



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: July 5, 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 July 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



July 5, 2005

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

BUDGET

Since your last update there has been considerable action on the 2005-06 state budget by the Legislature. In May, the Governor released his May Revise, which was the latest revenue assumptions for the state based on the most recent tax collections. At that time, the state was estimated to receive more than \$4 billion more than anticipated in January. This was good news for a number of reasons, but for several policy areas this meant additional revenue than was previously anticipated. For instance, transportation is able to be fully funded in 2005-06, estimated to be more than \$1.31 billion. This means that for the first time in several years, highways, local streets and roads and transit funding will be fully realized.

While transportation is one area enjoying additional funding, other priorities outlined by the Governor in his May Revision were not adopted by the Legislature. Most notably, this included the removal of nearly \$600 million the Governor had pledged to local governments as early repayment of outstanding Vehicle License Fee revenue. Recent negotiations are rumored to have some of this revenue being reinstated, but I doubt this will happen unless that is the final outcome needed to secure the necessary 2/3 vote for passage by the Legislature.

So while there has been considerable movement and discussion by the Legislature and the Governor's office to pass a balanced budget, it appears the Legislature and the Governor will begin another fiscal year (July 1) without a spending plan in place. The Legislature completed its work of crafting a response to the Governor's budget proposal in the middle of June, however Republican members of the Legislature have not released any votes for its passage. For all intents and purposes, the budget agreed upon by the Democrats is nearly identical, at least in total expenditures, to the proposal offered by the Governor. But politically speaking, it's what is not in the budget that may in fact be holding up the passage of the budget. Specifically, the recent calling of a special election in November to consider initiatives has cast a huge cloud over the negotiations for a budget. The Governor has suggested that it is his preference that the negotiations be separate, but all indications appear that the Governor and leadership are attempting to broker an overall compromise that would pass a balanced budget, and reach an accord on the items placed before the voters this November. For your information, the items that have qualified for the November election follow:

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- **Parental Notification** – This proposal would require a minor to obtain parental notification prior to receiving an abortion.
- **Teacher Tenure** – This proposal would increase from two years to five years the amount of time a teacher must be employed before receiving tenure.
- **Union Dues** – This proposal would require a union member to consent to using a portion of their dues for political activity.
- **Mid-Year Budget Cutting** – This proposal would allow the Governor to make mid-year budget cuts, without legislative approval.
- **Reapportionment** – This proposal would remove the Legislature’s authority over drawing legislative and congressional districts, and place that authority with a group of retired judges.
- **Prescription Drug Benefits** – There will be two proposals on the ballot dealing with the costs of prescription drugs.
- **Energy Re-regulation** – This proposal would place energy providers back under the control of the California Public Utilities Commission, which was practice in the state prior to 1996.

At this time it is anyone’s guess as to when a completed budget agreement will be reached. We have been hearing that all sides in the negotiations are close to a compromise, but nothing in Sacramento is done until the ink is dried. We will update you the moment a budget agreement is realized.

BILLS OF INTEREST

We have identified the following proposals of interest to your community:

- **SB 153 (Chesbro)** – This bill would authorize, upon voter approval, a \$3 billion General Obligation bond for the purposes of natural resources protection and preservation. This bill is currently in the Assembly Natural Resources Committee.
- **AB 11 (De La Torre)** – This bill would limit the amount of compensation a council member could receive for serving on boards or commissions under the supervision of the council. This bill is awaiting consideration by the full Senate.
- **AB 359 (Gordon)** – This bill would authorize a pilot program for an off leash dog park at Dockweiler State Beach in L.A. County. This bill was held in the Senate Natural Resources and Water Committee.
- **AB 1380 (Gordon)** – This bill seeks to ensure that area codes are not unnecessarily “split”, as the cost to do so is burdensome to all parties. This bill is currently in the Senate Energy, Utilities and Communications Committee.

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CALIFORNIA COASTAL COMMISSION

Manhattan Beach City Council Member, Mr. Jim Aldinger, should be applauded and commended for his recent appointment to the California Coastal Commission. He will undoubtedly be a strong advocate on that Commission for not only Manhattan Beach, but the coastal community as a whole. Congratulations Jim!

PASSING ON

It is with great sadness that we must report that freshman Assemblymember Mike Gordon (D – El Segundo) passed away on June 25. As you know, he represented the 53rd Assembly District, which Manhattan Beach is part of. The Governor recently announced an election date of November 8, 2005, to fill the seat.

QUESTIONS / COMMENTS

As always, please do not hesitate to contact us with any questions or comments you may have regarding state issues.

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