



FEBRUARY 2011 MEETING SUMMARY

BOARD OF DIRECTORS MEETING:

- **SCC Assessor Larry Stone presented an overview of the Assessor's Office**, the current real estate market and its impact on the assessment roll and property tax revenue, the Governor's proposal to eliminate Redevelopment Agencies, and what cities can do to help streamline the assessment process. Highlights included:
 - Total property tax revenue in SCC is over \$3 billion. Property tax is the largest source of discretionary revenue for local governments. It is allocated in the following way:
 1. 44% State Public Education, K-12 (schools)
 2. 14% Cities
 3. 18% County
 4. 11% RDA's
 5. 7% Community Colleges
 6. 6% Special Districts
 - The Assessor is elected for one reason—to ensure the Assessor is independent of the Board of Supervisors who spends the property tax revenue that assessments generate.
 - The State Board of Equalization is constitutionally charged with oversight of the Assessor's Office.
 - Since Larry has been elected, the office has been audited three times. The most recent audit of the 2008 assessment roll resulted in a total compliance ratio of 99.81 percent, a new record.
 - The Assessment roll in SCC was negative last year due to several major factors: changes in ownership, new construction; application of the California Consumer Price Index (CCPI), assessment appeals, and the annual assessment of business personal property.
 - Last year there was a significant decrease in real estate transactions, an equally dramatic increase in foreclosures and bankruptcies, and a significant drop in consumer optimism and spending, lenders tightened credit requirements so tight that most borrowing ceased, and unemployment skyrocketed to levels not seen in 50 years and Proposition 8 reductions.
 - Thankfully this was not the Great Depression, but it certainly was the "Great Recession."

- We have hit bottom, and, there are serious signs of movement in the positive direction.
- As a part of the budget reform package, Governor Brown is proposing to eliminate redevelopment agencies. This is a very popular idea with the voters and is polling nearly 70% in favor of the Governor's proposal.
- It would be a mistake to categorically eliminate redevelopment agencies.
- It's true there have been major abuses in RDA's (Redevelopment Agencies) in California. The worse cases of abuse are in Southern California. RDA funds were not used for legal RDA purposes.
- Even the creation of the RDA district areas have been inconsistent with the law, including San Jose's RDA. RDA district areas should only include area of blight in which property tax revenue is declining or not keeping pace with property tax assessments in the community at large.
- Downtown San Jose in the 70's certainly qualified as a blighted area. Commercial vacancies were high and property values were stressed.
- Solution: amend it - don't end it! Eliminate the abuses and punish and prosecute if necessary, the abusers. Tighten the regulations and increase the oversight of RDA's.
- **HOW CAN CITIES HELP THE ASSESSOR'S OFFICE?** One of the main components of roll growth is new construction. Unfortunately, permits are not being processed as fast as they would like and several cities are part of the problem.
- Cities that don't provide electronic building permits include: Gilroy, Los Altos (provides in excel but of little use), Los Altos Hills, Los Gatos and Monte Sereno. So if a permit is processed by the city staff in Los Gatos and San Jose on the same day, it could take a lot longer for us to process that permit in Los Gatos, ultimately delaying when Los Gatos receives the appropriate property tax revenue from that transaction.
- Only two cities in SCC process building permits electronically: San Jose and Santa Clara. It would help if all the cities electronically transmit building permits to the Assessor. This can also further expedite the assessment.

Larry Stone's complete presentation is available at

http://www.sccca.gov/presentations-and-actions_24_4059796462.pdf.

- **Planning Directors, Curtis Williams (Palo Alto) and Aarti Shrivastava (Cupertino), presented on the option for SCC cities to establish itself as a sub region in the next RHNA (Regional Housing Needs Allocation) Process for 2013.** Per the request of the Cities Association Executive Board, the City Managers reviewed the RHNA sub region option. The City Managers asked SCCAPO, the organization of planning directors from all 15 cities, to review the item and provide a recommendation to both the City Managers and the Cities Association Board of Directors. After the City Managers expressed concern about staffing and available financial resources to develop a sub regional RHNA methodology under the time constraints of State law, SCCAPO now suggests enhanced collaboration between the cities in the county and a beginning of fostering an appropriate structure that may be used in 8 years in the next RHNA cycle to develop a formal sub region. **The recommendation to the Cities Association: do not at this time establish**

a formal sub region in the current RHNA process, but instead should pursue an informal, collaborative process that ensures many of the benefits of forming a sub region. This cooperation and collaboration would:

- Utilize existing forums for communication and participation (e.g., Cities Association, City Managers' Association, SCCAPO, Housing Action Coalition, etc.)
- Pilot mechanisms for engagement and collaboration
- Provide an opportunity for a unified voice representing the South Bay at the Housing Methodology Committee, ABAG Board meetings, and other forums
- Maintain the ability of contiguous jurisdictions to trade RHNA numbers
- Utilize the same methodology as ABAG (SCCAPO did not express a desire to create its own methodology)
- Facilitate future collaboration sharing Housing Element consultants, analyses and policies, and potentially resulting in shared review by the California Housing and Community Development (HCD) Department
- **Generate a White Paper for consideration by the Cities Association, outlining a recommended structural arrangement to create a Santa Clara County sub region in eight years, including identification of resources, mechanisms for decision-making, etc.**

Curtis pointed out that many of the sub region benefits e.g. trading allocations can still be accomplished through timely collaboration and participation.

However, the trading of allocations is only possible between “contiguous” cities, or those cities that share borders, according to the Housing Element Law. There is some speculation that this may not be necessarily true. Aarti and Curtis agreed that the language needs to be analyzed further. A motion to accept the recommendation was passed unanimously with an amendment to further explore the definition of “contiguous.” In addition: 1) a letter from SVLG, Urban Habitat, the Greenbelt Alliance, and Transform, to the Board of Directors expressing support for the formation of a sub region was noted; and 2) feedback included a suggestion to address the law that requires RHNA across the state; there is no proof that it works. There is only one other state that has the same process. It was suggested that the Legislative Action Committee review this further. SCCAPO’s presentation and analysis is located on our website at http://www.sccca.gov/presentations-and-actions_22_3752928523.pdf.

- The organization of subcommittees addressing 2011 priorities were finalized. Two presentations from the subcommittees addressing use of Cities Association Reserves and Medical Marijuana Dispensaries were scheduled for March. The remaining subcommittees will finalize their timelines by the next March Board Meeting. Subcommittees include:
 1. **Use of Cities Association Reserves** – Melinda Hamilton, Ron Packard, Steve Tate, and Sam Liccardo – **to present in March**
 2. **Transportation** – Margaret Abe-Koga, Cat Tucker, Marshall Anstandig
 3. **Single-Use Bags** – Steve Tate, Jason Baker, Jim Griffith
 4. **Education & Funding** – David Casas, Margaret Abe-Koga
 5. **Medical Marijuana Dispensaries** – Sam Liccardo, Melinda Hamilton, Joe Pirzynski, Kris Wang – **to present in March**

6. Pension Reform – Ron Packard, Howard Miller, John Radford

7. Transient Occupancy Tax – Jose Esteves, Jac Siegel

- A discussion on SVLG's Cal train Initiative: several organizations, agencies, and cities have been asked to participate and provide financial support for SVLG's outreach through six sub-regional Town Halls, independent financial analysis, and robust polling and political analysis. This will require a budget of at least \$100,000. Organizations are being asked to support this effort with modest amounts of funding -\$1,000, \$2,000 or \$3,000, based on the size of the organization and what is relatively affordable for that organization. This initiative is being pursued with the goal to provide long-term solutions/funding options to save Cal train. Feedback from Board Members included:
 - Some cities are already providing financial support; if the Cities Association was also to provide support, there would be "double" funding from cities since cities provide funds to the Cities Association – it is better for cities to provide funds individually and not through the Cities Association.
 - Since Transportation is one of the 2011 priorities for the Cities Association, and this is an issue that will impact all of our cities, the Cities Association should provide financial support.
 - If we want to have a place at the table, we should provide financial support – the loss of Cal train is a potential crisis that will impact all of the cities in SCC; 10 stations are proposed to be shut-down by July 1st – the majority of those stations are in SCC.
 - Since the Cities Association is in support of the Sustainable Communities Strategy, this is a relative issue and we should be involved in it.
 - Saving Cal Train is an urgent and important issue to our region.

A motion to support SVLG's Save Cal Train initiative to provide \$3,000 to help find long-term solutions was endorsed and supported by 10 of 11 Cities Association Board Members present at the Board Meeting. There was one Member who voted against the motion (Jac Siegel, Mountain View). It was also agreed that the Cities Association should draft a policy that

- Gary Luebbers, Santa Clara County Cities/Manager Association (SCCCMA) liaison, presented report, which included review of the RHNA sub region item, a discussion on pension & compensation and how it affects cities, and Joint Venture's upcoming regionalism event in March.
- Margaret Abe-Koga, CSC Appointee to the Local Agency Formation Commission (LAFCO), presented an overview and report on recent activities of LAFCO. LAFCO is a state mandated local agency set up to oversee the boundaries of cities and special districts. Encouraging orderly boundaries, discouraging urban sprawl and preserving agricultural and open space lands are the key goals of LAFCO. Every five years, LAFCO is required to conduct service reviews in conjunction with Spheres of Influence reviews in the following areas: Fire Service, Water Service, and by sub-regional areas – North County, South County, West Valley and Central County. The 2010 Countywide Fire Service Review, adopted by LAFCO on 12/15/2010 is now available on the LAFCO website at www.santaclara.lafco.ca.gov. The site includes an updated map of cities and fire districts in Santa Clara County. As directed by LAFCO, staff has begun to gather information on the issue of providing fire protection service to the underserved areas in the county and on the issue of evaluating governance options for the Saratoga Fire Protection District and the Los Altos Hills County Fire District. Water Service Review – LAFCO has launched its countywide water service review. The Service Review Report will provide an overview of all the agencies that provide water services in the County, evaluate the provision of these

services, and recommend actions to promote efficient service delivery. Please contact LAFCO staff for more information if needed. Lastly, Island Annexations – State law currently allows a streamlined process for annexation of islands. LAFCO waives annexation fees and the County provides free annexation mapping and reports to cities and also upgrades roads to city standards in islands slated for annexation. Since 2006, 77 islands with nearly 11,500 residents have been annexed into cities. State law allowing for the streamlined process will sunset in January 2014. Watch out for a letter from LAFCO with more information on annexation of the remaining islands.

Joys and Challenges

- Sam Liccardo announced that Forbes Magazine has named the City of San Jose the No. 1 happiest city to work in America.
- Jose Esteves inquired about cities' status on endorsing Michelle Obama's Let's Move Cities & Towns by passing resolutions – several cities have passed resolutions (e.g. Campbell, Gilroy, San Jose) and/or provided letters of support (e.g. Sunnyvale, Santa Clara).

Announcements

- The Markkula Center for Applied Ethics has changed its Roundtable Luncheon date from February 18 to sometime in March due to a conflict with JVS's State of the Valley – an invitation will be provided shortly
- The General Membership Meeting (intended for all elected's and City Managers in SCC) is scheduled for Thursday, April 14th, 6 pm. Proposed topic: the "devolution" of state services to county and city governments.
- The Cities Association has agreed to co-host the State Superintendent of Public Instruction Tom Torlakson's Meet & Greet on February 17th at the San Jose Rose Garden Public Library.