \$2.4 billion, mostly because making cuts to social programs and starting up new initiatives -- like his plan to retrofit red-light cameras to catch speeders -- require months of lead-in.

But even that is a point of contention, with other insiders arguing a delay would cost taxpayers "only" \$1 billion and change.

Either way, warns H.D. Palmer, spokesman for the Department of Finance: "The longer it takes to confront this problem, the bigger the problem is going to be."

That plea fell on deaf ears last summer. It wasn't until California hurdled headlong over the IOU cliff that a deal took shape.

According to the state's current cash flow picture, that wouldn't happen again until just before August.

Rhetorically, the factions have dug in around familiar fault lines. The governor and his fellow Republicans aim to reduce spending and trim regulations to spur the economy. Schwarzenegger also wants \$500 million for a jobs-training initiative.

Democrats, after years of reluctantly slashing the state's social safety net, have vowed to hold the line and raise new revenues. That might mean closing tax loopholes, creating new fees, extending temporary tax hikes or requiring businesses to ante up payroll taxes for contract workers.

Some legislative sources insist budget votes could begin before Valentine's Day, about when lawmakers could formally approve Sen. Abel Maldonado, R-Santa Maria, as lieutenant governor. Democrats could use that deadline to pressure the moderate Republican to lean their way, since a handful of GOP votes are needed to pass a budget.

The governor in a speech last week hinted at his impatience, noting that "so far, I haven't seen any action."

But Assemblywoman Evans said Schwarzenegger should look in the mirror if he doesn't like the pace.

"Proposals the governor made last year and insisted would work were not workable," she said. "They either failed or were overturned in court. The Legislature has got to do its due diligence."

How legislative 'reforms' undermined Sacramento

William T. Bagley
Friday, January 29, 2010



Robert Durell / Special to The Chronicle [View Larger Image](#)

Sacramento suffers from a disease called hardening of the categories. What are the causes and effects of the gridlock affecting the California Legislature and what can be done about it? Start with just one effect: a 30,000 percent increase in some education fees at the University of California. In the 1950s and 1960s, fees (no tuition) averaged about \$100 per year for all programs; room and board ran about \$125 per month. Fifty years later, undergraduate tuition is now \$10,000 and some graduate programs total \$30,000-plus per year - a 10,000 percent and 30,000 percent increase, respectively, dictated by the state.

This is a parent tax, a massive, progressive tax on middle-class parents whose students do not qualify for university aid. Don't blame the regents; the tax is really imposed by the Legislature.

Compare today with California's golden years, when we had burgeoning growth, massive projects, full public support of our government. In 1969, our Legislature was named No. 1 in the nation.

Compare again and note that Republican legislative candidates today sign oaths to get nominated - literal oaths - never to raise taxes, and Democratic candidates pledge total fealty to certain labor unions. This is abject abdication in advance - all because of rigid partisanship on both sides.

So sad.

What happened to thoughtful governance based upon detailed knowledge and mutual trust? The progression toward dysfunctional gridlock can be tracked as follows:

- 1959: The repeal of cross-party filing to foster "party responsibility."
- 1974: Proposition 9, the Political Reform Act, takes a toll on bipartisanship.
- 1978: Proposition 13, the tax-cutting initiative, results in a massive power shift to Sacramento.
- 1990: Term limits kill collegiality.

-- 2001: Rigged redistricting creates ultra-partisan seats.

Before those developments, longer-serving members enjoyed bipartisan hosted lunches and dinners - events now outlawed by "reform." We sat together, ate together and, yes, played together - and served long enough to produce major legislation. Back then, lawmakers were able to determine which of their colleagues were worthy of trust and which were not. They had no partisan aisles.

The 1974 reform act outlawed simple lobbyist-hosted lunches and dinners, always bipartisan. They have been replaced by multiple, daily \$4,000-per-ticket contribution parties supported by the same lobby groups.

Today, with six-year Assembly term limits, two-thirds of your colleagues are gone in four years. But it takes about four years just to comprehend the workings of the state you are supposed to govern.

Now, first-year members are elected speakers of the Assembly; three years later, two-thirds of the members are gone. You can't lead in this revolving-door environment, you can't really govern - so partisan ideologues of both parties, backed by the "base," take over. Even a "moderate" in the Assembly must vote hard right or hard left to survive the primary for the next open, term-limited Senate seat that is just four years away.

All of this feeds upon itself - the longer the dysfunction lasts, the greater the public rejection. Support to rebuild our infrastructure and resources dies.

So sad.

There are solutions, but they will take time. Just changing the votes required to pass a budget from two-thirds to a simple majority will have no effect on the systemic problems discussed above.

Here are the changes we need:

-- New post-2010 legislative district lines will be independently redrawn to be less partisan controlled. That will help later in the decade.

-- The "open primary" will be on the June ballot, allowing any voter - including all 20 percent unaffiliated voters - to choose a ballot from any party in ensuing primaries. The candidates in party primaries must then appeal to all voters.

-- Extend term limits. The public has no idea who all these short-termers are and the members themselves don't even know each other. No wonder ideologues take over.

Politics and physics are similar - vacuums attract. The so-called reforms of the past have created vacuums, which have led to hard-line caucus-enforced gridlock. New members, caught up in this culture, assume that is the way it works.

And as more and more voters choose to "decline to state" a party registration, the parties become narrower and narrower - thus giving the extreme party ideologues more and more voice and control. Moderates are ostracized. That is also happening in our nation, but to a greater extent in California.

However, here we can do something about it.

Is The Con Con Petition Being 'Blacklisted?'

By Joe Mathews

Created 01/27/2010 - 10:34

The answer: it's not clear.

Here's the scoop.

John Grubb of Repair California, the committee that's seeking to qualify ballot initiatives to call a constitutional convention for the state, recently explained to me his group's unconventional strategy for signature gathering.

Instead of doing a conventional signature gathering drive, with one of the big California firms and paid gatherers, Repair California is trying to use the signature gathering process to help build an organization. The effort combines social networking functions on the Internet and a volunteer signature drive. Repair California is supplementing these efforts with some paid signature gatherers.

This approach makes sense - as long as Repair California gets enough signatures to qualify its two measures (one to permit the people to call a convention, the other to call the convention). Having an organization is critical to Repair California because it has to do more than just win two initiative campaigns; it will have to build public support for a convention, and then convince voters to adopt whatever a convention produces.

"We want to have people on the ground when we're done," Grubb said.

Repair's strategy has upset some signature gatherers in California. Some firms and coordinators see the hybrid strategy - of using some volunteer gathering and some paid to fill in what they don't get via volunteer - as cutting into their business. Others worry about a different sort of threat to initiative volume -- that a constitutional convention might result in restrictions on the initiative process.

A few signature gatherers have become angry enough to threaten to "blacklist" anyone who works on the constitutional convention petitions. In the signature gathering game, a blacklist, in effect, would prevent circulators from working on other petitions if they work for con con. A page calling for a blacklist of signature gatherers working on the convention petitions was put up - and then taken down - from the web site ballotpedia this week. ([You can see the remains here](#) [1]). No one else would talk for the record. A veteran signature gatherer who I trust told me: "The rumor has spread that anyone working the Constitutional Convention petition may be put on a unofficial blacklist." The rumor, while persistent, remains a rumor.

California's regular network of petition circulators does not appear to be circulating the petitions right now. I checked in with several veteran petition circulators across Southern California this week, and none of them were carrying it. (The four initiatives that were actively circulating were: redistricting reform for Congressional districts, reforming term limits, protecting local transportation revenue and raising the vehicle license fee to fund parks).

Repair California is paying its own gatherers \$1.25 a signature, according to this [posting on Craigslist](#) [2], which gives the number of Repair's San Diego office.

There are also indications that Repair may be approaching smaller, out-of-state firms. An Arizona signature gathering firm owner told me he was recently contacted by signature gatherers working with Repair about coming to California to work the con con petition.

Dan Walters: Schwarzenegger, once a hero to local government, now scorned as bandit

dwalters@sacbee.com

Published Wednesday, Jan. 20, 2010

Five years ago, California's local government officials were hailing Arnold Schwarzenegger as their fiscal savior for championing a ballot measure to protect their treasuries from raids by the state.

Now they're denouncing him as a bandit who steals money they need for providing police, fire and other local services because he exercised a loophole in that ballot measure.

"On this point, let me be very clear," says Long Beach Mayor Bob Foster, "the most immediate threat to the financial stability of this city is raids on our general fund by Sacramento."

It's a dramatic turnaround in relationships that needs some historic context to understand.

In the early 1990s, when the state was experiencing budget problems that were, proportionately, worse than today's, the Capitol cooked up a scheme to redirect local government property taxes to schools, thereby allowing the state to reduce its own payments to schools by billions of dollars.

Local officials fumed and vowed to stop it from happening again, but it took a decade to resolve internal differences and build a political coalition for a ballot measure to protect local coffers from Sacramento's raids. And as they qualified a measure for the 2004 ballot, Schwarzenegger, a newly minted and very popular governor, interceded.

If the locals would allow the state to make a final raid, he told them, he'd help them pass a revised ballot measure that would shield their treasuries – although it would allow the state to borrow money from local governments once a decade. The locals agreed, happy to have Schwarzenegger on their side, and hailed him as their hero when voters approved Proposition 1A in 2004.

Dwight Stenbakken, deputy executive director of the League of California Cities, declared at the time that Proposition 1A "provides the protection, but it also accommodates the current state budget crisis."

Last year, as the state's fiscal noose tightened again, Schwarzenegger and the Legislature exercised their option to borrow local funds – albeit with a complex scheme under which the locals could still get their money through bonds that the state would issue and repay. The state also raided local redevelopment agency funds and dipped into transportation accounts, running the total shift to some \$5 billion.

Now the League of California Cities and its allies are gathering signatures for a new measure to bar such raids. Its executive director, Chris McKenzie, says "continued state raids and borrowing of local government funds have put ... vital services at risk."

Long Beach's mayor is one of those enlisting in the new war with Sacramento. "While I usually oppose such draconian ballot measures, candidly, there is now little choice," Foster said in a speech on the state of his city. "Our police and fire departments, streets and roads, park programs and libraries need to be protected."

Democrats look to regroup, cast blame

By Ben Pershing | January 20, 2010; 8:00 AM ET

President Obama awoke on the first anniversary of his inauguration to a capital much less hospitable than it was a year -- even a day -- earlier, after the GOP's upset win in Massachusetts robbed Democrats of a supermajority in the Senate and any semblance of momentum for their agenda.

"Republican Scott P. Brown pulled off one of the biggest upsets in Massachusetts political history last night, defeating Democrat Martha Coakley to become the state's next US senator and potentially derailing President Obama's hopes for a health care overhaul," [the Boston Globe ledes](#). The Boston Herald [deploys a full arsenal](#) of metaphors: "Scott Brown rocketed to victory in the race to the U.S. Senate yesterday, steamrolling Attorney General Martha Coakley's layabout campaign in an against-all-odds triumph that sent shock waves from the Heartland to the White House." Brown took 52 percent to Coakley's 47 percent, slightly closer than [Pollster.com's final survey average](#) of 51-44. "Barack Obama and his Democratic allies are suddenly scrambling to save his signature health care overhaul and somehow rediscover their political magic after an epic loss in the Massachusetts Senate race," [the Associated Press writes](#).

It will take at least a day or two to sort through the data and figure out why this happened, right? Nah. [Jill Lawrence writes](#): "How did it happen? The same way Massachusetts nominees lost the presidency for Democrats in 1988 and 2004, and the same way Democrats in Congress lost health reform and their majorities in 1994. They think they have all the time in the world to define themselves, to sell themselves and their policies, to respond to attacks, to dicker over bills, to win elections. And then it turns out they don't." [Dan Balz notes](#) that populist anger helped put Obama in the White House, and now "in a dramatic reversal of fortunes, populist anger has turned sharply against the president and his party." [Marc Ambinder reminds](#): "By the way: the state legislature is very unpopular in Mass. and run by Democrats. The governor is unpopular and is a Democrat. Like many other states, Massachusetts is struggling with enormous budgetary problems; taxes are being raised and spending are being cut. It's not a good time to be a Democrat."

National Democrats and the Coakley campaign started [trading blame for the loss](#) well before the polls closed. So whose fault was it? Was it Obama and his health care bill, or Coakley's campaign or just the particular circumstances in Massachusetts? The answer, as usual, is all of the above. [The Fix says](#) "the simple fact ... is that everyone from the White House to the Democratic Senatorial Campaign Committee to the Coakley campaign deserves their share of blame." [Nate Silver looks at](#) the 31-point swing, from Obama's 26-point win in 2008 to Coakley's 5-point loss Tuesday, and divvies it up: "That would make the final score: national environment 13, Coakley 14, special circumstances 4." [Howard Fineman also blames](#) everyone but gives Coakley herself the number one slot. [Media Matters uses](#) Election Night polling to argue that the result wasn't really a referendum on Obama or a "rejection" of health-care reform.

Whoever or whatever was at fault, Brown's win means the reform movement could collapse "unless Democrats can thread a very narrow legislative needle," [the Washington Post writes](#). For the record, Democrats never really contemplated rushing a bill through the Senate before Brown is seated. So the most likely path is for the House to simply take up the Senate bill, with or without a later reconciliation measure that would address the changes the House wants made. "But several House members said last night they're not prepared to pass the Senate bill alone - even if it means health care reform would die," [Politico reports](#). (Do those members mean it, or are they still angling for a better deal? The only way to find out might be to put the Senate bill on the floor and roll the dice, something Nancy Pelosi hasn't assented to doing.) [Roll Call writes](#) that Joe Courtney, the leader of the House's anti-Cadillac tax movement, "said he would keep an open mind about the dual-track approach -- provided leaders could offer solid assurances that reconciliation would hew closely to the compromise the two chambers have already forged to scale back the tax." [The Boston Globe looks](#) at the "sad irony" that this was Kennedy's seat, and "while the late senator's long legislative record remains intact, advocates for a health care overhaul wonder whether the dream of achieving their goal died with the Massachusetts senator."

As for the White House, [Adam Nagourney wonders](#), "will Mr. Obama now make further accommodations to Republicans in an effort to move legislation through Congress with more bipartisanship, even at the cost of further alienating liberals annoyed at what they see as his ideological malleability? Or will he seek to rally his party's base through confrontation, even if it means giving up on getting much done this year?" David Axelrod [tells Playbook](#), "The lesson is to focus very clearly on the concerns -- particularly the economic concerns -- of everyday people. And those concerns go to jobs. Those concerns go to retirement security. They go to the cost of education kids. And, yes, they go to the cost of health care, too. ... I think that it would a terrible mistake to walk away now. If we don't pass the bill, all we have is the stigma of a caricature that was put on it. That would be the worst result for everybody who has supported this bill." [The Wall Street Journal editorial page](#) says Tuesday's result "ought to force Democrats to rethink their entire agenda." [Joe Conason recalls](#) that similarly premature obituaries were written for the Clinton presidency in 1994.

The fate of health care remains uncertain, but at least Democrats will get a debt commission! "White House and congressional leaders reached a tentative deal aimed at establishing a bipartisan commission to tackle the soaring federal budget deficit," [the Wall Street Journal reports](#), while noting "Republican leaders weren't part of the talks, and the panel can work only if GOP leaders select members to serve on it." [The Washington Post explains](#) that, according to the deal, Obama "would issue an executive order to create an 18-member panel that would be granted broad authority to propose changes in the tax code and in the massive federal entitlement programs." Hill Democrats, Hill Republicans and Obama would select six members apiece. Looking ahead, [The Hill reports](#) "House Democrats are rejecting an idea floated by the Obama administration to freeze or cut discretionary spending in 2011."

Washington Post

Democrats find themselves on wrong end of the politics of discontent

By Dan Balz
Washington Post Staff Writer
Wednesday, January 20, 2010; A01

[President Obama](#) and the Democrats rode a wave of anger aimed at the presidency of [George W. Bush](#) to victories in 2006 and 2008. Now, a year to the day after Obama was sworn into office, in a dramatic reversal of fortunes, populist anger has turned sharply against the president and his party.

The politics of discontent rolled across Massachusetts in stunning fashion Tuesday, delivering the seat held for more than four decades by [Sen. Edward M. Kennedy](#) to Republican state Sen. Scott Brown in an upset of historic proportions.

Gloomy Democrats were left to wonder whether they and Obama have an answer to that anger that can head off potentially devastating losses in the November [midterm elections](#), and they faced more potential fractures within their ranks.

The widespread dissatisfaction has led to a massive erosion in the support Democrats once enjoyed among independents, who were critical to the party's success in 2006 and 2008. Without [exit polls](#), it was difficult to say with any precision Tuesday night how independents voted in Massachusetts. But there was no way Brown could have won the state, where Democrats have a huge edge over Republicans in registration, without a significant margin among independents.

Tuesday's loss triggered unsightly Democratic recriminations, a clear indication of the confusion, disappointment and disillusionment that have set in over the past few months as the party has lost gubernatorial races in New Jersey and Virginia and now an almost sacred Senate seat in one of the most Democratic states in the nation.

Democratic strategists privately heaped criticism on Massachusetts Attorney General Martha Coakley as a lackluster candidate and on her campaign as asleep at the switch until it was too late. Her team fired back that voters believed Democrats in Washington have done more for big banks and auto companies than for working families and that a national wave threatens serious damage to the party.

But the real debate for the Democrats will be how to proceed. The most immediate problem is what to do with the health-care bill. Democrats from the House and the Senate have been negotiating furiously, trying to harmonize competing bills. Now the issue is whether they can quickly agree on how to pass a bill and whether they face a public backlash by doing so.

Some Democrats warned Tuesday that they must scale back their agenda in the wake of the Massachusetts results. "It's why moderates and independents even in a state as Democratic as Massachusetts just aren't buying our message," [Sen. Evan Bayh](#) (Ind.) told ABC News. "They just

don't believe the answers we are currently proposing are solving their problems. That's something that has to be corrected."

"That is a real drama between now and when Obama gives the State of the Union," said a Democratic strategist who spoke on the condition of anonymity to talk about his party's problems. "After the challenges of health care and Massachusetts, does he continue to push forward with this very bold agenda of trying to address big and very intractable problems? Or does he come to a different conclusion about the rest of 2010?"

Beyond that is the posture Democrats will assume for the coming elections. White House officials have signaled a sharper, more populist message in an effort to convince voters that they stand with the people and that Republicans stand with banks and Wall Street and health insurance companies.

Celinda Lake, Coakley's pollster, said her candidate had a 21-point advantage over Brown on who would be more effective at taking on Wall Street. But she said it did not translate into support for Coakley because voters did not believe that Democrats in Washington will follow through and take on those vested interests. "What that criticism [of Coakley] ignores is that there's a wave here. I don't know how many times the tsunami has to roll over us," she said.

White House press secretary [Robert Gibbs](#) said the mood of discontent has been obvious for months. "I think there's a tremendous amount of upset and anger in this country about where we are economically," he said. "That's not a surprise to us in this administration because . . . in many ways we're here because of that upset and anger."

Two months ago, White House and Democratic officials wrote off gubernatorial losses in Virginia and New Jersey, citing weak candidates and local factors. In the run-up to the Massachusetts vote, they noted that Obama's approval ratings there remained close to 60 percent, and they said there was no way to interpret the result as a rejection of the president.

Many factors may have contributed to what happened in Massachusetts, but as Tom Mann of the Brookings Institution put it, the "inchoate fear and anger and unhappiness" with the general state of the country helped put a once-safe seat at risk. "When times are bad and people are anxious, it gets directed against the party in power," he said.

"It's very clear that independents have gone south on the Democrats' and Obama's big spending agenda," Republican pollster Whit Ayres said. "Republicans are the beneficiary of that and will continue to be the beneficiary of that until November, unless something dramatic happens."

White House officials believe the populist anger stems mostly from dissatisfaction with the economy, not Obama's agenda or his health-care plan. If the unemployment rate dips, they say, Obama's approval rating will rise and so will prospects for Democrats in November.

At the same time, Republicans may run the risk of overplaying the anger card. They still face internal fights over purity and ideology. The "tea party" movement remains an unpredictable force.

Republicans, however, believe that Obama and the Democrats have stamped themselves indelibly as big-government advocates and that, even with improvement in the economy, there will continue to be resistance to the Democrats' agenda that will fuel anger on the right. Once again in Massachusetts, as in Virginia and New Jersey, the conservative base was more energized than the Democratic base.

In the past week, Obama has struck a more populist tone, rolling out a proposed fee on big banks, devoting his radio address to the initiative and sounding those themes when he campaigned for Coakley on Sunday.

But even some Democrats question whether Obama can credibly turn himself into a populist. In 2008, he campaigned above the anger, benefiting from the dissatisfaction with Bush while attempting to sound a message of [bipartisanship](#) and comity. Now he will have to try to channel the anger in ways that may run counter to his personality and demeanor.

Democratic strategists said Tuesday that they must prepare for a far more difficult campaign but that there are tools they can use. "This doesn't feel, despite the numbers, like all blame," said one top strategist. "It feels like impatience. They [voters] want to see this solved."

Democrats appeared more determined Tuesday night to deny Republicans the opportunity to be cast as outsiders in House and Senate races, particularly some Senate candidates with close ties to Washington and the Bush administration. And, they said, they must be more aggressive in calling out Republicans for blocking progress.

Democrats are faced with a fight to save their agenda and the challenge to prove they can deliver the results they promised a year ago amid the euphoria and great expectations of Obama's inauguration.



CAPITOL WEEKLY

THE NEWSPAPER OF CALIFORNIA GOVERNMENT AND POLITICS

State budgeting, already hit in court, may face new legal woes

By **John Howard** | 12/30/09 12:00 AM PST

The state budget, already tangled in an unprecedented number of court fights, is all but certain to prompt yet a new series of legal challenges as the Schwarzenegger administration seeks to cut social programs, government employees' pay and medical services, while tapping funds intended for transportation projects and local governments.

A clock is ticking. The federal stimulus money is expected to expire midway through the new budget year, just as a new governor is sworn in.

Some of the proposals, long expected, include continuing forced furloughs for state workers – currently three Fridays per month, the equivalent of a 14.5 percent pay cut – beyond next June, and taking an estimated \$2 billion in local redevelopment funds and using the money instead to fill state budget holes. Some 201,000 of the state's 238,000 state employees are being furloughed, a figure that does not include employees of the state university systems.

Two dozen lawsuits, most brought by government-employee unions, have been filed over the past 12 months challenging the legality of the administration's use of the forced furloughs, and other suits have been filed as well. A listing of the furlough suits can be viewed [here](#). The redevelopment agencies, who earlier filed two lawsuits against the administration for tapping their funding, believe Schwarzenegger's budgeting practices violate the state constitution, are likely to return to court again.

The bulk of the lawsuits filed thus far target the legality of the furloughs, and only indirectly focus on the budget cuts themselves.

But that is likely to change after Jan. 8, when the governor unveils the 2010-11 budget, which will deal with a budget shortage estimated in October at \$20.7 billion but which is likely to swell further by January.

The shortage includes \$6.3 billion in the current fiscal year, which ends June 30, and \$14.4 billion for the next fiscal year which begins July 1. The huge numbers are not unprecedented, but they follow a string of multibillion-dollar deficits that were never resolved by the governor or Legislature, and they are occurring in a severely weakened economy.

The combination of negatives suggests that the state's next budget fight, the last for Schwarzenegger, may be among the most difficult in the state's history. And the spending plan will be fought out with the gubernatorial election as a backdrop.

Potential cuts in social service programs are likely to draw new fire.

The Schwarzenegger administration earlier sought to save money by boosting the families' reporting requirements for children on Medi-Cal, and by cutting the qualifying income threshold from 100 percent of the federal poverty level – about \$18,000 for a family of three – to 70 percent, or \$13,000. The state was forced to roll back on those provisions or lose federal stimulus dollars.

But what happens when the stimulus dollars peter out?

“I would not be shocked if the new budget institutes quarterly status reports and requirements for low-income parents beginning in January 2011,” said Anthony Wright, executive director Health Access, a health-care advocacy group supported in part by organized labor. “The flip side of this is that there is federal legislation pending (the national health care reform package) that requires the states to continue their ‘maintenance of effort’ – existing support – for its health care programs.”

On Dec. 23, the Los Angeles Times reported that Schwarzenegger intends to appeal to Washington for some \$8 billion in financial help to help balance the state's 2010-11 budget. Absent the money, the governor said he will be forced to make deep cuts in social service programs, including welfare assistance and in-home health care, and cut back on two tax breaks for corporations that were part of the last budget fight.

TO: Board Legislative Committee
(Chair Ted Radke, Doug Siden, Ayn Wieskamp and Alternate John Sutter)

FROM: Pat O'Brien, General Manager
Erich Pfuehler, Legislative Administrative Manager

SUBJECT: Board Legislative Committee Meeting
WHEN: February 19, 12:45 p.m.
Lunch will be served

WHERE: Board Room, Peralta Oaks

Items to be discussed:

I. STATE LEGISLATION/ISSUES

A. NEW

a. PROPOSED LEGISLATION

AB 1594 (Huber) – to require explicit legislative approval of a peripheral canal around the Delta. Assembly Member Alyson Huber and Senator Lois Wolk have introduced legislation to prohibit the construction of a peripheral canal around the Sacramento-San Joaquin Delta without a full fiscal analysis and a vote of the state legislature. The bill would also require the Legislative Analyst's Office to conduct an economic feasibility analysis to ensure Southern Californian ratepayers, who (under the terms of this bill) will be asked to cover the bulk of cost of the canal's construction, would know how much it will cost. Their effort is in reaction to the previously passed water legislation which is ambiguous about whether the authority currently existed to construct the peripheral canal. Most Delta advocates believe it does. Both Huber and Wolk were frozen out of the water package negotiations last year and there is clear feeling that Delta communities have had minimal input into the process. Assembly Member Tom Torlakson is a cosponsor of the legislation. CDSA took an oppose position on the bill, but their legislative committee is dominated by Southern Californians and water agencies. Given the District's interest in ensuring a healthy Delta and local participation in decisions that will impact the ecosystem, staff believes it is appropriate to support AB 1594.

Staff recommendation: SUPPORT

AB 419 (Caballero) – to speed up approval of LAFCo recommendations. Assembly Member Anne Marie Caballero, who is now Chair of the Assembly Committee on Local Government, introduced this legislation to ensure that recommendations which require an election made by county LAFCo's are brought to a vote within 45 days. Under current law, there is no deadline specified for a county board of supervisors, city council or elections official from that city or county to place the LAFCo-approved item on the ballot. The California Association of Local Agency Formation Commissions (CALAFCO) sponsored the bill, Alameda

County LAFCo and CSDA support. The change would add more stability to the process and give all interested parties a more orderly and defined process. Should the District need to weigh in on a LAFCo matter in the future, this legislation would provide clarity into when and how. For these reasons, staff recommends a support position.

Staff recommendation: SUPPORT

B. ISSUES

a. June Ballot Initiatives

Five ballot initiatives have qualified for the June ballot. From a District perspective, none have major impact. Proposition 15 would require any public agency who retains a lobbyist in Sacramento to pay \$700 toward the cost of a pilot project to fund two consecutive Secretary of State campaigns with public dollars. For a more detailed review of all five ballot measures, please see the attached memo.

b. November Ballot Initiatives

There are at least seven in circulation which could have major to minor impacts on the District:

1. Reform California / Bay Area Council's two Constitutional Convention initiatives.
2. The State Parks Access Pass – backed by the State Parks Foundation, Conservation Strategy Group and the Resources Law Group.
3. The California Forward backed “Community Funding and Protection Accountability Act” – which allows school districts to work with cities and counties to combine local tax initiative efforts.
4. The League of California Cities and California Alliance for Jobs local funding protection measure (son of Prop. 1A).
5. The California Forward backed majority vote budget – pay-as-you-go measure.
6. The Local Voter Control and Government Accountability Act which would allow local bond or special tax elections to succeed with 55% of the vote rather than 2/3rds.
7. Both the California Chamber of Commerce and the Howard Jarvis Taxpayers Association have initiatives that would specify that “fees,” “fines,” “charges,” etc. are defined as taxes.

For more detail on these initiatives, please see the attached memo.

c. State Budget – Schwarzenegger's proposal

With billions of dollars of temporary budget solutions from last year set to expire and the economy recovering slowly, California once again faces a mammoth budget problem. In the 2010–11 Governor's Budget, the administration puts the size of the problem to be addressed in the coming months at \$18.9 billion (the Legislative Analyst Office puts it closer to \$20.7 billion). The Governor's estimate consists of a General Fund deficit of \$6.6 billion at the end of 2009–10 — assuming no corrective budget actions by the Legislature and the Governor — and an additional \$12.3

billion operating deficit in 2010–11. The Governor declared a fiscal emergency on January 8, 2010, calling the Legislature into special session with 45 days to respond. The Governor’s proposal relies on 40% funding from the Federal government, 40% in cuts and 20% in fund “shifts” including Prop. 63 mental health funds and Prop. 10 early childhood development funds (both proposals that were rejected in the May 2009 special election). The Governor’s proposal also recommends an automatic triggering of significant cuts if the Federal government funds come up short.

It has been well documented by both the LAO and Members of the California Congressional Delegation that expecting nearly \$6 billion in relief from the Feds is wildly optimistic. The LAO has also been clear that very difficult choices affecting both state revenues and spending need to be made.

It seems likely that the Legislature will be serious about addressing the nearly \$7 billion deficit by the end of the 45 day emergency session, but even that may be an effort which does not get enacted. Suffice it to say, this will be another extremely challenging and perhaps divisive year in Sacramento – and it will probably add further fuel to the “reform” fire where a Constitutional Convention becomes much more likely. It also seems like much of this deficit will be left to the next Governor whomever he or she may be.

2. FEDERAL LEGISLATION/ISSUES UPDATE

A. NEW

a. Federal Initiatives – Jobs Bill(s)

The funding level for the House bill was set at \$154 billion. The Senate bill is funded at around \$87 billion. The House Jobs Bill was attached to the omnibus appropriations bill (on a concurring Senate Amendment with an Amendment to H.R. 2847). The Senate is expected to use an original bill, H.R. 2847 Commerce Appropriations Bill or another tax bill, as the vehicle for the Jobs Bill. Conference on the bills could take place the week of February 22 or March 1.

On December 16, the House of Representatives passed the \$154 billion Jobs Bill by a narrow vote of 217-212. The bill includes funding for infrastructure including \$2 billion for a Department of Energy innovative technology loan guarantee program (replaces funds used for cash for clunkers program, also known as cash for “caulkers”), \$27.5 billion for highway infrastructure, \$8.4 billion for transit, \$500 million for airports, \$2 billion for clean water infrastructure, \$4.1 billion for school renovation grants, and \$715 million Corps of Engineers infrastructure. The bill also includes a six-month extension (until September 30, 2010) of the current transportation bill.

On Thursday, February 11, Senate Finance Committee leaders announced a bi-partisan jobs bill package. Due to the snow, the Senate may have to wait until they return from the President’s Day District Work Period on February 22 to take up the bill. The bill announced by the top Democrat (Max Baucus) and Republican (Charles Grassley) calls for a mix of payroll tax breaks for employers hiring new workers, additional tax credits for employers, infrastructure spending, and measures

to extend the transportation bill (by one year) and other expiring legislation. One key provision would give companies an exemption from paying Social Security taxes for the remainder of 2010 for employees on the job more than 60 days. The Senators avoided using any unspent money from the Troubled Asset Relief Program (TARP) to pay for the bill because that approach is widely unpopular with Senate Republicans. They cite “closing a variety of tax loopholes” as the pay for.

B. ISSUES

- a. Transportation bill efforts update.

PUBLIC COMMENTS

3. STATUS OF RECOMMENDATIONS

5. CORRESPONDENCE AND ARTICLES

- a. “2.7 billion proposed for FY2011 Nation Park Service budget”, National Park Service, February 1, 2010
- b. “Is the Con Con petition being ‘blacklisted?’”, Fox and Hounds, January 27, 2010
- c. “Dan Walters: Schwarzenegger, once a hero to local government, now scorned as a bandit”, The Sacramento Bee, January 20, 2010
- d. “Democrats look to regroup, cast blame”, Washington Post, January 20, 2010
- e. “Democrats find themselves on wrong end of politics of discontent”, Washington Post, January 20, 2010
- f. “State budgeting, already hit in court, may face new legal woes”, Capitol Weekly, Dec. 30, 2009