League of California Cities®
2013 Annual Report

Setting Our Course

LEAGUE® OF CALIFORNIA CITIES

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Stepping back to evaluate successes and challenges is part of planning for the future, especially for an organization like the League of California Cities® with a 115 year history. The League took this approach through its Task Force on Strategic Initiatives[1], comprising city officials from its 16 regional divisions, City Managers' Department and City Attorneys' Department. The League Board of Directors formally adopted the Task Force's *Multi-Year Advocacy Strategies to Expand and Protect Local Control* in April 2013. This plan not only set the League's course for 2013 but also established a five-year, multi-faceted organizational roadmap.

The adopted strategy focuses on:

- Expanding the involvement of city officials who form the cornerstone of the League's political strength;
- Building and maintaining constructive relationships with legislators;
- Holding current and potential legislators accountable by publishing an annual legislative vote record and engaging legislators and candidates for open legislative seats during upcoming elections;
- Conducting outreach to the Governor and officials in his Administration;
- Partnering with other organizations representing local government and business interests, where possible, to protect local authority and expand funding options;
- Litigating to defend core local control and revenues; and
- Using the initiative process when necessary to protect or enhance local authority and funding.

November 2012 brought a class of legislators to the Capitol who were elected under redistricting, a top-two primary system and revised term limits that allow legislators to serve 12 years total either in one house or a combination of both. Nine are alumni of the League's prestigious California Civic Leadership Institute®, an educational program for local government elected officials who are interested in running for the Legislature. These developments may improve local accountability and provide an opportunity for legislators to cultivate deeper policy expertise, leading to better legislative outcomes for cities.

Starting in early January in an effort to strengthen relationships, individual city officials, the League's officers, members of the Board of Directors and lobbyists spent considerable time meeting with legislators, their staff and key Administration personnel. As elements of a longer-term League investment, the results of this work must be evaluated over a number of years.

1 The Task Force met between late 2012 and early 2013.

Legislative Advocacy

Overall, the League experienced a successful year. While dealing with hundreds of bills during the session, the League sponsored legislation, as well as stopped or obtained significant amendments to many others affecting local control and revenues.

Regrettably, Gov. Jerry Brown failed to veto some legislation opposed by the League. However, he approved 85 percent of the League-supported legislation that made it to his desk. In total, the Governor's actions matched the League's request 64 percent of the time on priority bills.

Protecting Municipal Affairs

Consistent with its mission, the League vigilantly defends municipal authority to ensure that cities remain empowered to make decisions reflecting their local priorities. This is seldom an easy task. Legislation can be politically charged, backed by special interests and drafted without regard to local impacts. Battles this year covered issues that can be highly emotional, including big box stores, prevailing wages, public safety employee benefits, collective bargaining, contracting and homeless rights.

Whatever the issue, the League carefully takes positions that demonstrate the policies adopted by its diverse Policy Committees and Board of Directors. These positions incorporate the variety of circumstances in the state and consistently reflect local realities.

Several bills this session illustrated this dynamic. Positive outcomes for cities included the defeat of AB 667 (Hernández) and AB 1373 (Pérez) to preserve local authority and revenues. Negatives included the Governor's signature on SB 7 (Steinberg) and SB 311 (Padilla), which undermine charter city authority.

Economic Development

Many legislators sponsored measures to address aspects of redevelopment dissolution. The League successfully advocated for AB 440 (Gatto) to restore "Polanco Act" brownfield authority to cities and counties. Another success came with the defeat on the Senate Floor of SB 673 (DeSaulnier), which would have stalled commercial development projects. The Governor also signed AB 576 (V. Manuel Pérez), a measure that will strengthen California's economy and business climate by creating a multi-agency team to reduce criminal tax evasion associated with the state's underground economy.

Preserving Ballot Advocacy Authority

Partnering with the California State Association of Counties and other local government groups, the League helped obtain significant amendments to SB 594 (Hill), a gut-and-amend measure that would have restricted organizations like the League from advocating and spending non-public funds on ballot measures. The bill passed after amendments were made that embody the League's commitment to transparency and disclosure and retained the ability to be active in state ballot measure campaigns to protect local funds and services.

Land Use and Housing

The elimination of the tax-increment finance tool created significant challenges for local governments. Signed by the Governor, League-sponsored SB 684 (Hill) helps cities by clarifying that existing outdoor advertising in former redevelopment areas can continue. In addition, the Governor signed several positive housing bills for cities this year. With the signing of AB 639 (John A. Pérez), voters will be able to consider a measure to provide flexibility for $600 million in unspent veterans' housing bond authority.

Strong Membership

The League's strength derives from its membership. With 97 percent of California cities participating in 2013, the organization is powerful. At the 2013 League General Assembly, 359 cities registered voting delegates to cast ballots on resolutions at the 2013 League General Assembly. In addition, approximately 250 cities helped the League shape statewide policy affecting cities as members of one of the League's eight standing policy committees. Looking ahead to 2014, the League expects a number of non-member cities to rejoin.

Goals Set for 2014

The League Board of Directors met Nov. 6 – 8 with the leadership of the Divisions, Departments, Policy Committees and Caucuses to establish and adopt the following 2014 League Strategic Goals:

- Provide New Options for Infrastructure Investment and Economic Development;
- Expand Reform of Pension and Other Post-Employment Benefits (OPEB) Policies to Better Contain Long-Term Costs; and
- Build Effective Partnerships to Help Respond to Growing Community Needs.

The enactment of AB 532 (Gordon) means unused Housing Trust Fund Program money will remain available to California's most needy residents. Working collaboratively with Assembly Member Luis Alejo on AB 325, the League achieved a compromise that resulted in less risk of legal challenges on affordable housing projects for cities.

Public Safety

The League effectively advocated on public safety issues this year. Since the implementation of realignment, county jails have had to house more offenders who previously would have been incarcerated in state prison. Signed by the Governor, League-supported AB 986 (Bradford) is a positive step toward restoring a meaningful deterrent for offenders under post-release community supervision, without sending them back to state prison. The League supported the Governor's effort to accommodate state prisoners at additional facilities rather than release them to comply with federal court overcrowding reduction thresholds.

Additionally, the League also helped rebuff several legislative efforts to establish a statewide regulatory scheme for medical marijuana, which contained insufficient protections for local authority and public safety safeguards.

Legal Advocacy

Redevelopment Litigation

Originally filed on behalf of member cities in the Sacramento County Superior Court in September 2012, *League of California Cities v. Ana Matosantos, et al.,* challenged AB 1484 (2012), the redevelopment dissolution "clean-up" bill. The court in July 2013 declined to rule on the case's merits because the State Department of Finance had yet to invoke the law's clawback penalties. The League filed a motion for reconsideration. The court granted the League's motion and ordered additional briefing with new evidence, which has been completed. A ruling is expected on the matter by early 2014.

Legal Advocacy Committee

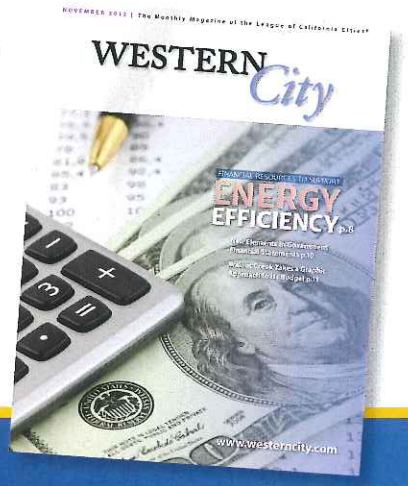
Member cities may request League support in cases in which they are parties if statewide interests are at stake. Between November 2012 and October 2013, the League's Legal Advocacy Committee reviewed 52 cases and approved "friend of the court" participation in 45 cases. The committee also reviewed and made recommendations in eight requests for formal review and input from the California Attorney General regarding questions on which formal opinions will be prepared.

Education

Nearly 4,000 city officials participated in League programming in person or via webinar in 2013. The League launched its first mobile app to help the more than 1,700 attendees from 389 cities effectively navigate the 2013 Annual Conference & Expo in Sacramento. Two of this year's premiere events sold out for the first time since the Great Recession: the New Mayors and Council Members' Academy, and the City Managers' Department Meeting. The City Attorneys' Spring Conference also had record attendance.

Communications

Keeping member cities apprised of developments in Sacramento is a crucial League function. This work involves a variety of channels including the website (www.cacities.org), the almost-daily e-newsletter *CA Cities Advocate,* the *Local News Round-Up* (a daily collection of articles of interest to cities), *Western City* magazine, Facebook, Twitter and professional Listservs. The League will expand its use of video and social media platforms in 2014 to communicate its positions on legislation and other policy proposals, inform the membership and continue telling the city story.



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LEAGUE OF CALIFORNIA CITIES

LEAGUE MEMBERSHIP -- A GREAT INVESTMENT

Customized Return on Investment Report
December 2013

LEMOORE	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	Total
LEMOORE's Dues	7,400	7,709	7,940	7,940	7,940	7,940	7,940	7,940	7,940	70,689
VLF/PropertyTax Swap (1)	24,382	107,127	270,320	527,175	621,677	736,697	709,417	738,710	725,327	4,460,832
Prop. 42 (local streets)	101,451	159,077	0	211,131	231,760	⇩	⇩	⇩	⇩	703,419
HUTA state taking blocked					382,105	⇩	⇩	⇩	⇩	382,105
HUTA and Prop. 42 protected by Prop. 22 (2)						559,620	695,896	578,971	748,441	2,582,928
Property Tax loan securitized / prohibited by Prop. 22 (3)					262,326					262,326
VLF shift prohibited by Prop. 22 (4)						101,257				101,257
SB89 VLF Shift							-89,816	-88,976	-90,674	-269,466
Redevelopment TI protected by Prop. 22						4,969,062				4,969,062
Redevelopment Disolution (net of ROPS) (5)							>>>	-7,529,627	<<<	-7,529,627
Total Return	125,833	266,205	270,320	738,306	1,497,868	6,366,637	1,315,496	-6,300,922	1,383,094	5,662,836
Rate of Return	17:1	35:1	34:1	93:1	189:1	802:1	166:1	-794:1	174:1	80:1

1. Net gain in revenues by virtue of the VLF/Property Tax Swap. Growth in PropTax in Lieu of VLF versus estimated growth in VLF had it remained.
2. Prop. 22 ended the Legislature's ability to borrow or delay HUTA and Prop. 42 gas tax funds.
3. Prop. 22 ended the Legislature's ability to borrow local property taxes. The FY09-10 loan was securitized. Under Prop1A('04) another borrowing could have occurred in 3 years.
4. Prop. 22 ended the Legislature's ability to shift revenue allocations from the 0.65% state Vehicle License Fee.
5. Actual redvelopment TI from RPTTF returned to affected taxing agencies other than the city through Sept 2013.

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Our mission is to expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.