



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Sherilyn Lombos, Deputy City Manager

DATE: September 6, 2005

SUBJECT: Consideration of the State Budget and Legislative Update from Shaw / Yoder, Inc., the City's Legislative Advocate

RECOMMENDATION:

Staff recommends that the City Council receive and file the September Budget and Legislative Update from Shaw / Yoder, Inc.

FISCAL IMPLICATION:

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

BACKGROUND:

The City contracts with Shaw / Yoder, Inc. for legislative advocacy and representation. One of the deliverables of the contract with Shaw / Yoder, Inc. is that they will provide monthly updates on the state budget and legislative activity.

DISCUSSION:

The June 2005 Budget and Legislative Update from Shaw / Yoder, Inc. is attached which includes information about the state budget as well as bills of interest to the City.

Attachment: A. Budget and Legislative Update



September 6, 2005

To:	Manhattan Beach City Council
Fm:	Shaw / Yoder, Inc.
RE:	LEGISLATIVE UPDATE

End of Session

The Legislative Session for 2005 is ending on September 9, 2005. After that date, the Legislature will not deliberate again until January 4, 2006. During the last weeks of any Legislative Session there is always concern about last-minute changes that could negatively impact your interests. However, thus far, we are pleased to report that nothing negative has yet to surface, and we continue to check-in with key legislative figures daily to ensure your interests are preserved.

While this End of Session is far less active than in years past, there are several items still being worked on for passage in the waning days. Here is a sample of some of the biggest items and their status:

Transportation

One item that surfaced as a potential benefit to transportation during the waning days of the Session, and one that would have been an enormous boon to all transportation providers, was the renewed vigor to pass SB 1024 (Perata), a multi-billion dollar transportation bond proposal. As the bill currently reads, there is still language in the measure to allocate resources to fund the Bay Bridge cost overruns. With that item being dispensed with through other legislation during the budget negotiations of a couple of months ago, there are now several categories of funding being considered to add to the legislation, including a significant amount of funding for the State Transportation Improvement Program (a program that benefits all transportation providers statewide).

However, after a recent legislative leadership meeting that included the Governor, it was determined to shelve the legislation for 2005, and work on its passage after the Legislature reconvenes in 2006. Should this proposal pass, billions of additional revenue will be made available for transportation projects statewide.

It also appears that efforts to permanently protect Proposition 42 are on hold for the remainder of 2005 as well. There is still broad-based support for these efforts, but nothing is expected to occur in the near future.

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Eminent Domain

We have spoken with your staff on this item and understand that eminent domain is not a large priority for Manhattan Beach. However, this issue has been a top priority for “fixing” in the Legislature ever since the Supreme Court’s recent *Kelo* decision, a decision that upheld the constitutionality of the taking of private property through eminent domain proceedings, and utilizing that property for another private purpose.

Four bills have been introduced recently to deal with the *Kelo* decision; two by Republicans (SCA 12 and SCA 15) and two by Democrats (AB 1162 and SB 1026). The Republican bills would have permanently disallowed the use of eminent domain from the taking of owner-occupied property for private use in California. Because of the intense visceral reaction many people feel towards the use of eminent domain not only in California, but nationally as well, the Democrats felt the need respond to the Republican proposals, which they viewed as overly broad and restrictive.

The Democrats have already killed the Republican proposals, and have instead rallied around the notion of a two-year moratorium on the use of eminent domain on owner-occupied properties that would be utilized for a private use.

The moratorium has problems for various agencies in that there are many occasions when eminent domain is utilized for a public purpose (which the moratoriums would still allow), but a public entity then enters into agreements with the private sector for some or all of the final usages of the taken property. It is questionable at this time where the “line” should be drawn on public-private partnerships once a property is taken.

Even if these proposals pass the Legislature (likely), and the Governor signs them (questionable), it appears that the backers of the Republican proposals may still go to the ballot to permanently remove the use of eminent domain of owner-occupied property for non-public purposes.

Federal Waiver

Recent changes have been made on the federal level regarding the distribution and formulas of healthcare-related funding. While California must agree with many of the proposals given the fact that, in large part, it is a dictum to California for distribution of federal dollars, there are extensive discussions taking place that would alter parts of the arrangement that California can influence. These discussions have dominated the back rooms of the Legislature for the last couple of months, and the Legislature must pass an acceptable implementation document by the end of this Session. This item is of extreme importance to the Los Angeles County region because of the distressed nature of its healthcare system.

Parks and Recreation

We have been tracking several proposals on behalf of Manhattan Beach that would increase funding for parks and recreation and / or coastal protection. Most of the proposals are dead, but the most promising proposal, SB 153 (Chesbro), is very much alive, though will not be sent to the Governor this year.

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This bond measure, should it be passed by the voters, would allocate billions of dollars statewide for various environmental purposes, including coastal protection and parks and recreational purposes. This measure is currently in the Assembly Appropriations Committee, one of the last stops before it would go to the Governor. A legislative leadership decision was made not to send any bond measures to the Governor in 2005. But as we understand it, this item will be one of the bond proposals that will receive favorable attention for passage in 2006.

Pension Reform

Assemblymember Keith Richman, the Republican point person for pension reform in the Assembly, has recently made known to several of us his intent to make one final push for comprehensive pension reform in California. As you know, efforts this year to alter the current structure of pension benefits was soundly defeated in the Legislature. However, those actions have not dissuaded Assemblymember Richman from making another attempt at reform.

To that end, Mr. Richman is finalizing language that he believes would be an acceptable compromise between the current benefits structure, and one based on a strict defined-contribution plan. The language has not been made public yet for full vetting, but the Assemblymember has vowed that if his proposal is not well received by the Legislature that he will in fact make a legitimate run at placing his proposal on the ballot.

2006 State Legislative Program

Although Manhattan Beach does not currently contract with Shaw / Yoder, Inc. for direct advocacy, the “downtime” between September 9 (End of Session) and January 4, 2006 (beginning of the 2006 Session) allows an opportunity to cultivate and develop ideas for legislation for 2006. Please let us know if we can be helpful in this regard.

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