

**Council Meeting: February 28, 2012****SUBJECT: Updated Policy 7.3.2 Including Revised 2012 Priority Issues****BACKGROUND**

On February 7, 2012 Council reviewed Policy 7.3.2, *Legislative Advocacy Positions* identifying the City's annual priority advocacy issues and positions. Council supported a motion approving the proposed 2012 Priority Issues and Legislative Advocacy Positions. The motion directed that the document be revised to reflect the events of the last month and brought back as a Consent Calendar item for Council review and approval.

EXISTING POLICY

Council Policy 7.3.2, *Legislative Advocacy Positions*

DISCUSSION

The updated 2012 priority issues as requested by Council at the February 7, 2012 meeting are included in Attachment A, *Proposed Policy 7.3.2 Including Updated 2012 Priority Issues*.

FISCAL IMPACT

None.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

- 1) Approve Attachment A, *Proposed Policy 7.3.2 Including Updated 2012 Priority Issues*
- 2) Modify Attachment A, *Proposed Policy 7.3.2 Including Updated 2012 Priority Issues*
- 3) Other direction as provided by Council

RECOMMENDATION

Staff recommends: Alternative 1) Approve Attachment A, *Proposed Policy 7.3.2 Including Updated 2012 Priority Issues*

Reviewed by:

Robert Walker, Assistant City Manager

Prepared by: Coryn Campbell, Assistant to the City Manager

Approved by:

Gary M. Luebbers, City Manager

Attachments

A. Proposed Policy 7.3.2 Including Updated 2012 Priority Issues

Policy 7.3.2 Legislative Advocacy Positions

The Legislative Advocacy Positions identify the City's broad advocacy positions on issues and legislation. As defined by the General Plan (Policy 7.3B4), the Legislative Advocacy Positions are short-term in nature, typically speak to pending legislation and current issues, and support the General Plan and guide Council and staff on intergovernmental matters. They are a component of the City's Council Policies, which provide guidelines for City action in all areas of City business. City business is defined as all matters directly related to service delivery, or otherwise contributing to the City's operational success.

The LAP is utilized by Councilmembers and staff throughout the year to determine City positions on legislation and intergovernmental issues and minimizes the need for staff to request direction from Council on legislation and issues as they arise. The LAP should not duplicate policies already cited in other Council Policy documents, i.e. the Council Policy Manual, General Plan, Municipal Code, etc.

While the LAP is updated to reflect Council direction throughout the year, a comprehensive review is conducted annually. At the Council Workshop each year, staff recommends changes, deletions and/or additions to the LAP for preliminary review and feedback by Council. Staff then incorporates Council feedback into the LAP and the LAP is adopted by Council.

To consolidate documents, underscore important issues, and focus the City's limited advocacy resources, Policy 7.3.2 includes the City's annual priority issues. Council developed the concept of the LAP in 1982 (RTC 82-590). Following annual Council approval, the current year's City Priorities, Legislative Advocacy Positions, and association resolutions are attached to this policy.

(Adopted: RTC 95-018 (1/17/1995); Amended: 96-016 (3/23/1996), 97-002 (1/14/1997), 98-008 (1/13/1998), 98-246 (7/14/1998), 98-264 (7/21/1998), 98-304 (8/18/1998), 99-009 (1/12/1999), 00-020 (1/25/2000), 01-002 (1/9/2001), 02-018 (1/15/2002), 03-021 (1/14/2003), 04-018 (1/13/2004) 05-009 (1/11/2005); (Clerical/clarity update, Policy Update Project 12/2005); 06-038 (2/7/2006); (Index added 5/22/06); 07-036 (01/30/2007); Clarity update (6/21/07); 08-063 (2/26/08); 09-046 (2/24/09); 10-016 (1/26/10); 11-022 (2/8/11))

Lead Department: Office of the City Manager

2012 Priority Issues

1. State and National Economic Crisis

State of California

The state budget remains unbalanced and revenue growth is unlikely to completely close the gap. According to the latest ~~forecast~~estimate by the ~~Legislative Analyst's Office (LAO)~~Department of Finance (DOF), the State's General Fund revenues in FY 2011/12 will be ~~\$3.72.2~~ billion below the projected level assumed in the budget. ~~This revenue shortfall would translate~~translated into ~~\$2 billion of potential-980 million in~~ trigger cuts to various state programs including education, social services and public safety. ~~The LAODOF current forecast indicates that the total state will end FY 2011/12 with a \$3 billion deficit, including the effects of the trigger cuts. Additionally, in for FY 2012/13, increased costs are projected that will contribute to a \$10be \$9.2 billion operating shortfall. The \$3 billion carry over deficit from FY 2011/12 and the projected \$10 billion operating deficit in FY 2012/13 means that the Legislature and the Governor will need to address an estimated \$13 billion budget deficit prior to the state adopting the FY 2012/13 budget. In order to balance the FY 2012/13 budget, the Governor's budget relies on the assumption that voters will pass a ballot measure to raise taxes by \$7 billion. If voters reject the tax measure in November, an additional \$5.4 billion in trigger cuts are proposed mainly to K-12 schools, higher education, courts, fire protection and a variety of parks services.~~

With respect to the impact of the State's budget on the City of Sunnyvale, the Supreme Court's decision on the dissolution of redevelopment agencies and the Sacramento Superior Court's future ruling in the Vehicle License Fee case will be are critical. Based on what we know now, the City will be required to pay the State \$3, 650, 428 in FY 2011/12 and approximately \$900,000 in FY 2012/13 to maintain its Redevelopment Agency. Additionally, in each subsequent year, the required payments would increase as the tax increment increases through the life of the redevelopment plan. If redevelopment agencies are dissolved by the Court, the City would take a direct loss to the General Fund of approximately \$120134 million in Redevelopment loan repayments. One other action that the State has taken is to eliminate the Motor Vehicle License Fee. While there was a corresponding action that partially offset this loss by reinstating some restricted police service funding, the net negative impact to the General Fund is approximately \$300,000 annually. Despite passage of the budget, the The State's finances remain in an unstable position. Since the passage of Proposition 22 furthers the restriction on the State's ability to take local government funds, it is vital that the City follow legislative proceedings closely and strongly hold an advocacy position that:

- Opposes any unfunded or under-funded mandates.
- Opposes all changes that affect the timing of payments to local governments.
- Opposes any legislation that reduces or erodes local revenues or local control.
- Supports positive reform of the state fiscal structure and procedures.
- Ensures local governments' revenue sources are protected and predictable.
- ~~Opposes actions that would negatively impact the allocation of tax increment revenue to redevelopment agencies.~~

For the 2012 California Legislative Session, the City should pay particular attention to any legislation that affects funding to local governments. It is anticipated that legislation will be introduced during the 2012 Session that will include:

- Transit Occupancy Tax - relieving online travel companies from their obligation to pay their fair share of state and local hotel taxes, (TOT).
- Use Tax Collection – expanding the definition of a retailer engaged in business in the state to improve the collection of use tax on online retailers (AB155).
- Gas Tax – the return of regional gas tax fee idea (former version of SB 791).
- Prepaid cellular collection – to develop a method of collecting state and locally authorized Utility User Tax from prepaid customers (AB1050).

| *Federal*

The City will continue to work with its local, regional, state and national partners to encourage Congress to maintain its efforts to provide local governments the flexibility and resources needed to create and preserve jobs, strengthen the economy, and provide long-lasting benefits to all communities. The City should pay particular attention to any legislation that affects funding to local governments. It is anticipated that legislation will be introduced that will include:

- Wireless Tax Fairness Act – imposing a five year moratorium on all new state and local taxes on wireless services and providers (HR 1002/S 543).
- Digital Goods and Services Tax Fairness Act – ~~baringbarring~~ cities from imposing sales tax on the full retail of both physical and digital goods and services sold by online intermediaries, including hotel taxes (HR 1860/S 971).
- Market Fairness Act – to restore States’ sovereign right to enforce State and local sales and use tax laws on out-of-state online retailers to collect sales taxes.

2. Investment Funding for Workforce Development

| As in the past several years, “Investment Funding for Workforce Development” will continue to be a Priority Issue for the City in ~~2011-2012~~. Financial resources from federal and state governments for workforce development, education and training programs are critical to address the immediate effects of the current economic downturn and the continuous churning of industries and companies that takes place here in Silicon Valley and its impact on the reemployment of dislocated workers and the successful transition of downsized businesses. These vital resources are also essential to the economic sustainability of this community. Given the current financial climate at the state and federal levels, the expected slow and protracted economic recovery and the end of stimulus funding through the American Recovery and Reinvestment Act, funding for workforce development for this region is especially vulnerable in 2012 and could potentially threaten the viability of these local and essential programs. In addition, at the state level, new workforce investment legislation is expected to be proposed in 2012 that will erode the local governments’ authority and control in determining how best to allocate resources locally.

The City will track and take positions on federal and state proposals that will impact education and training of the local community’s workforce. This is in alignment with the City’s Legislative Advocacy Positions, 5.3 Education and Training.

3. Funding of Land and Water Conservation Fund (LWCF)

Monies from the Land and Water Conservation Fund (LWCF) are allocated to states, and from the state to larger cities and counties. Since the inception of the fund in 1965, annual appropriations have ranged from a high of \$369 million in 1979 to four years of zero funding from 1996-1999. While amounts allocated to the fund have varied, peaking at \$140 million in 2002, funding levels have continued to

drop since 2003, down to almost \$28 million in 2006 and \$19 million in 2009, the lowest figure since 1992 other than the zero years mentioned above.

The Santa Clara County Park Department has expressed interest to consider matching contributions from the City of Sunnyvale with County LWCF monies should they become available, for capital project improvements at Baylands Park. This would provide a direct benefit to Sunnyvale residents, but only if sufficient LWCF monies are allocated from the federal budget to the County.

On July 11, 2011, Secretary of the Interior Ken Salazar signed the 2011 Land and Water Conservation Fund (LWCF) Certificate of Apportionment distributing slightly more than \$37.4 million to the States, Territories and Washington, DC, for grants for public outdoor recreation projects. The allocation for each State and Territory is determined based on a formula set in the LWCF Act, and is subsequently approved by the Secretary of the Interior.

The President's request for FY 2012 proposes a significant increase in appropriations for the LWCF State and local assistance grants program, \$200 million was requested, 60 percent of which (\$117 million) to be distributed through a nationwide grant competition, the balance through the normal apportionment process. The competition would target projects that would enhance urban parks and community green spaces, developing blueways and public access to water resources and conserving large landscapes.

4. Interoperability/Public Safety Communications System

One of the prominent issues in public safety communications today is interoperability, defined by many as "the ability for public safety first responders to communicate with whom they need to, when they need to, when authorized." Ensuring that our nation's emergency responders can communicate effectively is of the utmost importance, whether during everyday situations, localized emergencies, statewide emergencies or national emergencies. It is a priority for the City to support resolving interoperability problems that affect emergency communications systems, remedying the current shortage of broadcast spectrum availability for public safety needs, and providing funding for interoperable equipment.

The City will monitor and perform advocacy on action by Congress and/or the Federal Communications Commission to develop comprehensive and interoperable emergency communications and set equipment with open standards, fund the purchase of emergency and interoperable communications equipment, and provide additional radio spectrum that will allow first responders to communicate over long distances using the same radio frequencies and equipment.

5. Redevelopment Law

~~The State's fiscal problems continue to impact redevelopment revenues, as ABx1-26 and ABx1-27 were passed in June 2011 as part of the FY 2011/12 State budget package. ABx1-26 will eliminate redevelopment agencies as of October 1, 2011 and create successor agencies to administer the process of dissolving the agencies and paying off eligible outstanding debts. ABx1-27 will allow an Agency to continue operating if the host City commits to make annual payments into a special fund established for counties and school districts. It is anticipated that the first year payment for the City of Sunnyvale will be \$3.7 million, with approximately \$900,000 required annually thereafter. The annual payments will increase as the tax increment increases through the life of the redevelopment plan.~~

~~On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court. On August 11, 2011, and as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued an order granting a partial stay pending the Court's determination of the constitutionality of the Acts. The Court anticipates making a final decision by January 15, 2012. On December 29, 2011 the California Supreme Court ruled to uphold the redevelopment elimination bill (ABx1 26) and ruled against the bill (ABx1 27) which would have allowed redevelopment agencies to remain in operation by making payments to the state. The elimination bill only allows for specific enforceable obligations to be paid out of property tax revenue generated by the redevelopment project area which excludes agreements or contracts made between a city and a redevelopment agency. For the City, this means that the \$134 million in General Fund loan repayment is unlikely.~~

Proposed cleanup legislation, SB 654 and AB 1585 are both proposing positive amendments to ABx1 26 for the City. SB 654 seeks to revise the definition of "enforceable obligation" to include startup agreements between a city and a redevelopment agency that were made within two years of the formation of the redevelopment project area, while AB 1585 adds the potential for repayment of other loans subject to the approval of an oversight board. It is vital that the City continue to monitor these proceedings closely.

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6. Environmental Regulatory & Conservation Issues

In ~~2011~~2012 continued interest in environmental issues at both the state and federal levels will likely result in regulations and legislation that could significantly impact the City. Monitoring and advocacy efforts will be geared to ensuring that emerging legislation is in alignment with the City's interests. Issues of importance to the City include solid waste reduction and recycling; hazardous materials and clean-up of toxic sites; green building standards and requirements; green house gas emissions regulation; and fossil fuel energy/renewable energy alternatives.

Specific items of interest include:

Water

The City supports provisions of National Pollutant Discharge Elimination System permit regulations that are attainable and reflect local conditions and circumstances. Along the same lines, new regulations and/or permit requirements that include numerical limits for municipal urban runoff discharge should be opposed as infeasible and a very expensive way to address the problem. It is in the City's continued interest to support non-point source discharge regulations, water conservation and recycling and pollution controls that benefit the City. Policies by Regional Water Quality Boards should recognize the goals of the Clean Water Act but apply an appropriate standard based on local circumstances.

State Senate Bill 375, Transportation Planning and Sustainable Communities Strategy

The City will continue to monitor discussions regarding SB 375 (Steinberg, 2008) which became effective on January 1, 2009. The new law requires metropolitan planning organizations to include "sustainable communities strategies" in their regional transportation plans to reduce greenhouse gas emissions. The intent of the law is to align planning for transportation and housing, and to create specified incentives for implementing identified strategies. While the law is nonbinding on local agencies, the City should be aware of the discussion and the potential regional impact.

Sunnyvale Salt Ponds

The salt pond conversion project, to restore the salt ponds to their natural ecosystem and provide flood protection, is ongoing. A large amount of fresh water enters the San Francisco Bay from wastewater treatment plants in South Bay cities, including Sunnyvale. These inputs of freshwater will be included in the hydrodynamic modeling work conducted to evaluate the impact of alternatives on such things as salinity, water quality, and water levels. The Project Management Team (Team) is comprised of the California State Coastal Conservancy (SCC), the California Department of Fish and Game (DFG), the U.S. Fish and Wildlife Service (FWS), Santa Clara Valley Water District (SCVWD), Alameda County Flood Control and Water Conservation District (ACFCWCD), and the U.S. Army Corps of Engineers (USACE), as well as the Lead Scientist and Collaborative Process Coordinator. The Team will work with local treatment plants to gather data needed for the modeling effort, and to determine if there are opportunities for further collaboration. The project needs to be watched carefully, due to its proximity and possible impact on the City's Water Pollution Control Plant.

7. Regional and State-wide Water Supply Issues, Particularly Relating to the Sacramento-San Joaquin Delta Restrictions

Over 80% of Sunnyvale water comes from either the San Francisco Water Department through the San Francisco Public Utilities Commission (SFPUC), or from the State Water Project or the Central Valley Project through the Santa Clara Valley Water District (District). Supplies for water have been good for the past three years, with last winter a particularly wet year. State and Federal Water Projects were dealt a blow when a court order in August 2008 ordered major restrictions on the taking of water from the Bay Delta, analysis continues on how best to meet the needs of all users: municipal, agricultural, environmental, recreational. Alternatives of channels and tunnels through the Delta will be considered until something is picked as an alternative worth trying.

The long term issues focus on how to decrease demand (conservation) and how to substitute for potable water (recycled water, gray water, captured rain water). This will be in addition to efforts to get the most out of available supplies (such as more wells, or more use of the wells we have), and a search for new supplies (desalination, alternative imported sources, or creative sharing/reapportioning of existing resource access). This is further complicated by lower water sales throughout the region, suggesting changes in overall water demand, which is indicating that water supplies are sufficient for now. A number of agencies, including Sunnyvale, are demonstrating a per capita water demand that already meets the 2020 goals established by SB 7x in 2009.

The Bay Area Water Supply and Conservation Agency (BAWSCA), SFPUC and the District have the lead on the primary regional issues around the water supply. However, it is important for the Council to stay current on the water resource issues as they progress, in order to lend support wherever needed by the suppliers. All support for SFPUC issues should also be coordinated with BAWSCA. In some cases BAWSCA may have suggestions, or coordinate efforts, for the suburban agencies to be sure to maintain a consistent and appropriate level of support, and any other involvement. The issue is being addressed in all areas of our State government. Support may involve meetings, letters of support, public testimony, and assignment of staff so that the City can best respond as a retailer, and work with our suppliers in the interests of the City's residential and commercial water consumers

8. Transaction Based Reimbursements for Public Libraries

The enacted FY 2011/12 California State Budget ~~provides~~provided General Fund assistance for the California Library Services Act (CLSA), however, due to revenues falling short of projections in

December 2011, automatic "trigger" cuts ~~eliminating~~eliminated all CLSA funding ~~will be implemented~~
~~in-as of~~ January 2012. California public libraries engaged in cooperative efforts with neighboring libraries are supported through the CLSA. The Transaction Based Reimbursements (TBR) Program is one of five programs funded through CLSA. The TBR Program reimburses local libraries for a portion of the costs they incur when they extend lending services beyond their normal clientele.

The two service components to TBR include interlibrary loan and direct loan. Eliminating interlibrary loan means the City will not be reimbursed for handling costs involved with loaning Sunnyvale-owned materials which have been requested by patrons from other libraries.

Direct loan reimburses public libraries for a portion of the handling costs of those loans made to non-residents that exceed the number of loans made by all other public libraries to Sunnyvale residents. Sunnyvale residents borrow more materials from neighboring libraries than non-Sunnyvale residents borrow from the Sunnyvale Library. In the 4th Quarter of FY 2010/11, for example, Sunnyvale residents borrowed 43,369 items from neighboring libraries while non-Sunnyvale residents borrowed 11,235 from the Sunnyvale Library. If the situation reversed and non-Sunnyvale residents borrowed more from the Sunnyvale Library than Sunnyvale residents borrowed from non-Sunnyvale libraries, then Sunnyvale would be eligible to receive revenue. The likelihood of a reversal became more likely on July 1, 2011 when Santa Clara County libraries began to charge non-district residents an \$80 annual fee for a library card. Since July 2011, new library card registrations of Sunnyvale residents increased by more than 23% and borrowing is trending higher than the previous year.

The City will continue to monitor developments and take a position on the elimination of transaction based reimbursements consistent with City Council Policy 6.2.1A.2 "Support full funding for the State's Transaction Based Reimbursement Program which reimburses public libraries for loan books and materials to other libraries' residents."

9. Next Generation 9-1-1 Advancement Act of 2011

The City of Sunnyvale supports H.R. 2629, the Next Generation 9-1-1 Advancement Act of 2011. Sunnyvale has long been a staunch supporter of enhanced interoperability between all public safety entities – Law Enforcement, Fire Services, Hazardous Materials Response, Emergency Medical Services, and Integrated Response to Catastrophic Occurrences. This legislation would have a positive impact on our city's ability to respond to any of these calls for service.

In addition, any efforts that recognize and embrace a rapidly changing technology base will only benefit our citizens. These efforts are stated in the three-point intention of the bill to:

- (1) Focus Federal policies and funding programs to ensure a successful migration from voice centric 911 systems to IP-enabled, Next Generation 911 emergency response systems that use voice, data, and video services to greatly enhance the capability of 911 and emergency response services;
- (2) Ensure technologically advanced 911 and emergency communications systems are universally available and adequately funded to serve all Americans;
- (3) Ensure that all 911 and emergency response organizations have access to high-speed broadband networks; interconnected IP backbones; and innovative services and applications.

10. Protect Corrections Realignment Funding for Local Governments

Californians to Protect Public Safety and Local Services filed a ballot measure to constitutionally protect realignment funds. The coalition comprises the California State Association of Counties, the California State Sheriffs' Association and Chief Probation Officers. The measure specifically seeks to prohibit the state from taking or redirecting currently protected state funds for the realignment of public safety, senior and children's services. The ballot measure would also

prohibit the state from shifting additional responsibilities to local governments without providing necessary funding. The measure is scheduled for the November 2012 statewide ballot.

During the League of California Cities Annual Conference last September, the membership approved a resolution calling upon Gov. Jerry Brown and the Legislature to fully fund and constitutionally protect ~~realignment~~Realignment funding, including funding for city police departments. ~~The City will continue to closely monitor the ballot measure and advocate for legislation that provides for the return of \$130 million in Vehicle License Fee funds to cities, most of which is dedicated to public safety. Citizens' Options for Public Safety/Supplemental Law Enforcement Services Grants (COPS/SLES grants) were restored to serve as the mechanism through which the Realignment funds are distributed. Although restored, no provision was included in the legislation to constitutionally protect the money from being "swept" at the state level. The City will continue to closely monitor the ballot measure and advocate for legislation that constitutionally protects Realignment funding.~~