



MAY 2012 LEGISLATIVE ACTION COMMITTEE, CITY SELECTION COMMITTEE & BOARD MEETING SUMMARY

LEGISLATIVE ACTION COMMITTEE MEETING:

- AB 1816 (Beall), the Tax Equity Allocation Bill, sponsored by the cities of Cupertino, Los Altos Hills, Monte Sereno, and Saratoga, was reviewed and presented by Council Member Rod Sinks of Cupertino.
- AB 1816 proposes to resolve three decades of property tax inequality for the four sponsoring cities who are the only cities in the state that are not receiving their fair share of property taxes.
 - When proposition 13 passed in 1978, it froze property taxes at their current levels; cities could not raise property tax rates to meet their community needs.
 - In Santa Clara County, four cities were significantly below the average tax rate: Los Altos Hills, Cupertino, Saratoga, and Monte Sereno.
 - In 1987, legislation was passed to correct this situation, giving cities Tax Equity Allocation (TEA). The TEA for these four cities was .07.
 - Later, ERAF for the four cities was reduced from .07 to .04 share; during the ERAF shifts these cities lost their proportionate share based on what they received in property tax at that time.
 - All No & Low tax cities received future growth for the next 5 years and an increase of 5% share with no ERAF deduction, with an exception for the four cities in Santa Clara County.
 - No other cities are subject to the same ERAF diversions.
- AB 1816 proposes to modify tax allocations for the four cities over a 5-year period.
- The LAC Committee passed motion unanimously to make a recommendation of “support” to the Board of Directors.
- AB 2382 (Gordon), sponsored by VTA, was reviewed and presented to the LAC by Jeremy Dennis of Assembly Member Rich Gordon’s Office and Scott Haywood of VTA.
- AB 2382, also known as the Innovation District Demonstration Project, would require the Department of Transportation (Cal Trans), in partnership with VTA, to establish the Innovation District Demonstration Project to provide a new and innovative business model delivering transportation projects and services in the County of Santa Clara.

- This demonstration project would help expedite project delivery and generate ideas for increasing the efficiency of the department, which should result in long-term savings to the state.
- AB 2382 would mandate a re-organization of Cal Trans; existing Cal Trans employees would work at VTA headquarters.
- Current supporters of the bill include SVLG, SCC Board of Supervisors, and South Bay Labor Council.
- Bill language will continue to be developed and address the Assembly Transportation Committee's concerns.
- LAC passed a motion unanimously to support AB 2382 with future amendments of additional language.
- Future Agenda: review of AB 1585 (Perez) Post RDA funding for support.

CITY SELECTION COMMITTEE MEETING:

- Kansen Chu of San Jose was re-appointed to the Airport Land Use Commission (ALUC), representing a city that is adjacent to an airport, to a term expiring in May of 2016.
- Steve Tate of Morgan Hill was re-appointed as an At-Large representative to the ALUC to a term expiring in May of 2016.
- Joe Pirzynski of Los Gatos was re-appointed to the Association of Bay Area Governments (ABAG) Executive Board to a term expiring in June of 2014.
- Ronit Bryant of Mountain View was re-appointed to the ABAG Executive Board to a term expiring in May of 2016.
- Gilbert Wong of Cupertino was re-appointed as an Alternate to the ABAG Executive Board to a term expiring in May of 2016.
- Greg Scharff of Palo Alto was appointed as an Alternate to the ABAG Executive Board to a term expiring in May of 2016.
- Margaret Abe-Koga of Mountain View was re-appointed to the Local Agency Formation Commission (LAFCO) to a term expiring in May 2014.
- Cat Tucker of Gilroy was appointed as an Alternate to LAFCO to a term expiring in May 2014.

BOARD OF DIRECTORS MEETING:

Priority Focus Presentations/Discussion on Regional Economic Development:

Edith Ramirez and Kara Gross of JVSV's Silicon Valley Economic Development Alliance (SVEDA) presented an overview of its organization, Marketing Plan, and Philosophy.

- Economic Development is a philosophy and approach comprised of business retention, business attraction and business tools.
- Business Retention: most job growth comes from local companies; cities need to be in touch with the business community.
- Possible strategy: city officials can participate on retention visits with ED staff

- Business Attraction: the region should work on the “net new,” or attracting new companies to the area.
- Possible strategies: adopt shared recruiting principles, develop regional marketing piece, or a “pitch,” that sells and attracts companies to our area, e.g. highlight advantages of the region: workforce, transportation, venture capitalism, innovative culture, climate, etc., participate in events, e.g. Start Up Cup and Launch
- Business Tools: streamlining planning process, utilizing ED staff in review of plans & long-range planning, capitalize on business sector to champion change
- SVEDA’s recruiting policy: targeting businesses from other SVEDA jurisdictions would not be in keeping with the spirit of the collaborative association; thus, should a member be approached by a company located in another SVEDA jurisdiction, the protocol will include inquiring whether or not the host city has been approached and provide the needed contact information.
- SVEDA has a website (www.siliconvalleyonline.org) that markets the region, serves as a “concierge,” navigates local and state permits and requirements, provides a directory of associations, includes commercial property listings, and provides contact information for all members or the ED Director of each city.

Subcommittee on Regional Economic Development (Jason Baker, Steve Tate, Val Carpenter, Jose Esteves):

- **Jason Baker presented overview of April 12th General Membership Meeting and initial thoughts on Economic Development.**
- Ideas from world café discussion at the General Membership Meeting included:
 - Establishing and/or fostering regionalized collaborative shared workspaces for start-ups
 - Regional revenue tax sharing
 - Development of Public/private partnerships to help small businesses access capital
 - A commitment by each city to find a target number of jobs for youth
- Economic Development in Silicon Valley should include:
 - a collaborative marketing strategy
 - elected’s should be present at “pitch” opportunities to new businesses; Cities Association should send representatives to regional events such as Launch and Start Up Cup
 - research best practices amongst cities to match “speed of business” needs
 - collaboration with chambers as a resource for staff, targeting marketing message, funding, etc.,

Discussion/Questions from Board Members lead to the following:

- Marketing strategy should focus on retaining companies that do well.

- According to feedback from businesses, the reason why companies leave the area when expanding: lack of qualified talent or workforce; thus, workforce boards are a key element and need to be advocated for, supported by the region, cities; they are losing federal funding, e.g. NOVA will be reducing 1/3 of its staff due to reduced federal funding.
 - Marketing strategy should include a focus of advantages in the region.
 - Many elected's don't know about SVEDA; we need to promote SVEDA
 - Cities making "pitches" to companies in neighboring cities is a prevalent issue that needs to be addressed
 - SJ/SV Chamber is interested in developing a regional marketing strategy
 - Cities/companies should work on developing relations with universities to develop and expand its workforce
 - Businesses tend to have high expectations and demands of cities; what are businesses doing to help out? Businesses should be providing resources during these times in which governments are struggling.
- Subcommittee on Regional Development will make recommendations in collaboration with SVEDA on next steps at future Board Meeting.

Old Business

- Cities Association will be participating in the SVLG Leg. Trip to Sacramento on May 22-23. Three representatives have confirmed participation: Greg Scharff of Palo Alto, Rod Sinks of Cupertino, and Steve Tate of Morgan Hill.

New Business

- The **Expenditure Review of FY 2010 – 2011** was reviewed and accepted by the Board of Directors unanimously. The Review was completed by the City of San Jose's Auditor's Office and concluded that revenues and expenditures are reported accurately and controls are in place to protect Cities Association Assets.
- The **Budget Proposal for FY 2012-2013** was reviewed and supported unanimously. The budget proposal includes continuation of the three-year budget originally proposed in FY 2011-2012. Cities' dues are once again reduced by nearly 5% in order to attain a level of Reserves consistent with the organization's financial policy (Reserves should not exceed 6-9 months of operating expenses).
- Board of Directors unanimously accepted the LAC's recommendations to support and issue letters of **support for AB 1816 (Beall) Tax Equity Allocation, and AB 2382 (Gordon) Innovation District Demonstration Program.**

- **City Managers' Report: Ed Shikada, Assistant City Manager of San Jose**, reported on recent activities/presentations of SCCMA, which included updates on the One Bay Area Grant (OBAG) Proposal, Other Post-Employment Benefits (OPEB), and upcoming Next Generation activities. For more information, members are to consult with their city managers.
- **CSC Appointee Report: Sue Garner** presented an update on recent BAAQMD activities. Presentation included updates on the following items:
 - **Winter Spare the Air 2011/2012** – program notifies bay area residents when fine particulate levels are anticipated to be unhealthy. Health impacts include asthma, respiratory symptoms, heart disease, stroke, and premature mortality. When an alert is issued, it is illegal to burn wood, fire logs, pellets, or any other solid fuels in fireplaces, woodstoves, to other wood burning devices. The program transformed from voluntary to regulatory in 2008. The program ran from November 2011 to February 2012; there 11 days in the bay area.
 - **Spare the Air 2012** - notifies residents when air quality is forecast to be unhealthy due to smog. The season runs from May to September of 2012. Transportation is the number one air pollution source. The campaign encourages commuting to work two days a week.
 - Regarding violations of spare the air, BAAQMD will be considering eliminating warnings; Board Members expressed concerns for eliminating warnings. Sue agreed to notify Cities Association Board when the issue will be placed on the BAAQMD's Board's Agenda.
 - **Lehigh Southwest Cement Title V Permit Update** – Air District renewed Lehigh's Title V permit on April 17, 2012. Air District found that the facility was pro-active on correcting violations. The plant has decreased levels of mercury by 75-80% and plans to reduce it further by 90%.
 - **Regulation 9, Rule 13: Portland Cement Manufacturing** – draft rule will limit air emissions from cement manufacturing; proposed rule mandates more stringent requirements for nitrogen oxides, particulate matter, and toxic air contaminants from Portland cement manufacturing. Draft rule briefing is scheduled for Monday, May 21 at Creekside Park Building in Cupertino.
 - **CEQA Guidelines** – thresholds were adopted by board in June 2010 and updated in May 2011. Due to litigation and issues found with the thresholds in March 2012, lead agencies may rely on the Air District's CEQA 1999 Threshold of Significance.
 - **Current CEQA projects:** Air District staff working with local city staff to identify sources of pollution and strategies for reduction for the San Jose Diridon Station and the Sunnyvale/Lawrence Station.
- **Legislation Report: Betsy Shotwell of San Jose**, presented a legislative update. FY 2012-13' deficit is projected to be much higher than expected \$15.7 billion vs. \$9.2 billion dollars. More stringent cuts are anticipated and

will include reductions to state employees, health & human services, education, etc., There are now 80 potential ballot initiatives. Legislation to be aware of includes SB 1149 (DeSaulnier) which proposes changes to ABAG, MTC, BAAQMD, etc., AB 1585 (Perez) Post RDA funding, and AB 2231 (Fuentes) mandating that cities are responsible for sidewalk repairs.

Joys and Challenges

- Cat Tucker of Gilroy announced that Gilroy has opened a new Library; they are currently applying for gold LEED Certification.
- Rod Sinks of Cupertino announced that Amy Chan has been appointed as the interim City Manager. The city is pursuing development of Main Street across 18 acres of land.
- Rich Larsen of Los Altos Hills announced town's search for a new Finance Director and current interest to develop an internship program with Foothill Community College and other cities in the region.
- Jim Griffith of Sunnyvale announced the hiring of an interim City Attorney.