



Item #12-5-9 Information

Government Relations & Public Affairs Committee

April 30, 2012

State Advocacy Update

Issue: Update on state advocacy issues.

Recommendation: None; this item is informational.

Discussion: The Legislature and the Administration are working on many different issues of interest to the board. Staff will provide additional updates at the committee meeting.

Bill Tracking & Positions

Attachment A is a list of active bills that staff is tracking. Staff will bring forward specific bills that are within the adopted State Advocacy Principles throughout the year. AB 1779, which would allow the San Joaquin passenger rail service to be managed by a local joint powers authority, is recommended for action earlier on this agenda.

Redevelopment Dissolution/Community Revitalization Advocacy

Since March, the Legislature has held multiple hearings on redevelopment dissolution and community revitalization bills. The Assembly and Senate have appointed members to a joint working group to address discrepancies among the bills before they go to the respective Appropriations Committees. Personal income tax income year-to-date is below expectations (approximately \$3.5 billion short), so the Governor and Legislature will have to find additional revenue reductions as part of the May revise. This is concerning to local agencies, because Senate Pro Tem Steinberg has suggested using \$1.5 billion previously dedicated to affordable housing redevelopment to fill the budget gap.

Staff has been meeting with regional managers and successor agency staff to discuss the dissolution issues many agencies are facing. The Department of Finance has taken an extremely narrow interpretation of what contracts and obligations are enforceable under AB 26x. Staff will continue to convene this group to assist them in communicating these issues to legislative leaders as well as to discuss what new community revitalization tools would be useful to them.

In April, the California Redevelopment Association disbanded. The League of California Cities has taken over primary responsibility for advocating on behalf of local agencies on dissolution issues. Staff will continue to coordinate with the League, CSAC and other stakeholders.

Cap-and-Trade Revenues

As reported in February, the Governor's budget includes a framework to invest proceeds from the Air Resources Board's (ARB) new Cap-and-Trade program. ARB has delayed the first auction until November, and ARB Chair Nichols has indicated that they will not release an expenditure plan before then. Categories suggested by the Governor include:

- funding for high-speed rail;
- funding to reduce emissions through energy efficiency, clean and renewable distributed energy generation, including local public buildings;

- funding to reduce emissions through the development of state-of-the-art systems to move goods and freight, deploy advanced technology vehicles and vehicle infrastructure, advanced biofuels and low-carbon and efficient public transportation;
- funding to reduce emissions associated with water use and supply, land and natural resource conservation and management, and sustainable agriculture; and
- funding to reduce emissions through strategic planning and development of major infrastructure including transportation and housing.

Although ARB will not release a plan for some time, stakeholders are beginning to develop their own proposals for how to spend the revenues. Staff is collecting information on various proposals and may come back at a future meeting with recommendations for action. As proposed by the Governor, the Legislature would need to approve the expenditure plan, so it is still early in this process.

Governor's State Government Reorganization Proposal

As reported last month, the Governor is proposing to reorganize many boards, commissions, departments and agencies within state government. He submitted a formal plan to the Little Hoover Commission, which held hearings the week of April 23 and will publish its analysis in May. The Legislature will then either let the plan go into effect or reject the plan. As the board discussed in February, one of the downsides of the plan is that it splits transportation and housing into separate agencies, and puts housing within the new Business and Consumer Services Agency.

Approved by:

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Chief Executive Officer

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Attachment: Attachment A – Bill Tracking & Positions

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