



Council Meeting: October 5, 2010

SUBJECT: Positions on State and Local Ballot Measures for the November 2, 2010 Election

REPORT IN BRIEF

This report provides an opportunity for the Sunnyvale City Council to take positions on state and local measures on the November 2, 2010 Ballot. This report summarizes the measures which are considered *City business*, provides the City's adopted policy on the issues (if any), and a staff recommendation. Consistent with other ballot measures, no public funds have been or will be used to campaign for or against these measures. **Council Policy defines "City business" as all matters directly related to service delivery, or otherwise contributing to the City's operational success.**

On August 10 Council took action regarding four measures on the November 2 ballot (Propositions 22, 23, 25, and 26). The positions established by Council are noted in the *Discussion* section of this report.

Staff recommends the following positions on the ballot measures discussed in this report:

State Ballot Measures:

Proposition 19 – Changes California Law to Legalize Marijuana and Allow It to be Regulated and Taxed: **Oppose.**

Local Ballot Measures:

A – Santa Clara County Children's Health Protection: **Support.**

B – Santa Clara Valley Transportation Authority: **Support.**

All other measures are deemed not *City business*, and are identified as such in the *Discussion* section of this report.

BACKGROUND

Staff is providing this report to afford the Sunnyvale City Council an opportunity to take a public stand on state and local measures on the November 2, 2010 ballot. Staff's recommendations are generally based on existing City policies from documents such as the General Plan and the Legislative Advocacy Positions, and impact on City operations. Past positions of the Council also guide staff recommendations. New positions taken by the Council will become official policies of the City.

EXISTING POLICY

Goal 7.3C: Participate in intergovernmental activities, including national, state and regional groups, as a means to represent the City's interests, influence policy and legislation, and enhance awareness.

7.3C.1: Represent City policy in intergovernmental activities in accordance with adopted policy guidelines.

DISCUSSION

A brief analysis of each measure affecting *City business* follows, including a measure summary, staff analysis by the appropriate department regarding impact on City operations, fiscal impact, relevant City policy and staff recommendation.

State Ballot Measures:

Proposition 19 – Changes California Law to Legalize Marijuana and Allow It to be Regulated and Taxed

Staff Recommendation: **Oppose.**

Measure Summary: Initiative Statute. Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use. Permits local governments to regulate and tax commercial production and sale of marijuana to people 21 years old or older. Prohibits people from possessing marijuana on school grounds, using it in public, smoking it while minors are present, or providing it to anyone under 21 years old. Maintains current prohibitions against driving while impaired.

Summary of California Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact: Many of the provisions in this measure permit, but do not require, the state and local governments to take certain actions related to the regulation and taxation of marijuana. Thus, it is uncertain to what extent the state and local governments would in fact undertake such actions. For example, it is unknown how many local governments would choose to license establishments that would grow or sell marijuana or impose an excise tax on such sales.

Thus, the revenue and expenditure impacts of this measure are subject to significant uncertainty.

Existing City Policy: LAP, 4.1 (2) Oppose the legalization and or decriminalization of all controlled substances, as defined by Title 21 of the US Code.

City of Sunnyvale Staff Analysis: Marijuana is classified as a Schedule I drug. If Proposition 19 passes, marijuana, considered an addictive drug, will be more readily available, acceptable, and affordable. The potential ramifications include increased cost for enforcement and oversight; increased cost for substance abuse and subsequent treatment; an increase in traffic accidents resulting from impaired driving; increased emergency room visits resulting from drug-induced impairment; and finally, increased health care costs associated with the treatment for the physical toll drug abuse has on human physiology.

Proposition 19 does not create a regulatory framework for cultivating, selling, or commercially marketing marijuana; these responsibilities are delegated to local governments. This lack of regulatory framework will require local governments to promulgate comprehensive marijuana-related regulations, which will unduly burden local governments' operations (enforcement, taxation, regulation, etc.)

Impact to City Services:

If Proposition 19 is enacted, the services provided by the City's Department of Public Safety (DPS) would be impacted. The extent of the impact, however, is difficult to estimate. DPS expects to incur additional costs in enforcement, training for officers, and potentially the need for additional officer positions – particularly those positions which maintain a presence with the youth in the community.

Although the federal government announced in March 2009 that it would no longer prosecute medical marijuana patients and providers whose actions are consistent with Proposition 215, it has continued to enforce its prohibitions on non-medical marijuana-related activities. This means that the federal government could prosecute individuals for activities that would be permitted under this measure. To the extent that the federal government continued to enforce its prohibitions on marijuana, it would have the effect of impeding the activities permitted by this measure under state law. In addition, noncompliance with federal law could result in the loss of billions of dollars in federal funding currently provided to the State of California – some of which come to the City of Sunnyvale's DPS.

Fiscal Impact: According to the Legislative Analyst's Office, it is unclear how the legalization of some marijuana-related activities would affect overall usage and price, which in turn makes it difficult to quantify the potential revenues generated and the potential associated costs. The implementation of this measure would *likely* result in a direct fiscal impact on the City. The magnitude of the impact is difficult to estimate.

There is a potential for additional revenue from taxes, assessments, and fees, however, there may also be secondary costs, such as drug rehabilitation and treatment.

Local Ballot Measures:

Measure A – Santa Clara County Children’s Health Protection

Staff Recommendation: **Support.**

Measure Summary: To protect and maintain children’s health and prevent serious illnesses through regular medical checkups, immunizations, and early detection; to reduce costs from unnecessary emergency room use; and to prevent elimination of insurance coverage for low-income children of working families; shall Santa Clara County enact a \$29 dollar annual parcel tax; limited to 10 years; with independent citizens oversight, full public disclosure of all spending, and subject to audits?

Existing City Policy: Council Policy 5.1.1A, *Council Adopted Policies Awaiting Incorporation into the Next Revision of the Socio-Economic Sub-Element*, Support legislation and community-based efforts that improves the quality of life for children and families through increased access to educational support, health care, housing, emancipation transition services for foster youth, and vocational training programs.

City of Sunnyvale Staff Analysis: This measure would provide an additional \$13.5 million per year into the Healthy Kids program through a \$29-a-year parcel tax on county property owners. The tax would run 10 years beginning in 2011 and would not go toward administrative costs. The program — now serving 8,500 children — is a core piece of a larger children's health initiative begun in 2001 and considered the first of its kind in the nation.

In Sunnyvale, Healthy Kids program participants are served by multiple providers, such as MayView Community Health Center. MayView is a vital community partner in Sunnyvale as it is housed inside the Columbia Neighborhood Center (CNC). MayView has been a partner since 2005, offering the full range of primary care services including pediatrics, pre-natal, reproductive health, preventative care, and chronic disease prevention services. The services of MayView have been invaluable and address the healthcare needs of the working poor, uninsured, underinsured, and Medi-Cal families and residents of Sunnyvale and Santa Clara County.

The program is currently unable to meet its costs. Approximately half of the Healthy Kids' \$11 million budget comes from the county, local cities and tobacco taxes. Private foundations, individual donors and corporate sponsors have, for the past decade, made up the rest. Already this year, however, three primary donors have pulled out \$3 million in funding. Without the steady source of funding provided by this measure, the services provided by the Healthy Kids program, including services at MayView in the CNC, are not sustainable and would likely cease.

Impact to City Services: none.

Fiscal Impact: none.

Measure B – Santa Clara Valley Transportation Authority

Staff Recommendation: **Support.**

Measure Summary: To repair potholes, repave and maintain local streets, improve traffic flow on local roads; increase Santa Clara County's share of state/federal matching funds; improve safety; and pay for other congestion and pollution mitigation projects; shall the motor vehicle registration fee be increased \$10 for each vehicle registered in Santa Clara County; thereby relieving traffic congestion, improving streets and reducing polluted, toxic roadway runoff which contaminates water supplies, with all revenues to remain in Santa Clara County?

Existing City Policy: Council Policy 7.3.2, *Legislative Advocacy Positions*, Position #1.1.3 – Support efforts to create and maintain regional funding sources for critical transportation needs. Council Policy 3.4 *Surface Runoff*, Policy A.3 – Ensure that Best Management Practices are implemented to reduce the discharge of pollutants in storm water to the maximum extent practicable.

City of Sunnyvale Staff Analysis: City policy explicitly supports additional revenue directly to the City of Sunnyvale for street maintenance, and creation of revenue streams for other transportation system improvements to regional facilities within Sunnyvale. Creating a new source of revenue to replace declining revenue is a critical issue to the public at a time of steeply declining budgets because infrastructure decline will happen exponentially if not arrested. Negative fiscal and operational impacts, and the resources required to return infrastructure to a state of good repair, to the City will concurrently increase. Polling done for the measure shows that 77% of Santa Clara County voters believe that roadway repairs are extremely or very important.

If the measure passes, the Valley Transportation Authority (VTA) would collect the funds and distribute as follows – 80 percent back to cities, based on population, for road projects; 15 percent of the funds would go into a regional grant program, where cities would compete for funds to put towards projects that benefit the region; the remaining 5 percent would stay with the VTA for administrative costs.

The regional grant program receiving 15 percent of the generated funds would be controlled by the VTA and is estimated to bring in \$2.1 million annually. Under the program, cities could nominate projects that are eligible based on the confines of the ballot measure language for funding consideration. Projects eligible for funding consideration include matching funds for federal/state regional improvements in the Valley Transportation Plan, intelligent transportation systems projects, and countywide environmental mitigation related to cars and trucks.

Impact to City Services: As mentioned above, the measure would allocate funds to cities directly for road projects. An estimated annual funding level of \$1.4 million would be allocated directly to the City of Sunnyvale. The City would apportion the funds to projects and roadway maintenance within the confines of the ballot measure language. Eligible projects include:

1. Pavement rehabilitation/reconstruction;
2. Traffic control signals, traveler information and safety;
3. Curb and gutter rehabilitation/reconstruction;
4. Roadway related facilities to improve safety; and
5. Automobile-related environmental mitigation including roadway sweeping and litter control.

This measure would allow restoration of some roadway maintenance services at a time when infrastructure conditions are entering into a steep decline. For example, the City's arterial pavement condition index has fallen ten points from 82 in 2006 to 72 in 2009. At the same time, traffic signal maintenance services have been reduced by 66% and over 30% of arterial segments are now below the "good" Pavement Condition Index rating, when just one year earlier that number was 20%.

Fiscal Impact: Street maintenance is underfunded in the future. This additional funding would aid in best maintenance of Sunnyvale streets. Annual revenue is estimated at approximately \$1.4 million annually.

November '10 Ballot Measure Positions Previously Established by Council

Proposition 22 – Prohibits the State from Taking Funds Used for Transportation or Local Government Projects and Services: **Support** position established at August 10, 2010 Council meeting (RTC 10-204).

Proposition 23 – Suspends Implementation of Air Pollution Control Law (AB 32) Requiring Major Sources of Emissions to Report and Reduce Greenhouse Gas Emissions That Cause Global Warming Until Unemployment Drops Below Specified Level for Full Year: **Oppose** position established at August 10, 2010 Council meeting (RTC 10-204).

Proposition 25 – Changes Legislative Vote Requirement to Pass a Budget from Two-Thirds to a Simple Majority: **Support** position established at August 10, 2010 Council meeting (RTC 10-204).

Proposition 26 – Increases Legislative Vote Requirement to Two-Thirds for State Levies and Charges. Imposes Additional Requirement for Voters to Approve Local Levies and Charges with Limited Exceptions: **Oppose** position established at August 10, 2010 Council meeting (RTC 10-204).

Measures Deemed Not City Business

Council Policy defines “City business” as all matters directly related to service delivery, or otherwise contributing to the City’s operational success. Based on that definition, City staff has determined that the following ballot measures are not City business and, consistent with previous Council direction, staff has not conducted research/analysis on these measures, and is not recommending City positions.

State Ballot Measures:

Proposition 20 – Redistricting of Congressional Districts:

Staff Recommendation: Not City business.

Measure Summary:

- Removes elected representatives from the process of establishing congressional districts and transfers that authority to the recently-authorized 14-member redistricting commission.
- Redistricting commission is comprised of five Democrats, five Republicans, and four voters registered with neither party.
- Requires that any newly-proposed district lines be approved by nine commissioners including three Democrats, three Republicans, and three from neither party.

Proposition 21 – Establishes \$18 Annual Vehicle License Surcharge to Help Fund State Parks and Wildlife Programs and Grants Free Admission to All State Parks to Surcharged Vehicles

Staff Recommendation: Not City business.

Measure Summary: Initiative Statute. Establishes an \$18 annual state vehicle license surcharge and grants free admission to all state parks to surcharged vehicles. Requires deposit of surcharge revenue in a new trust fund. Requires that trust funds be used solely to operate, maintain and repair the state park system, and to protect wildlife and natural resources.

Proposition 24 – Repeals Recent Legislation that Would Allow Businesses to Carry Back Losses, Share Tax Credits, and Use a Sales-Based Income Calculation to Lower Taxable Income:

Staff Recommendation: Not City business.

Measure Summary: Initiative Statute. Repeals recent legislation that would allow businesses to shift operating losses to prior tax years and that would extend the period permitted to shift operating losses to future tax years. Would repeal recent legislation to allow corporations to share tax credits with affiliated corporations; repeals recent legislation that would allow multi-state businesses to use a sales-based income calculation, rather than a combination property-, payroll- and sales-based income calculation.

Proposition 27 – Eliminates State Commission on Redistricting. Consolidates Authority for Redistricting with Elected Representatives

Staff Recommendation: Not City business.

Measure Summary: Initiative Constitutional Amendment and Statute. Eliminates 14-member redistricting commission selected from applicant pool picked by government auditors. Consolidates authority for establishing state Assembly, Senate, and Board of Equalization district boundaries with elected state representatives responsible for drawing congressional districts. Reduces budget, and imposes limit on amount Legislature may spend, for redistricting. Provides that voters will have the authority to reject district boundary maps approved by the Legislature. Requires populations of all districts for the same office to be exactly the same.

Local Ballot Measures:

Measure C – Santa Clara Valley Water District

Staff Recommendation: Not City business.

Measure Summary: Shall an ordinance of the Santa Clara Valley Water District limiting Board members, whether elected or appointed after the established effective date, from serving more than three successive 4-year

terms; which sets forth the effect of partial terms; and which establishes an effective date of December 3, 2010 be approved?

Measure E – Foothill-De Anza Community College District

Staff Recommendation: Not City business.

Measure Summary: To protect Foothill College/De Anza College from State budget cuts, provide local funding that cannot be taken by the State, preserve affordable, quality education for students, including:

- Core academic classes including
- math, science and writing;
- Training for careers in healthcare, nursing, paramedics, technology, engineering and sciences; and
- Preparing students to transfer to 4-year universities,

Shall Foothill - De Anza Community College District levy \$69 per parcel annually for six years with citizen oversight and no money for administrators' salaries?

Measure H – Santa Clara Unified School District

Staff Recommendation: Not City business.

Measure Summary: To upgrade school fire, safety and security systems, renovate and reopen closed schools, install solar panels to decrease energy costs and save money for classrooms, acquire sites for future schools and expand overcrowded schools; shall the Santa Clara Unified School District issue \$81.1 million in general obligation bonds, at interest rates within legal limits, subject to an annual audit and with an independent citizens' oversight committee?

Measure Removed from the Ballot

Proposition 18 – Safe, Clean, and Reliable Drinking Water Supply Act of 2010: On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

FISCAL IMPACT

There is no fiscal impact to this report.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and

Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Adopt the following positions on the ballot measures:

State Ballot Measures:

Proposition 19 – Changes California Law to Legalize Marijuana and Allow It to be Regulated and Taxed: **Oppose.**

Local Ballot Measures:

A – Santa Clara County Children’s Health Protection: **Support.**

B – Santa Clara Valley Transportation Authority: **Support.**

2. Adopt alternative positions on the ballot measures.
3. Take no action at this time.
4. Other action as directed by Council.

RECOMMENDATION

For the reasons stated in the staff analysis section of this report, staff recommends Alternative 1:

Alternative 1 – Adopt the following positions on the ballot measures:

State Ballot Measures:

Proposition 19 – Changes California Law to Legalize Marijuana and Allow It to be Regulated and Taxed: **Oppose.**

Local Ballot Measures:

A – Santa Clara County Children’s Health Protection: **Support.**

B – Santa Clara Valley Transportation Authority: **Support.**

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