

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 10/21/02
Department Name: CAO
Department No.: 012
Agenda Date: 10/28/03
Placement: Departmental
Estimate Time: 45 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Michael F. Brown
County Administrator

STAFF CONTACT: Jim Laponis, Deputy County Administrator
Lori Norton, Analyst X 3421

SUBJECT: Renewal of Legislative Advocate Contract with Governmental Advocates, Inc. and Annual State Legislative Report

Recommendation(s):

That the Board of Supervisors:

- A. Authorize the County Administrator to enter into an agreement for legislative advocacy services with Governmental Advocates, Inc. (Cliff Berg), a non-local vendor, for the period of November 1, 2003 through October 31, 2004, in an amount not to exceed \$60,380
- B. Receive the Annual State Legislative Report

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 1: An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

Since March 1995, the County has contracted for State legislative advocacy services with Governmental Advocates, Inc. (Cliff Berg). The current contract with Governmental Advocates, Inc., expires on October 31, 2003.

Mr. Berg has proven to be a knowledgeable, hard working, and effective advocate whose expertise has been extremely valuable to our State legislative efforts. Therefore, we recommend renewal of the contract with Governmental Advocates for one year, for a total not to exceed the amount of \$60,380. The total represents an increase of 3.7% over the FY 2002-03 contract with Governmental Advocates, and is consistent with the

past practice of increasing the contract amount at the same rate as Board approved cost of living increases for the unrepresented management classifications. The total includes a monthly retainer of \$4,865 plus up to \$2,000 annually in reimbursable expenses. If approved, the County Administrator's Office will initiate a purchase order amendment, extending the contract with Governmental Advocates.

Further, it is recommended that Mr. Berg present the 2003 State Legislative Report to your Board. (A copy of Mr. Berg's report is provided as Attachment A.) In addition to providing information regarding the status of the legislation which the Board has sponsored and/or which the Board took a position on during the session, Mr. Berg will be available to respond to Board questions related to the legislative program and services provided by Governmental Advocates, Inc.

Mandates and Service Levels:

The Legislative Program is not mandated.

Fiscal and Facilities Impacts:

The FY 2003-04 adopted budget includes sufficient funding for the renewal of the annual contract with Governmental Advocates, Inc. The funding is included in the County Administrator's Office, Legislative Program Cost Center, and can be found on Page D-14 of the adopted budget.

Attachment

C: Cliff Berg, Governmental Advocates, Inc.

TO: Board of Supervisors, County of Santa Barbara
FROM: Cliff Berg, Legislative Advocate
RE: Legislative Wrap-up 2003
Date: October 28, 2003

I. General Observations

The first year of the 2003-2004 California Legislative session ended in the early morning hours of Saturday, September 13, 2003. The Session ended with the state facing another multibillion-dollar budget deficit. The major accomplishment of the last month was an adoption of a Workers' Compensation reform package and the first Recall Election in California's history on the horizon.

II. Significant Statewide Issues Impacting Santa Barbara

A. Budget – This year's budget deficit was unprecedented. The deficit was larger than all other states combined. The Senate passed a budget deal after conceding to the Senate Republicans on revenues. The Assembly took up the Senates budget deal and the Assembly finally approved the Senate plan with some Republican support after a marathon meeting. Some of the highlights of the budget deal are detailed below:

- Williamson Act – The Administration proposed eliminating the Williamson Act funding, this would have been a \$39 million savings in the fiscal year. Santa Barbara would have lost \$700,000 on an annual basis, however the legislature did not adopt this reduction.
- COPS/Juvenile Justice –The Governor recommended that these programs be continued at there current year funding of \$232.6 million, which maintains the \$116.3 million for COPS and \$116.3 for Juvenile Justice. However the Legislature proposed a reduction of \$32.6 million with a reduction of \$16.3 million for each program.
- State Trial Court Funding – The State reduced the Funding and then backfilled it with various filing fees. The Courts will

ultimately still need to make budget reductions. The state took an unallocated reduction of \$85 million out of courts and adopted a shift of \$31 million, all of which the state assumes the increase in filing fees, some as high as 100%, will help alleviate the decrease in state funding to Trial Courts.

- Child Support Services – The Administration did propose counties pay 25% of the child support penalties, which the legislature ultimately adopted in its final budget. One positive note is the language adopted did not specify out of which county fund these penalties must be paid, the initial proposal specified that these funds much come from the county general fund. Additionally, there is a sunset of the language of July 1, 2004. The cost to the County is estimated to be \$690,000 for the fiscal year 2003-04.
- California Department of Forestry State Responsibility Area (SRA) Reimbursement – There was a trailer bill, SB 1049 that was signed by the Governor. The bill creates a one-time \$70 per-parcel fee and \$36 beginning in 2004-05 on property in an SRA, which will assist in covering fire protection costs. Each county must collect these funds along with the property taxes. We are told that the Department of Forestry and Fire protection (CDF) is meeting with county auditors and assessors to work out any legal issues or technical problems with the new SRA.
- Realignment – As you may recall the Governor proposed in his 2003-04 budget in January to do a Realignment of \$8.2 billion in programs and services. The include realigning mental health programs, alcohols and drug programs, health programs, social service programs, and child care programs. The Governor’s budget proposed dedicating three ongoing revenue sources to support this “realignment 2” which were the 1% increase in state sales tax, the upper income personal tax increase and the tobacco tax increase. The legislature rejected all of these increase and did not adopt the realignment program proposed by the Governor in the final budget bill. Had the legislature implemented this proposal the estimated cost to the county was estimated to be \$25.3+ million; in theory this would have been offset by the increase in taxes proposed. However, the actual amount and distribution of the tax increases was of concern to Santa Barbara and other counties.

B. Recall –California has just completed a historic recall election of Governor Gray Davis. He is only the second Governor in the history of the United States to be recalled and the first in California. The new Governor has just announced his transition team, which includes one of our locally elected Assembly members, Abel Maldonado. We expect to

see significant changes in the new few weeks as the new administration brings a different energy to the political process and the Capitol. Below is a timeframe of the election and the filing of the results in order for the Secretary of State to certify the election.

- **October 7, 2003** – Election Day.
- **November 4, 2003** – the last day for county election offices to complete the official canvass.
- **November 11, 2003** – State of Results to Secretary of State – by this date, the county elections officials shall send to the Secretary of State by registered mail a complete copy of the returns for the statewide and special election.
- **November 15, 2003** – Statement of the Vote – The last day for the Secretary of State to prepare, certify, and file a statement of the Vote from the compiled returns.

Until the Secretary of State certifies and files the statement of the Vote the current Governor, Gray Davis, will remain the Governor. He had until October 12, 2003 to act on any legislation pending on his desk.

Governor-elect Schwarzenegger is anticipated to be sworn in by November 15, 2003. The Department of Finance should be crafting its 2004-05 budget, one of the incoming governor's promises was an audit of state spending, Donna Arduin from Florida's department of Finance will be heading up that audit. The Governor of California makes between 2,000 – 2,5000 exempt appointments. These include agency secretaries, department directors and board members.

- C. Vehicle License Fee – The Governor-elect said he will repeal the car tax his first day in office. We believe he may the power to do so. We have detailed his first 100 days plan for you to see others areas of interest to the incoming Governor:

- ✓ Repeal the tripling of the car tax
- ✓ Freeze spending
- ✓ Audit the current state budget
- ✓ Call a special session on spending cuts
- ✓ Get a fair share of Indian Gaming revenue
- ✓ Renegotiate the MOUs with the states 21 bargaining units
- ✓ Pass an additional Workers' Compensation reform package
- ✓ Submit a budget that closes the current deficit
- ✓ Ensure that more money gets to the classrooms
- ✓ Repeal the issuance of drivers' license to illegal immigrants

(SB 60)

- ✓ Submit to the Legislature a proposal to allow for an open government

- D. Workers' Compensation Reform – This was supported by the board conceptually. The legislature created a conference committee to hash out the details of the package. The conference committee only met a few times publicly while most of the work was done behind the scenes. The result was a seven-bill package, with two major bills, AB 227 (Vargas) and SB 228 (Alarcon). The conference committee tried to focus on reducing the cost paid by employers while maintaining the benefits that AB 749 (Calderon) was able to achieve for injured workers. The proponents of this package believe that the savings will be around \$5 billion out of the \$29 billion dollar system. The bills were signed on October 1, 2003. There is an expectation that there will be additional reform next year, as promised by the new Governor.
- E. Healthcare reform – The Board did not take a formal position on the many bills introduced that will reform health coverage in California. SB 2 (Burton) "Pay or Play" was the only one in the package to emerge after a conference committee was assembled and assigned the task of working through all the bills. SB 2 would require private employers, with the exception of some small businesses, to provide health care coverage for eligible employees and uninsured dependents, or to contribute to a statewide insurance fund that would provide basic coverage to all employees not covered under work place-sponsored plans. Coverage would include medical care and prescription drugs. Employer contributions in combination with projected savings to state safety-net health insurance programs would pay for the expanded coverage. SB 2 was sponsored by California Medical Association, California Labor Federation and AFL-CIO, and opposed by the California Chamber of Commerce. The bill was signed into law on October 6, 2003. We do expect that SB 2 will be challenged in court due to the ERISA conflicts. Specifically, ERISA says that state law cannot dictate what benefits an employer provides if the employer is self-insured. We believe that while many larger employers are self-insured, SB 2 will force more employers into self-insurance. We will keep you posted on any new developments with regard to potential lawsuits or what the new administration does in an effort to repeal SB 2.

III. Significant Legislation Affecting Santa Barbara

- A. AB 1470 (Vargas) IHSS Workers' benefits. The Board opposes AB 1470; the bill was stopped in Senate Appropriations and will be eligible for hearing next year. If the bill had passed it would allow the wages and/or benefits of In-Home Supportive Services (IHSS) providers to be increased by a local voter initiative rather than by the Board of Supervisors. One of our main concerns was the cost incurred if this issue is decided by the voters who are not sensitive to the constraints of our realignment dollars and where needs are as a county.
- B. AB 1690 (Leno) Local personal income tax for public safety. The Board opposed this measure, while we were the first county to voice our opposition; we were successful in working with the committee and other counties to make this bill a two-year bill. Essentially, AB 1690 would authorize cities and counties to levy a personal income tax if they form a Public Safety Finance Agency for the purpose of supplementing fire, police, or sheriff services. While this may be a good idea in concept our concern is that the state will consider this yet another way to take from counties to offset their budget problems. Each county may not necessarily believe this is the best approach to pay for these services.
- C. AB 16 (Jackson) Oil and Gas Development. The Board supported this AB 16 by Assembly Member Jackson; Governor Davis signed the bill into law. AB 16 would require oil produced offshore in new or expanded oil extractions be transported onshore by pipeline, and that the pipeline be of the best achievable technology. Further, AB 16 states that oil produced offshore be transported to processing and refining facilities by pipeline when it is onshore. For new or expanded oil extraction operations where the crude oil is highly viscous, such that pipelining is infeasible; the bill would permit shipment by other modes of transportation.
- D. SB 621 (Battin) Provides for allocation and distribution of the Special Distribution Fund. This language was introduced on September 10, 2003, hurried through all of the committees and sent to the floor. The Board conceptually was opposed, however the bill received very little discussion and only received one no vote. The Governor signed the bill into law on October 12, 2003. The bill has a formula for the distribution of the Special Distribution Fund similar to the TASIN formula. It does require that any project funded requires tribal sponsorship with consultation from local governments. Specifically, the bill does not allow any project to be approved unless the tribe has approved.
- E. SB 635 (Dunn) Trauma Center Funding/Maddy Fund. The Board supported this bill by Senator Dunn. It is currently pending in Assembly Public Safety Committee awaiting a hearing next January. The bill is modeled after the Maddy Fund and is specific to Santa Barbara. SB 635 would allow for a surcharge/tax to be imposed on those that committed a misdemeanor in the county of \$6.00, which would have been earmarked for your trauma center.

- F. SB 18 (Burton) Sacred Sites. This bill is similar to SB 1828 from last session. The Board opposed the bill and we were successful in defeating the bill twice in the last week of session. After the bill failed to receive enough votes on the last night of session the bill was granted reconsideration in order for it to be heard next year. SB 18 purports to protect tribal sacred sites. While many of the opponents agreed that these sites should to be protected, SB 18 simply went too far in usurping local control. This bill was amended many times in an effort to remove opposition, however the bill only became worse with each set of amendments.
- G. SB 20 (Sher) E-Waste. The Board supported this bill to deal with the growing problem of electronic waste. SB 20 has been introduced the last couple of years and fought by the electronic industry, it finally made it to the Governor's desk and was signed. The bill requires that a recycling fee be assessed on the sales of all televisions, and computers at the time of purchase to fund a cost-free and convenient collection and recycling program.
- H. SB 1054 (Committee on Budget and Fiscal Review) Tidelands Revenue: apportionment to the counties and cities. The Board has included the extension of the Tideland Revenue provision as a legislative priority for the past several years. The Board may recall that if extended, the Tidelands Revenue provision would provide local coastal cities and counties with environmental mitigation funds from tideland and submerged lands leased for any new oil and gas development in the state tidelands within the city or county boundary. The language from the Assembly Member Maldonado bill was amended into a budget trailer bill during the last few weeks of session. The bill was held because of an unrelated issue in Senate Rules Committee. The language extends the sunset date currently in existing law. Governmental Advocates will pursue this issue again next year.
- I. AB 1475 (Steinberg) Housing: Homeless. This bill was supported by the Board and was signed by the Governor on September 29, 2003. When the voters passed Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002, they required \$195 million to be expended for the Multifamily Housing Program, administered by HUD, and to be used for supportive housing projects for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. AB 1475 would require HUD selection criteria for these funds to give priority to projects that include a supportive services component, which may include participating in an evaluation under the criteria set forth in the Adult and Older Adult Mental Health System of Care Act. The intent is to use Proposition 46 funds to develop permanent supportive housing for homeless, mentally ill individuals.
- J. SB 17 (Escutia) Property Taxation: change in Ownership. This measure was supported by the Board. The bill is currently on the Assembly Floor waiting for the Legislature to return in January. SB 17 states the legislative intent to enact a

- program to specify those circumstances under which nonresidential commercial and industrial property undergoes a change in ownership, to ensure that all real property is assessed at fair market value when that property undergoes a change in ownership. Current law limits property tax to 1% of the full cash value, and limits annual increases in the assessed value to 2% of the property's adjusted base year value, but requires that real property be reassessed at its full cash value when the property undergoes a change in ownership. Due to the difficulty in identifying changes in ownership for nonresidential commercial and industrial property, when these properties change ownership, they most often escape reassessment at full value.
- K. SB 440 (Burton) Binding interest Arbitration. The Board was in opposition to this bill. The bill was introduced in response to the Supreme Court decision in *Riverside County v. Superior Court* regarding the binding interest arbitration for public safety employees. They found SB 402 (also opposed by the County) unconstitutional. SB 440 defeats the Supreme Court decision regarding binding interest arbitration for local agency police and fire employees by providing an arbitrator's decision can be overturned by a unanimous vote of the governing board.
- L. SB 9 (McClintock) Government Reorganization: Realignment or Closure. The Board supported SB 9; it is currently waiting on the Assembly floor and will be taken up in January when the legislature returns. Essentially, Senator McClintock would like to create an 8-member commission under the "Bureaucracy Realignment and Closure Act of 2004" for the purpose of realigning or closing outdated or ineffective and inefficient governmental entities. This commission would consist of the State Controller, Director of Finance, Legislative Analyst, Legislative Counsel, Little Hoover Commission, and State Auditor. They would make recommendations for the closure and realignment of State Agencies for consideration by the Commission. Additionally, the commission would provides a process for public hearings and for the Governor and Legislature to review, adopt, seek amendments to, or reject the recommendations of the Commission.

Significant Housing Legislation – There have been two HCD Working Group meetings which included representatives from CSAC, League of Cites and other interested parties. The following bills are the main focus of the meetings, however the overall goal is to come up with a comprehensive housing element bill that is feasible. The bills that have been introduced this year have been put on hold while these discussions take place.

- A. AB 1158 (Lowenthal) General Plan: Housing Element. The Board supports this bill; it is currently a two-year bill in an effort to allow the working group from HCD to meet. AB 1158 reforms the Regional Housing Needs Assessment procedure in various ways. Specifically, the bill modifies the housing element update cycle from a five-year to six-year cycle to provide for increased coordination with the required triennial update of the regional transportation plan. AB 1158 also requires HCD to establish housing needs based on DOF

population projections and regional population forecasts, and in consultation with COGS. AB 1158 requires HCD to use the COG forecast if it is within 3% of the DOF projection. The bill also modifies processes for HCD and COGs to seek agreement on population projections, with DOF projections to be used if agreement cannot be reached. Further, permits COGs to file a formal objection to HCD draft housing needs determination, and requires HCD to act on objection within 45 days. It allows cities and counties to form a sub-regional entity for the purpose of allocating of the sub-region's existing and projected need for housing among its members. It requires COGs to include additional factors, such as: jobs / housing balance; State and Federal lands unavailable for development; County policies to protect prime agricultural land or direct growth towards incorporated areas; etc. in allocating housing needs. Finally, the bill modifies process for a local government to appeal to the COG the housing allocation, requires COGs to reallocate units of appeal to all jurisdictions proportionally if the reallocated amount is less than 7%, or to develop a methodology if greater than 7% of the regional total. The bill also allows two or more local governments to agree to an alternate distribution of appealed housing allocations. This bill is a two-year bill, which was requested by HCD to have a "time-out" period to work on all these issues together.

- B. SB 744 (Dunn) Planning: Housing. This bill is the son of SB 910, as you may recall that bill died during the last week of session last year. The Board continues to oppose this measure. It is a two-year also allowing the HCD working group to meet and hopefully come up with a comprehensive compromise. SB 744 would establish the Housing Accountability Committee (HAC) within HCD. The HAC would consist of 5 members - the Director of HCD and the Director of OPR (or their appointed staff), and three members appointed by the Governor (with the consent of the Senate). The HAC would hear developer appeals of city or county decisions on applications for the construction of affordable housing. Any applicant who proposes to construct housing that meets specified affordability criteria, and whose application is either denied or approved with conditions that in the applicant's judgment renders the project "infeasible", may appeal the decision to the HAC. The HAC may direct the local agency to issue an approval or permit to the applicant.