



ADMINISTRATIVE REPORT

DATE: JANUARY 9, 2009

TO: MAYOR AND CITY COUNCIL
BEN REYES, EXECUTIVE STAFF

FROM: BELINDA B. ESPINOSA, CITY MANAGER

PLACES TO BE

- JANUARY 10- WCCUSD SCHOOL BOARD HOLD SPECIAL MEETING FOR ELECTED OFFICIALS REGARDING SCHOOL CLOSURES

Dr. Harter has invited all West County elected officials to attend a meeting on Saturday January 10 to discuss the upcoming school closures issue. The meeting will take place at 10:00 AM at the Lavonya DeJean Middle School gymnasium (3400 MacDonald Avenue) in Richmond. Mayor Horton, Mayor Pro Tem Virginia Fujita, Councilmember Debbie Long, and City Manager Belinda Espinosa have confirmed attendance. This meeting will be filmed by PCTV and will be rebroadcast.

- JANUARY 12-WCCUSD SCHOOL CLOSURE SUBCOMMITTEE MEETING

Laura Ramos and John Schilt have confirmed their attendance at the WCCUSD School Closure Committee. The committee will be meeting from 6:30 PM to 9:30 PM in the Pinole Valley High School Cafeteria. This meeting will be filmed on PCTV and rebroadcast.

- JANUARY 13-SPECAIL CITY COUNCIL MEETING

The City Council will be holding a workshop on January 13 at 6:00 PM to discuss a variety of topics including Council-manic appointments, Council procedures, Mayor's rotation and the feasibility of holding a City Council retreat in the near future. The meeting is open to the public, however, there will be a closed session following the open session.

- JANUARY 13-EDHAC MEETING

The Economic Development and Housing Advisory Committee (EDHAC) meeting will be on January 13 at 7:00 PM. This meeting will be in the Alex Clark Room. The agenda includes review of the local preference system for the First Time Home Buyer Program and a review of the Heritage Park Affordable Housing project.

ITEMS OF INTEREST

- PCTV COVERAGE OF WCCUSD BOARD MEETINGS

PCTV has been filming the WCCUSD Board meetings live for quite sometime now. However, recently the cable signal from Pinole to Richmond became unavailable due to the City of Richmond's reconstruction of their civic center building, where the connection sits. This is temporary according to Richmond City Manager Bill Lindsay. Once the building is complete, the signal will be replaced and PCTV can resume live broadcast. In the mean time, PCTV will be filming and recording for a rebroadcast. Each of the west county cities receive a CD of the meetings so that they can air on their community channels.

- 2009 SUMMER SOUNDS-CALL FOR COMMUNITY INPUT IN MUSIC CHOICES

The Recreation Department is hosting a Summer Sounds Music Selection Night on Wednesday, Feb. 4 from 5:30 PM - 7:00 PM in the Community Meeting Room at City Hall. Anyone is welcome to attend. It's a one-time occasion during which we'll play samples of all of the music artists who have applied to play in our Summer Sounds event and the participants will be rating those artists to help choose the finalists.

It will be a fun evening with snacks and drinks provided. For information, contact Amy Wooldridge, Recreation Director, at 510-724-9062 or awooldridge@ci.pinole.ca.us.

- ECONOMIC STIMULUS PACKAGE

As you may be aware, the Obama transition team is putting together a plan for an immediate economic stimulus with an \$85 billion investment in the "Rebuild America" proposal for highway and bridge enhancements, transit, rail, aviation, environmental and other infrastructure. The Federal government has been asking cities to submit a list of proposed projects which could be ready for construction within 120 days of notification of funding.

Over the past several months, staff has responded to requests for construction ready projects for the program. Recently the Contra Costa Times ran an article that stated that the City of Hercules was the only city in Contra Costa County to respond. This was not correct. Cities throughout Contra Costa County, including Pinole, submitted project lists to the Metropolitan Transportation Commission (MTC), the Contra Costa Transportation Agency (CCTA) and League of California Cities. These groups passed on the project lists to federal officials.

The projects identified for Pinole were as follows:

- ❖ Construct solar panels on four City buildings at a cost of \$1.4 million.
- ❖ Construct the Pinole Creek Demonstration Project at a cost of \$2.7 million.
- ❖ Construct high visibility cross walks, sidewalk bulb outs, and overhead warning beacons across San Pablo Avenue at Fern and Alvarez Avenues at a cost of \$200,000.

- ❖ Overlay Appian Way from Tara Hills Drive to Marlesta Drive with rubberized asphalt concrete at a cost of \$1.2 million.
- ❖ Overlay Simas Avenue from Moraga Drive to Pinole Valley Road with rubberized asphalt concrete at a cost of \$1.5 million.
- ❖ Replace an obsolete signal at the intersection of San Pablo Avenue and Appian Way at a cost of \$350,000.
- ❖ Fiber Optic Improvements to the Pinole Valley Fire Station 74 at a cost of \$200,000.

In an attempt to cover all our bases, staff also prepared a letter to our U.S. Senate and House Representatives asking them to consider these projects as well as other projects for the federal budget. In our letter to the elected officials, the project list was expanded to include the following projects:

- ❖ Replace the Fernandez Park Restroom at a cost of \$250,000.
- ❖ Construct modular restrooms at Meadow Park and Pinole Valley Soccer Field at a cost of \$150,000.
- ❖ Replace the Pinole Valley Road at Marlin Court Storm Drain at a cost of \$30,000.
- ❖ Install backup generators at the Water Pollution Control Plant at a cost of \$450,000.

A future administrative report will indicate whether or not we receive funding from this Federal Economic Stimulus Package, and if so the approved projects.

- **PINOLE VALLEY SHOPPING CENTER**

I met today with staff, legal counsel, and our outside auditors who are conducting a financial review of our development agreements and ground leases with TKG for the Pinole Valley and Pinole Vista shopping centers. The focus of today's meeting was just Pinole Vista Shopping Center and the proposed 2009 operating and maintenance budget for the center. TKG submitted their proposed budget for 2009 in October 2008. We have notified TKG that the budget was not approved and needed additional review and discussion. We have a meeting scheduled for late January to continue discussions. There will be additional meetings for discussion of Pinole Valley shopping center.

Similar to a new house, we are finding out that some minor changes are needed to the Pinole Valley Shopping Center to make the project better. Here are the changes we propose:

- Entry Driveways The driveway at Estates and the driveway closest to the valley will be widened slightly to improve ingress and egress. Our efforts will be limited at both locations by utilities.

- Backflow Devices There are a number of above ground pipes just behind the sidewalk that take away from the projects curb appeal. All of the devices will be either painted or covered with blankets to improve aesthetics.
- Additional Lighting We hope that better lighting at the bridge over Pinole Creek will improve safety and encourage more pedestrian use of the center.
- Traffic Striping We hope to relieve some of the traffic congestion at the main entrance if a "keep clear" legend is installed.
- Traffic Control Safety would be improved if a stop sign were installed near the Jamba Juice intersection for traffic coming from behind the Center.

These changes are underway and will soon be in place.

- **STREET LIGHTING ALONG PINOLE VALLEY ROAD**

The old cobra head type of street lights along Pinole Valley Road from Henry Avenue to the High School will be removed. Pacific Gas and Electric will do the removals. PG&E sets their own schedule, and the work has been delayed twice thus far.

- **CODE COMPLIANCE NOTIFIES MOTEL 6 AND SIZZLER TO CLEAN UP**

Code Compliance has sent the City's semi-annual letters to the managers of Motel 6 and Sizzler Restaurant asking them to clean up their hillside property. Lots of trash, debris and shopping carts wind up on the hillside causing an unsightly appearance on the Hwy 80-Appian exit leading into Pinole

- **EASTBAY WORKS ONE STOP CAREER CENTER**

The Eastbay Works One Stop Career Center is a one-stop employment service offering employers and job seekers a full spectrum of employment related services under one roof. Job seekers can get help with career planning, job training, and transition solutions to re-enter the workforce. Their free services include academic and career assessment tools, job search resources, high speed Internet access, fax machines, photocopiers and more. The center holds workshops essential for conducting a successful job search, provides listings of current job openings, and has links to training and educational funding sources. Information is also available on regional and specialized job fairs.

Employers can post job openings and access a qualified workforce through customized on-site recruitment events and subsidized on the job training opportunities. Businesses that are downsizing or anticipating closure can receive assistance through the Rapid Response Program.

The Rapid Response Program is triggered by a WARN (Worker Adjustment Retraining Notification) notice and is designed to assist employers and their employees in the event of a facility closure. The Rapid Response team works with company representatives and

employees to develop transition services in advance of a layoff. The team can also provide tools and resources to help reduce the number of layoffs, including links to small business assistance and incumbent employee training. All services to employers are provided at no cost.

Location: East Bay Works One Stop Career Center
2300 El Portal Drive Suite B
San Pablo CA 94806
510.412.6740
510.374.7454
www.eastbayworks.org

- **FINANCIAL REPORTING AWARD**

I am pleased to inform you that for the 4th consecutive year the City has received an award from CSMFO for our budget preparation.

The CWEA Budget Awards program is designed to recognize those agencies that have prepared a budget document or a communication tool that meets certain standards. We can be proud that our peers judged our submission as meeting the awards criteria.

A copy of the letter from CSMFO is attached.

- **STATE BUDGET IMPACTS TO CITIES**

The Governor has vetoed the latest efforts by the legislature to address the State's \$42 billion budget deficit. His letter to Senate President Pro Tem Steinberg and Assembly Speaker Bass is attached.

The Governor's budget proposal is somewhat favorable to cities. A full summary from the League of California Cities website is attached. The following items are of most interest to Pinole:

- ❖ No borrowing of local funds – the Governor does not propose to borrow local property taxes or Proposition 42 (Gas Tax) revenues.
- ❖ No additional take of redevelopment revenue – the Governor does not propose to shift any additional redevelopment revenue to the State. At this time we do not know if the initial transfer of redevelopment revenue, approximately \$700,000 for Pinole, will become permanent.
- ❖ Public Safety funding – the Governor continues to propose shifting the funding of COPS grants, booking fees and some probation programs to the Vehicle License Fee funds. For Pinole these represent approximately \$162,000 of our fiscal year 2008/09 budget. At this time it appears that these programs will continue to receive dedicated funding from the State. The Governor's proposed budget does eliminate a number of

specialized grant programs including the California Multi-Jurisdictional Task Force (Cal-MMET) and the Sexual Assault Felony Enforcement (SAFE) grant. Neither of these will affect us since our County was not a participant in these grant programs.

The Governor also proposes designating \$4.5 million in federal funds for public safety interoperability grants through the California Emergency Management Agency. Pinole is a member of the East Bay Regional Communications System, a group working to assure that public safety entities in Alameda and Contra Cost Counties are able to communicate on the same radio frequencies and utilize compatible equipment.

We will work with our partners in that group in an effort to secure some of this funding, should it become available. It is anticipated that the capital costs required for this conversion will be financed through a cooperative agreement between all participating agencies.

This just in.....The Governor is required to submit a balanced budget to the Legislature by January 10th of each year. This year, the Governor, through the Department of Finance, released his budget prior to the January 10th deadline. The LAO has just finished their overview of the Governor's 2009-10 budget proposal which we have attached for your review.

According to the LAO, the Governor's budget framework makes a good faith effort to close a colossal \$42 billion budget gap. The Legislature, however, can improve the plan by making further use of the ballot, adopting more strategic programmatic reductions and revenue increases, and reducing the reliance on borrowing. There are no easy paths to solving the crisis. But it is urgent that the Legislature and Governor act immediately to address a budgetary and cash situation that has the state on the edge of fiscal disaster.

Of course, we continue to monitor the State's budget situation and will keep you informed as to the impacts to our city.

2009-10 Budget Analysis Series: Overview of the Governor's Budget is available using the following link:

<<http://www.lao.ca.gov/laoapp/PubDetails.aspx?id=1906>>

- **POLICE DEPARTMENT ACTIVITIES**

The Police Department completed the Lieutenants assessment center on Thursday; three candidates completed the all day process. This was the first time a full day assessment center was given at the Police Department. It provided an excellent opportunity for each of the candidates to display themselves to the Board. Jennifer Miller did an exceptional job of managing the complex process. The Chief will finalize the process and make an appointment. A future administrative report will announce the appointment.

On Monday, Investigators and members of the Community Preservation Unit served a felony warrant on Smith Avenue. After the arrest, Community Preservation members discovered that this was a rental property that had been sub-let, a violation of the contract. Follow up by the Unit will correct the situation and bring the apartment owners/renters back into compliance.

A Police response to an apartment on Cuadra resulted in the observation by the Officer of unsafe conditions. Community Preservation members responded and the apartment was "red-tagged" and ordered vacated. Both this and the prior incident reflect the effectiveness of the Community Preservation Unit and its broad enforcement perspective.

-END-

JAN 02 REC'D



Budgeting and Management Reporting Committee

Pam Arends-King, Chair
City of Santa Ana
P.O. Box 1988
Santa Ana, CA 92702
parends-king@santa-ana.org

Cindy Guziak, Senior Advisor
Orange County Fire Authority
1 Fire Authority Road
Irvine, CA 92602
cindyguziak@ocfa.org

December 30, 2008

Alice Johnson, Accounting Specialist
City of Pinole
2131 Pear Street
Pinole, CA 94564

Dear Alice:

CONGRATULATIONS! Your agency's Operating Budget submission to the CSMFO Budget Award Program has been reviewed and has been selected to receive the Meritorious in Budgeting Award. The Awards will be presented at the CSMFO Annual Seminar in San Francisco scheduled in February. All recipients of an award will be acknowledged at the Awards Ceremony. We sincerely hope you will attend, particularly if your agency is receiving a first-time award in this category.

The Budget Awards Program is designed to recognize those agencies that have prepared a budget document or a communication tool that meets certain standards. You can be proud that your peers judged your submission as meeting the awards criteria.

Rating sheets that summarize the ratings and comments of the reviewer are enclosed for your reference. The rating process includes two primary reviews for each submission and a third review to resolve any significant variances between the two primary reviews. If you have received an Excellence rating for the last three years, your document will receive a single review.

For next year's program, agencies submitting applications to the program will be asked to respond to the comments they received this year in the Reviewer Comment section. Please keep these rating sheets and be prepared to write a response to the comments if you plan on submitting your document next year or the year after for a two-year document. If you have submitted a two-year document, the award covers both years and you will not be eligible to submit that document again next year.

Please call me at (714) 573-6302 or Pam Arends-King at (714) 647-542 if you have any questions. Again, congratulations and we hope to see you at the Annual CSMFO Seminar.

Sincerely,

Cindy Guziak, Senior Advisor
CSMFO Budgeting & Management Reporting Committee



PRESS RELEASE

01/06/2009 GAAS:860:08 FOR IMMEDIATE RELEASE

Legislative Update

Governor Arnold Schwarzenegger has vetoed the following 15 bills. The Governor also sent the following letter to the legislative leaders explaining his reasons for vetoing this legislation.

Text of the letter:

January 6, 2009

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
State Capitol
Room 205
Sacramento, California 95814

The Honorable Karen Bass
Speaker
California State Assembly
State Capitol
Room 219
Sacramento, California 95814

Dear Senator Steinberg and Speaker Bass,

This afternoon, you sent me legislation intended to address California's budget crisis and stimulate our state's economy. Unfortunately, this package is deeply flawed and, as promised, I vetoed it the moment it landed on my desk. The measures you sent me punish people with increased taxes, but do not make the serious cuts in spending necessary to balance our budget; do nothing to help keep California families working during this recession; and do nothing to help Californians facing foreclosure in this mortgage crisis. It is unfair and unacceptable to place an even greater burden on hard-working taxpayers without doing all we can to cut spending, create jobs and keep people in their homes.

In the face of a \$42 billion budget shortfall, your package of bills makes \$2.5 billion less in cuts than what I proposed in the special session and more than \$10 billion less than what I proposed in my 2009-10 budget. Specifically, you failed to include even the most common sense proposals to reduce costs in employee compensation, did not make reductions that have been adopted in prior downturns, and did not act to reduce costs in some growing programs. For example:

- I proposed changing state statutes to limit overtime, limit excessive use of sick leave and eliminate extra holiday pay for just two of the 14 holidays California state workers receive. California is one of the few states in the country that counts sick leave and vacation days toward overtime. I also proposed two furlough days for state workers. These proposals would have saved the state \$1.4 billion over the next 18 months. Your legislation does not adopt these proposals and gives public employee unions veto power over any changes.
- I proposed to limit non-medical In-Home Supportive Services (IHSS) and share-of-cost assistance to the neediest

individuals for savings of \$135.7 million. IHSS is one of the fastest growing programs in state government.

- I proposed self-sufficiency reviews to increase the number of California Work Opportunity and Responsibility to Kids participants who are working or attending job preparation classes as required by state and federal law. I also proposed reducing cash grants by 6 percent – even though similar reductions were adopted during previous economic recessions. These changes would have saved the state more than \$300 million.
- You rejected my proposal to provide school districts the flexibility necessary to manage program reductions while protecting direct classroom programs in California schools. My proposal would have unlocked up to \$2.5 billion in categorical programs, allowing schools to shift those funds wherever needed to protect classroom instruction and teachers' jobs. Your measure gives schools very limited flexibility. The new budget proposal I unveiled last week offers even more flexibility, giving schools the ability to shift tens of billions of dollars wherever they are needed to meet this extraordinary budget challenge.

The revenues adopted in this package are also flawed. These proposals take money from individuals' paychecks by establishing a new withholding requirement for independent contractors, putting California out of sync with most states and with the federal government. Not only is this the wrong policy for California, but this proposal couldn't be implemented by the Franchise Tax Board until 2010. Your legislation also gives the Department of Finance the authority to raise taxes administratively, without legislative approval, based on annual revenue projections – this is unconstitutional on its face. Finally, your proposal increases the price of gasoline 13 cents above current levels at a time when hard-working Californians are already suffering.

Relative to economic stimulus, the measures you sent me would do nothing to create jobs and jumpstart our economy. In fact, the bills sent to my desk today would, in some cases, make it even more difficult to create jobs. For example:

- I asked to expedite the environmental review process on more than \$1 billion worth of transportation projects in order to create jobs immediately. Expediting the start of these projects would create more than 18,000 jobs in 2009. The legislation you sent me would have simply replaced the existing environmental review process with an even more time-consuming set of requirements. Further, I asked for expedited permitting on these projects, a request your legislation does not address. Finally, your legislation failed to include the two biggest projects on my list, the Caldecott Tunnel and Highway 50's High Occupancy Vehicle lanes, which together could generate some 10,000 jobs in the East Bay and Sacramento regions.
- I asked for the ability to form public-private partnerships to leverage limited state resources with private dollars in order to build more projects and create jobs immediately. Allowing public-private partnerships would expedite countless projects and create tens of thousands of jobs. The public-private partnership proposal you sent me is so restrictive it is likely that no public-private construction projects would begin in 2009.
- I asked for broad authority to construct transportation projects using the design-build contracting method, which is proven to speed up the time it takes to move a project from design to construction by as much as 18 months. The California Department of Transportation (Caltrans) has identified at least \$1.6 billion in projects that could commence with design in the next six months if allowed to use design-build contracting. These projects will create 28,000 jobs once construction is underway. Your unwillingness to grant Caltrans design-build authority means these jobs won't materialize until at least 2010. Furthermore, California needs design-build and public-private partnership authority to take full advantage of any federal infrastructure dollars that are part of President-elect Obama's economic stimulus plan. Failure to adopt real design-build and public-private partnership authority jeopardizes California's ability to get the maximum amount of federal stimulus dollars made available.
- I proposed exempting the sale of state property from the California Environmental Quality Act (CEQA) review process prior to the sale, because applying CEQA to surplus properties prior to the sale simply delays any potential revenue from those assets and provides no environmental benefit since any property would have to undergo a second, separate CEQA review if the property were developed. The bill you sent me makes it even more difficult to use these assets by requiring the state to conduct a CEQA review before determining that the property is even surplus. California government owns tens of billions of dollars in property that could be sold to help pay down our debt and bring badly needed revenue to the State without raising taxes.

Finally, you did not send me any legislation to address California's foreclosure crisis. You say you intend to send me legislation on this subject in the coming weeks. I encourage you to wait no longer to take meaningful action to keep people in their homes.

While I appreciate that your letter expresses a willingness to address some of my concerns with the proposals you have sent me, I am confused by your public statements that you are unclear on what it would take for me to sign these measures. You have in your hands detailed language on each and every measure to reduce spending, create jobs and keep people in their homes, which I have asked for since November. In fact, your letter lists many of these specific concerns that you plan to address in the future. I have

never wavered in my commitment to address this economic crisis, and I have never minced words on what I believe it will take to get the job done.

I thank you both for your efforts and for talking with me nearly every day through Christmas and New Year's, even while we were all with our families. I believe we must continue negotiations to solve this crisis without delay and without reservation. California families are depending on us. It is imperative that we all get together, Democrats and Republicans, and address this crisis head on. I look forward to meeting with you.

Sincerely,

Arnold Schwarzenegger

Bills Vetoed

[SBX1 3](#) by Senator Denise Moreno Ducheny (D-San Diego) - Budget Act of 2008: revisions. [See attached veto message.](#)

[SBX1 4](#) by Senator Denise Moreno Ducheny (D-San Diego) - Environmental quality: surplus state property. [See attached veto message.](#)

[SBX1 5](#) by Senator Denise Moreno Ducheny (D-San Diego) - Human services. [See attached veto message.](#)

[SBX1 6](#) by Senator Denise Moreno Ducheny (D-San Diego) - County sales and use taxes: rate increase. [See attached veto message.](#)

[SBX1 7](#) by Senator Denise Moreno Ducheny (D-San Diego) - Budget Act of 2008: state and local government. [See attached veto message.](#)

[SBX1 11](#) by Senator Denise Moreno Ducheny (D-San Diego) - User fee: gasoline and diesel fuel. [See attached veto message.](#)

[ABX1 2](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Sales, use, income, fuel, and oil severance taxes. [See attached veto message.](#)

[ABX1 3](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Office of Statewide Health Planning and Development: plan review. [See attached veto message.](#)

[ABX1 4](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Budget Act of 2008. [See attached veto message.](#)

[ABX1 5](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Transportation projects. [See attached veto message.](#)

[ABX1 6](#) by Assemblymember Noreen Evans (D-Santa Rosa) - State finances. [See attached veto message.](#)

[ABX1 7](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Budget Act of 2008. [See attached veto message.](#)

[ABX1 8](#) by Committee on Budget - Department of Corrections and Rehabilitation. [See attached veto message.](#)

[ABX1 10](#) by Committee on Budget - Prison facilities: construction. [See attached veto message.](#)

[ABX1 12](#) by Assemblymember Noreen Evans (D-Santa Rosa) - Tax: withholding on payments for goods and services. [See attached veto message.](#)

(Note: click on bill number for more information)

2009-01-08

Administration Posts Early Release of 2009-10 Budget Proposal

Gov. Schwarzenegger's Department of Finance rolled out a New Year's Eve proposal to solve the state's budget deficit, estimated at \$41.6 billion over the next year and a half.

The proposal would close the deficits in the current 2008-09 fiscal year and the budget year that starts on July 1, 2009. It would achieve this, and create a \$2.1 billion reserve, by cutting \$17.4 billion in services over the next 18 months and increasing revenues by \$14.3 billion. Additionally, the proposal assumes that the state can both increase lottery revenues by \$5 billion and borrow that money; and that the state will be able to ease its fiscal problems by issuing \$4.6 billion in revenue anticipation warrants (RAWs), which will be repaid in the 2010-11 fiscal year. (View a copy of the budget proposal on the [Department of Finance website.](#))

Early Budget Announcement Driven by Critical Budget Shortfall

The unprecedented size of the state's budget problem was cited by Department of Finance Director Mike Genest as the reason for announcing a state budget on New Year's Eve day. Typically, the new budget is announced by the governor, on or just before the January 10 constitutional deadline for release of a new budget.

The plan includes many concepts put forward in earlier budget proposals made by the governor or the legislature. League staff are still studying the proposal, but there do not appear to be any significant impacts on cities, including no raids or borrowing from property taxes (including redevelopment) or transportation sales tax revenues (Prop. 42/1A). (See below for "Summary of Actions of Interest or Concern to Cities".)

Uncertainty Hurts Cities - and the State

In the absence of a final state budget plan, the biggest impact on cities at this time is the ongoing uncertainty as to how the state will ultimately solve its deficit problems. City officials are already struggling to make the local cuts necessary to live within their own declining revenues. The uncertainty as to whether the state will cut or borrow local funds to balance the state budget is an added burden.

Finally, the state's shaky credit worthiness has a spillover effect on cities, who find that their own ability to sell locally-approved bonds may be impacted by the concern of bond houses as to the state's credit-worthiness.

Summary of Proposed Actions of Interest or Concern to Cities

- No Borrowing Local Funds. The Governor does not propose to borrow local property taxes or Proposition 42 (sales tax on gas) revenues.
- Redevelopment Funds. No additional take of redevelopment revenue is proposed.
- Prop. 1B (Transportation) and Prop. 1C (Housing) Allocation. The proposal allocates \$700 million in remaining Prop.1B Local Street and Road funds, as well as an additional \$487 million in Prop. 1C housing funds for infill, park and transit-oriented development projects.
- Federal Funds. Allocation of \$140 million in federal foreclosure assistance funds local agencies by the Department of Housing and Community Development.

- Public Safety. Retention of the Governor's previously proposed cuts to local public safety programs, which include shifting funding for COPS and Booking Fees to Vehicle License Fees, and eliminating funding to several specialized public safety grant programs.
- Prison Costs. No changes are made to the Governor's previous proposals designed to save state prison costs which include enhanced sentencing credit programs for state inmates and eliminating state parole supervision for specified offenders with non-violent histories.
- State Mandate Reimbursements. \$131 million is proposed to be allocated to reimburse current mandate claims, but the Governor proposes to defer for one year a \$91 million payment for previously-owed mandate claims.
- Transit. \$153 million is proposed to be cut from state transit assistance funds in the 2008-09 fiscal year, and \$306 million in 2009-10.
- Property Tax Deferrals. New tax deferrals under the existing Senior Citizens Property Tax Deferral Program are proposed to be suspended on February 1, 2009.
- SB 375 Implementation. An additional \$682,000 is proposed to be allocated to the Air Resources Board for work in developing travel demand models associated with regional planning activities required by SB 375 (Steinberg).
- Waste Tire Recycling Program. An additional \$8.6 million is proposed to be allocated for the Waste Tire Recycling Management Program for various loans, local assistance grants and public outreach.
- Emergency Response. \$17.1 million is proposed to be allocated for state emergency response activities to be funded through a 2.8% surcharge on all residential and commercial insurance policies.
- Public Safety Interoperability. \$4.5 million in federal funds is designated for public safety interoperability grants through the California Emergency Management Agency.

When reviewing the above proposals, city officials should keep in mind that the budget package that passed the Legislature on December 18 is still pending. The Legislature has not technically sent these bills to the Governor, while negotiations between Legislative Democrats and the Governor have continued. Some of the elements in the Legislative package include the elimination of the sales tax on gas as well as the excise tax on gas and the enactment and allocation of a new fee on gasoline. The Legislative proposal would also trigger the increase of local sales tax by ¼ cent because of the elimination of the property tax backfill to the triple-flip. For a summary of these proposals see the League website story, "[2008 December Budget Bills: Preliminary Summary](#)".

If the Governor reaches agreement with Legislative Democrats and signs major components of the package that has been sent to him, then that will affect the proposed solutions for the 2009-10 budget proposed today by the Administration.

last updated : 1/1/2009