



Agenda Item # _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Sherilyn Lombos, Deputy City Manager

DATE: May 2, 2006

SUBJECT: Consideration of the State Budget and Legislative Update

RECOMMENDATION:

Staff recommends that the City Council receive and file the April Budget and Legislative Update from Tony Rice, the City's legislative advocate.

FISCAL IMPLICATION:

There are no fiscal implications associated with staff's recommendation.

BACKGROUND:

The City contracts with Tony Rice of Rice, Englander and Associates for legislative advocacy and representation. One of the deliverables of the contract with Rice, Englander and Associates is that they will provide regular updates on the state budget and legislative activity.

DISCUSSION:

The April 2006 Budget and Legislative Update from Tony Rice is attached which includes information about the state budget as well as bills of interest to the City.

Attachment: A. Budget and Legislative Update

To: Manhattan Beach City Council

Fm: Rice/Englander & Associates

RE: LEGISLATIVE UPDATE

Deadlines, Deadlines, Deadlines

April 28 marked a significant deadline for Capitol observers as this was the final day that any legislation keyed fiscal in nature could pass legislative policy committees. As such, a few thousand pieces of legislation have been acted upon in the past month in an attempt to continue moving through the legislative process. Within the next month or so is when everyone will have a greater sense of what bills will actually be hot topics throughout the end of the legislative session. That said, there are a few bills that are already garnering a significant amount of attention:

- **AB 2015 (Lieu)** – As recently amended, this bill would add one seat from the west side of Los Angeles County to the South Coast Air Quality Management District Board. This bill was double-referred in the Assembly, and has passed both committees on strong votes. This achievement is significant as several legislative attempts in the past on this subject failed to pass even one policy committee. This bill will now be heard in the Assembly Appropriations Committee within the next few weeks. The City of Manhattan Beach has a support position on this bill.
- **AB 2987 (Nunez and Levine)** – This bill is authored by the Speaker of the Assembly and the Chair of the Assembly Utilities and Commerce Committee. This measure, as currently drafted, would fundamentally alter the way local governments deal with cable companies and other providers of cable and broadband service within their jurisdictions, to the municipalities' detriment. The Speaker's Office has personally informed me of their intent to hold "harmless" local governments revenues (the current version of the bill would eliminate local governments franchise fees), as well as continue to include them in the decision making process for the siting of transmitters and lines (the current version of the bill eliminates this oversight). The Speaker's Office maintains that the bill is a work in progress and acknowledges the issues raised by local governments to date. However, until the bill is amended to reflect the concerns raised by local governments thus far, this bill is extremely problematic. This measure passed the Assembly Utilities and Commerce Committee on Monday, April 24.

Bonds, Bonds, Bonds

As you all know, a strong attempt was made earlier this year to come to consensus on a package of bonds designed to address several areas of perceived infrastructure need, and place them on the June ballot for voter consideration. That effort ultimately failed, and there was talk for awhile that a comprehensive infrastructure bond would be shelved for the entire year. However, at a conference a few weeks ago that the Senate legislative leaders attended together, announcement was made of a deal that they would move forward on. Details have been surprisingly few in surfacing, but what is known at this time is that urban parks and ocean preservation and protection are not part of the package. The Speaker's Office is not aware of the details, but is expecting a package to begin in the Senate this time (the Assembly took the lead in the last negotiations), and then have an opportunity to respond once the Senate package is more fully vetted. The Senate Pro Tempore's Office has informed me on several occasions that they would like to act on an infrastructure package prior to the budget discussions, but again, details have been difficult to come by, and therefore it seems unlikely separate discussions can be had given the fact that the budget discussions are about to dominate the Legislature.

2006-07 State Budget

As previously mentioned, discussions on the 2006-07 State Budget are about to move to center stage within the Legislature. The Governor issued his preferred state spending plan for the upcoming fiscal year in January, and the Legislature's Budget Subcommittees have begun acting on his proposals and crafting their preferred response. However, the "real" action on this item won't truly begin until Mid-May when the Department of Finance issues its May Revise, a document that updates the State's budget projections based on the most recent tax receipts. All accounts indicate a stronger than expected budget but that the State is still in an ongoing fiscal imbalance that must be addressed. What this means is that there is more money than originally anticipated, but that cuts must still be made if the State is to cure its structural deficit.

Manhattan Beach State Budget Priorities

Staff has tasked me with two priorities for funding: increased flexible revenue for public works projects and a specific funding request for a transportation widening project that is a priority for the City. Regarding the general revenue request, I continue to work with the major players involved in the bond discussions to find revenue for parks and ocean access and protection. As previously mentioned, these items are not believed to be currently within the scope of the discussions, however as the proposal moves forward, *if* it does, we are positioned well for inclusion down the line.

Regarding the transportation project, I have spoken at length with several Department of Transportation officials in Sacramento as well as with influential LA Metro Board member Richard Katz about finding the necessary revenue. I will update you as more information is known.