



Capitol Weekly Report

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Prop 18 Water Bond likely moved to 2012 ballot

[From the Sac Bee Alert]: Lawmakers are scheduled to vote next week on a set of bills that would move the \$11.1 billion water bond to the 2012 general election ballot.

Two bills were amended Thursday in the Senate to push Proposition 18, currently slated for the Nov. 2 election, to the election on Nov. 6, 2012.

[Assembly Bill 1265](#), by Assembly Member Anna Caballero (D-Salinas) and Assemblyman Kevin Jeffries (R-Lake Elsinore) delays the water bond vote. A second bill, [AB 1260](#), by Assembly Member Jean Fuller (R-Bakersfield) would delay the terms for appointees to the California Water Commission, the body tasked with allocating some of the bond's funds.

The "Safe, Clean, and Reliable Drinking Water Supply Act of 2010," placed on the ballot by legislators as part of the 2009 package of water policy bills, would fund water projects across

the state, including water storage, recycling and drought relief.

But with a crowded ballot and a down economy jeopardizing its passage, Governor Arnold Schwarzenegger and other key water bond supporters called in June to delay the vote.

"After reviewing the agenda for this year, I believe our focus should be on the budget -- solving the deficit, reforming out of control pension costs and fixing our broken budget system," Schwarzenegger in a June statement. "It's critical that the water bond pass, as it will improve California's economic growth, environmental sustainability and water supply for future generations."

Critics, who say the bond proposal is poorly drafted and filled with unnecessary spending that would sink the state further in debt, want the bond scrapped and rewritten or kept on the ballot in hopes that it is rejected by voters. Those concerns, which some legislators share, could make it difficult for the bills to get the necessary two-thirds vote. Proposition 18 opponents immediately called on lawmakers to reject the legislation.

"A vote for AB 1265 is a vote for the water bond," Jim Metropulos of the Sierra Club California said in a statement. "Legislators should do what's right for California and vote down this attempt to delay the measure - not try to hoodwink voters by postponing it for two years."

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Though the official deadline for adding or removing propositions to the November ballot was in June, the Legislature can still change the bond placement with a two-thirds vote.

Lawmakers are now facing a dwindling window to act on the delay, as deadlines approach for printing ballots and other election materials.

Monday is the deadline for making changes to the state's official *Voter Information Guide*, which is mailed to 10 million voter households across the state.

A spokeswoman for Secretary of State Debra Bowen said the office can't hold off on sending the ballot pamphlet to the printer because it takes weeks to produce and send out the copies. Lawmakers can opt to issue a supplemental guide at a significant cost.

It is unclear whether the legislation will be scheduled for a vote Monday, but Steinberg spokeswoman Alicia Trost said the Senate is hoping to act on the legislation "sooner rather than later." ■

Dems unite, offer "new" jobs budget; Reps just say "no" to tax hikes

In an effort to show that there had indeed been work and progress made during last month's legislative Summer Recess, the Assembly and Senate Democratic leaders rolled out a new and improved "Jobs Budget" on Tuesday, August 3.

The plan is a mixture of cuts, tax hikes and other revenues, local-state restructuring, tax reductions and reforms. It assumes closing the \$17.9 billion deficit through \$8.4 billion in spending cuts, \$4.1 billion in federal funds and \$2.4 billion in net tax increases.

The keystone to the proposal, referred to as tax reform, would raise personal income taxes by 1 percent and the Vehicle License Fee by 0.25% and lowering the sales tax by 1.75%. It assumes

savings to those who itemize their tax returns because they could deduct the income and VLF hikes on their federal returns.

In addition to the tax swap, the state would "restructure" public safety by shifting responsibility for housing and supervising "wobbler" offenders to local governments and giving a stream of revenue to cities and counties from the VLF to pay for it.

Equally intriguing is the proposal to authorize school districts and local governments to securitize future state payments for mandate reimbursements (pre-2004 mandate payment owed to non-school local agencies) for nearly \$1 billion.

Republicans and the Governor responded immediately, calling the proposal to raise taxes on the middle class, "dead on arrival." On Wednesday, the two-house Budget Conference Committee approved the proposal by a majority vote despite concerns from the Department of Finance, the Leg Analyst's Office and some legislators that the assumptions were faulty as to savings to the state and impacts on taxpayers.

Now the plan will become grist for the Big 5 mill. In a statement to business leaders today (August 6), the Governor said that he and legislative leaders agree on all but about \$4 billion in solutions.

Given that \$4 billion represents the core of the disagreements between Democrats and Republicans—cuts to welfare-to-work programs, in-home support services, Medi-Cal patients vs. corporate and oil tax breaks and tax hikes—the road ahead looks daunting.

The Governor and Senate pro Tem Darrell Steinberg (D-Sacramento) met on Thursday for about 90 minutes and emerged to say that they are getting closer to Big 5 talks. Resolution of their difference, however, could happen as soon as the end of August; others, less rosy in outlook, suggest it could go on until November or beyond. We will keep our clients informed. ■

City of Bell brings out the heat and the light

It's now wide-spread news that the City of Bell's upper management overstepped the boundaries of decency and good government when they voted themselves salaries in the \$300,000 to \$800,000 range.

The resulting statewide blow back has been loud and strident and there have been many calling for transparency, accountability and a better system for stemming further abuses, especially as pension pay outs go, based on these vastly inflated salaries.

Toward that end this week, a number of responses to the city of Bell's compensation controversy are circulating: several legislators are considering introducing legislation, the State Controller announced a new salary disclosure reporting requirement applicable to cities and counties, and the League of California Cities' board authorized sponsorship of legislation that would establish a transparency standard applicable to all state and local agencies.

The draft League legislation has been submitted to the Legislative Counsel and is focused on establishing an increased level of transparency for the compensation of all elected officials and additional disclosures required for those public employees, including individuals retained via contract, earning more than \$100,000 annually.

The League's proposed legislation would set a common standard for all state and local agencies, and includes disclosures of salary ranges for all public employees. Disclosure of this information would be required on an agency's website, if one exists, and also readily available for public review in the offices of the agency, as well as the contents of any adopted employee compensation contracts.

State Controller John Chiang issued a press release on Tuesday, Aug. 3, announcing that cities and counties would be required to submit salary disclosure information as part of a summary of fiscal information that is required to

be submitted in October, and that this information would be posted on the Controller's website in November. Details of the specific information that would be submitted are under development.

Governor Schwarzenegger's office is also contemplating broader transparency of state salaries. Depending on how these administrative efforts develop, it may mitigate the need for legislation.

Assembly Member Hector De La Torre (D-South Gate) is considering a three-bill package of legislation. The proposals will focus on these areas:

- Amendments to the Brown Act to increase transparency;
- A measure to address the Public Employee Retirement System issues associated with excessive public pension levels; and
- A bill that seeks to impose the salary provisions applicable to general law cities on charter cities.

Sen. Lou Correa (D-Santa Ana) is focused on salary transparency issues. While originally focused on just cities, Sen. Correa's "Taxpayers' Right to Know" bill may now be expanding to pick up other agencies. It remains unclear whether other legislators will attempt to introduce legislation. As the focus on transparency continues, one area to continue to track is whether or not state agencies and the Legislature will embrace the same transparency standards that are attempted to be applied to local government/

The realities of legislative deadlines further complicate matters. With approximately three weeks remaining to the end of the 2009-2010 Legislative session, any legislation introduced will not be subject to the transparency offered traditional timelines for bill introduction and legislative review. The budget remains unresolved, and the Governor is insisting on reforms to pensions, state tax policies and establishing a reserve fund as additional conditions to a budget agreement. ■

DWR calling for local-interest caucuses' input Deadline: August 25

[This from the League of California Cities' *City Advocate Weekly*]

Working Groups Planned for State Water Plan Update 2013

The Department of Water Resources (DWR) is beginning to form its working groups for the next State Water Plan Update, estimated to be released in 2013.

DWR is forming interest-based caucuses (e.g., local government caucus) and place-based regional forums associated with the water plan update, which will likely meet on a quarterly basis for half-day sessions.

These open and public meetings are sustained by "core" members, using an in-person and conference call format and will receive staff and facilitation support. Working groups will be created as-needed to develop materials for distribution to larger groups.

The working group roles are described below:

- Interest-based Caucuses (caucuses) will work with the Advisory Committee to identify and frame ideas and review content regarding specific topics. Caucus meetings will consider items of specific interest to the group and allow members to learn more about the collective perspective of like-minded organizations or constituencies.
- Place-based Regional Forums (forums) will work with the Advisory Committee to identify and review content regarding local and regional efforts. The forums will also work with DWR staff and other agencies to help develop and refine material for the regional reports as well as discuss regional aspects of the water plan update and allow members to learn more about the perspectives of other local entities and organizations.

For more information and to apply for place-based forums or interest-based caucuses visit: http://www.waterplan.water.ca.gov/docs/ac/2013/ACgroupInfo_072810.pdf

The application deadline for applications is Aug. 25. ■

If you have any questions or would like more information please contact JEA & Associates at jeaandassoc@aol.com or call us in Sacramento at (916) 669-1340.