

Fresno COG June 2011

Monthly Report From California Consulting, LLC

- **SB 325 Update:** The first policy committee hearing for SB 325 (Rubio's short haul rail bill co-sponsored by Fresno COG) was held on April 12, 2011 at the State Capitol. The Senate Transportation and Housing Committee heard SB 325 at 1:30pm in Capitol Room 112. In preparation for the hearing California Consulting met with several Legislators, legislative staff, and both Republican and Democrat Committee Consultants. California Consulting also organized a list of key individuals to testify in support of the bill including private sector leaders, representatives from cities, school district, and others. California Consulting's Steve Samuelian testified in support of SB 325 at the hearing. After much discussion SB 325 passed the Committee with a bi-partisan 9-0 vote. In the weeks and days before the hearing, California Consulting kept in daily communication with Senator Rubio's capitol staff and organized a variety of meetings and conference calls to line up support for the bill. We also organized letters of support and council resolutions in support from various organizations. In May, our team focused on the Senate Appropriations Committee and if the Committee will place SB 325 on "suspense calendar." This important designation would have meant that the bill would be held in Committee. Fortunately, SB 325 avoided suspense calendar designation and was moved out of Senate Appropriations Committee. As for this writing (May 16, 2011) SB 325 is on the Senate floor and Senator Rubio will take up the bill as soon as possible. We worked closely with Senator Rubio personally as well as his staff. Senator Rubio has again distinguished himself as a champion for the San Joaquin Valley region. He should be commended for his leadership on this and other important issues. SB 325 passed the Senate on a 38-1 vote. The bill was then sent to the Assembly to start the process over again. In the Assembly the bill was "double referred" by the Assembly Rules Committee to Assembly Local Government Committee and Assembly Transportation Committee. SB 325 has been set for a hearing of the Assembly Local Government Committee on June 15 at 1:30pm. We have been working with Senator Rubio and his staff in preparation for the hearing. We have approved of proposed amendments from the Assembly Local Government Committee Consultant and worked with the stakeholders. We are also lining up speakers to testify at the June 15 hearing. California Consulting, LLC Senior Director Liz Gomez has been organizing leaders to testify at the hearing and will attend and testify as well.
- **Latest State Budget News:** Discussions continue on a possible extension of sales and vehicle taxes. Some Republicans may now be willing to place a measure on the ballot this fall in return for pension reform, debt limit, and a spending cap. They would like to see the current taxes expire on June 30 and then let voters reinstate them if they so desire.

- **Governor Brown's May Revise Budget Proposal** On May 16, 2011 California Consulting, LLC sent out a summary of Governor Brown's May Revise state budget proposal. The Governor's revised budget proposal acknowledges a \$6.6 billion increase in tax revenues over the next 13 months. Gov. Brown also reiterated his proposal to extend tax increases in order to avoid an "all cuts" budget. Brown approximates the state budget deficit at \$9.6 billion through June 30, 2012 and his plan would eliminate 5,500 state jobs and 43 boards and commissions. Brown's plan assumes the state will take in \$3.6 billion more in the next fiscal year. Brown's plan envisions schools getting about \$3 billion more next year than in the next fiscal year. Brown is still calling for the elimination of RDA's which he believes will save the state \$1.7 billion. In his January budget Brown called the elimination of Enterprise Zones. In the May Revise, Brown calls for limiting the credits to new hires but not eliminating the EZ program.
- **Assembly Republican Caucus Releases Budget Proposal** The Assembly Republican Caucus released a budget proposal to close the state's budget deficit. The plan would cut spending without raising taxes. The proposal protects local public safety funding, protects Enterprise Zone funding, and recognizes the RDA proposal proposed by the California Redevelopment Association as a viable option. The GOP proposal adds to the \$14.3 billion in cuts and other solutions that the Legislature already adopted. The Republican proposal counts on \$5 billion in revenue (\$2.5 billion in higher tax revenues into the State for the current year and a projected \$2.5 billion for next fiscal year). Other elements of the Republican proposal include saving \$1.1 billion by cutting state employees by 10 percent; agreeing to another \$1.3 billion in cuts originally proposed by the Governor; obtaining \$2.4 billion by transferring all remaining Prop. 10 (First 5) and Prop. 63 (tax on millionaires for mental health) funds; and accepting more than \$1 billion in cuts and other proposed solutions recommended by the LAO and the Bureau of State Audits.
- **VLF Extension:** There is new language in the budget trailer bill that would give the state more time to extend the VLF increase of 0.15 percent that is set to expire on June 30, 2011. This revenue funds Citizens Options for Public Safety (COPS), booking fee remediation, and other law enforcement grants that are critical to local police departments. The budget trailer bill (SB 94) was recently amended to include language to delay expired vehicle registration notification, collection, and delinquent payment penalties by approximately two months for vehicle with registration expiring on or after July 1. This gives the Administration and Legislature additional time to attempt to achieve the two thirds vote that is necessary to keep the programs funded.
- **HSR Depots AB 31:** California Consulting has met personally with Assemblyman Beall at his Sacramento office to discuss AB 31. We are discussing amendments to this bill that would remove the mandate on cities with HSR depots. This bill is now a two year bill.
- **RDA's:** We are continuing to work with League of Cities and California Redevelopment Association and others in an attempt to save RDA's. The vote to

eliminate RDA's fell one vote short in the Assembly. In April we have met with several State Assemblymember, State Senators and key staff lobbying them in support of preserving RDA funding. We have also held numerous meetings with the Department of Finance and the Governor's Office regarding this issue. Senator Rubio and Senator Wright also have a bill that we have been involved with that would bring back RDA's in a different form in the event that there is a vote to eliminate them. We recently sent out the "fact sheet" that summarizes the Wright/Rubio RDA bill. Juan Garza, II from California Consulting has taken the lead in working with the League of Cities and CRA on this issue. Steve has taken the lead working with the Legislature, Department of Finance, and the Governor's Office.

- **Enterprise Zones:** Liz Gomez from California Consulting continues to participate in the weekly EZ conference calls as part of the EZ statewide coalition. In addition, during the month of April Steve met with several State Assemblymembers, Senators, and key staff lobbying in support of EZ's. Steve has met with Department of Finance and the Governor's Office in April regarding this important issue. Steve has worked as part of the EZ working group on AB 231, the reform package for EZ's. A summary of the highlights of AB 231 is attached to this report. We encourage all cities, counties, and others to pass resolutions and send letters in support of AB 231. AB 231 is a fair and reasonable compromise that preserves EZ funding but makes some needed reforms to the program. We are working closely with Assemblyman Perez's Committee staff on AB 231. Assemblyman Perea has been a leader in the fight to preserve EZ funding and we are working very closely with him and his office.
- **AB 892:** California Consulting has been communicating with Cal-TRANS regarding AB 892 (Carter) a bill that deals with NEPA requirements. This bill is worthy of support and we have attached a summary of the bill.
- **AB 890:** Assemblyman Perea has a bill that streamlines CEQA and NEPA requirements. We recently sent out a summary of AB 890. A few days ago we were notified that Assemblyman Perea has decided to make this a two year bill so the bill will not be heard or considered this year.
- **Torlakson Roundtables:** California Consulting, LLC organized a Central Valley Education Summit in April and a Central Coast Education Summit in May. Both events featured special guest State Superintendent of Public Instruction Tom Torlakson as the guest speaker. The Central Valley event was held in Fresno and attended by approximately 60 Superintendents, School board members, Mayors, City Councilmembers, and others. The Central Coast event was held in Salinas and was attended by approximately 100 Superintendents, School board members, Mayors, City Councilmembers and others. State Superintendent Torlakson discussed how he would like cities and school districts to form a partnership and

he intends to create a Task Force of local city and school leaders to work together on various joint projects.

- **Cal-TRANS**: We are working with Malcolm Dougherty on AB 892 and AB 296 two bills supported by Cal-TRANS. Malcolm has been named Interim State Director and officially appointed as Chief Deputy Director.
- **FCTA**: We are coordinating closely with FCTA Chairman Harry Armstrong in order to coordinate our efforts in Sacramento. Steve is meeting and communicating regularly with Mr. Armstrong on a variety of joint COC/FCTA lobbying efforts at the state level.