

The Basics on California Cities

March 7, 2019





City Basics



- 482 cities. Approximately 83% of state population, 31.5 million
- Formed by the people themselves to provide more self-government. The level of government closest to the people.
- Issues very important to city residents:
 - Community traditions and sense of place. “Each city is unique.”
 - local history
 - retaining “local quality of life.”
 - Ensuring new growth and development match community standards.
- Cities provide ***municipal*** services: police, fire, water, sewer, parks, library, etc. to local residents.
- Common ground between all cities: passionate support for fundamental principle of local democracy and ***local control***.

City Basics

Two Types of Cities:

- Charter Cities (121): Authorized in the Constitution. Special powers to govern “municipal affairs.”
- General Law Cities (361) formed under the general laws of the state with local voter approval.

What is the League?

- Established in 1898 (operating for 121 years)
- Organization dominated by local *elected* officials
- Mission: *Restore and protect local control for cities through education and advocacy in order to enhance the quality of life for all Californians.*



League Key Functions: Education

Local government is a complicated endeavor. Much to learn and keep track of: *Brown Act, public contracting, environmental laws, budgeting, political reform, land use and planning, solid waste, water supply, transportation, cap and trade, economic development...*

Cities are constantly innovating and learning from each other.

- The League hosts many conferences and webinars to address the educational needs of local elected officials, city department heads, their staff at all phases of their professional careers.

Other information sources:

- Western City Magazine
- City Advocate (newsletter)
- Institute for Local Government (League/CSAC/CSDA)
- Californiacityfinance.com

League Key Functions: Advocacy

- **Policy/Legislative:**
 - 6 full-time lobbyists.
 - 16 Regional Public Affairs Managers mobilize city officials and coalition partners to augment and support these efforts.
- **Legal:**
 - Represents city interests in both federal and state court. File approximately 50 friend of the court briefs per year.
 - **Ballot Issues:** Proposition 1A, Proposition 98/99 and Proposition 22
 - **In 2018:** Support Prop 1 (housing) and Prop 2 (mental health), Oppose Prop 6 (transportation funding)

Key Challenges

- Absorbing population growth (AB 32/SB 375) ideals, matched up against fiscal and infrastructure limitations.
- Environmental challenges with expanding pop: water, air, trash, etc.
- Sustainability of quality LOCAL services and employee benefits-*Pensions*
- Maintaining Local Quality of Life.

Key Challenges

- Budget and Fiscal:
 - **Prop 13, Prop 218 & Prop 26.** Very restrictive. Most financing options involve local voter approval by either 2/3rds or majority vote.
 - Easier to raise taxes on raw land. (Mello-Roos)
 - Hard to do infill.
 - State's constant state tinkering with local revenue:
 - Triple-flip
 - VLF-property tax swap
 - Using truck weight fees to pay for transportation bonds.
 - Shifting over \$8 billion per year in ERAF from (cities, counties and special districts) \$400 million growth per year!
 - Tried to take local sales taxes
 - Tried to take local highways users taxes
 - Eliminated redevelopment agencies

Local Protection Measures

- Prop 1A of 2004:
 - Can't take sales taxes
 - Caps on unfunded mandates, and had to repay \$1 billion in unpaid mandate claims. (now pay or suspend)
 - Capped state's ability to "borrow" property taxes at \$2 billion, had to be repaid in three years.
 - Locked in VLF-Property Tax SWAP.

Local Protection Measures

- Prop 22 of 2010:
 - Protected local transportation funds.
 - Removed the ability of the state to “borrow” property taxes.
 - Protected all other locally approved revenue from state raids.
 - Tried to protect redevelopment agencies (*but not well enough*)

Local Pension Challenges

All parties played a role: local governments, Labor, CalPERS and Legislature....

- Enhanced benefits (SB 400 and AB 616 in 1999 and 2000.)
- CALPERS Investment Losses. -27% in 2008.
- Automatic COLA's
- Demographics: retiree liability exceeds actives.
- PEPRRA (2013) reforms don't kick in for decade plus
- Upcoming Court decision: "airtime" and "California Rule"

Big Issues Last Year

- Protecting local land use authority. (300 bills introduced)
- Ballot Measures Supported: (Prop 1), \$4 billion housing bond, and (Prop 2), \$2 billion for housing homeless mentally ill.
- Ballot Measures Opposed:
 - Prop 6, effort to eliminate transportation funding.
 - Business Roundtable measure, proposed a 2/3rds vote on all local tax measures—withdrawn for 12-year soda tax ban.

2019 League Priorities

- Housing and Homelessness
- Disaster Preparedness and Response
- Sustainability of Public Pensions
- Address Public Safety Concerns

Protecting Local Control is a Tough Business, But We Keep Going 😊



Thank you!

For more information on legislative language, the League's position letters, and sample position letters for cities, please visit www.cacities.org/billsearch and type the bill number into the search function