Council Meeting of
April 14, 2009

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Report of Legislative Ad Hoc Committee for the May 19, 2009 Statewide Special Election Ballot Measures

RECOMMENDATION

Recommendation of the Mayor's Legislative Ad Hoc Committee that City Council concurs with the May 19, 2009 ballot measure positions recommended by the Committee.

BACKGROUND/ANALYSIS

At the City Council meeting on March 10, 2009 the Mayor appointed an Ad Hoc Legislative Committee. It is the role of the Ad Hoc Committee to meet prior to elections to consider state, county and local measures. In reviewing the ballot measures, the committee applies the criteria listed below to determine the potential impact of these measures on the City of Torrance:

- Does the proposed measure affect local control?
- Does the proposed measure have a fiscal impact on the City?
- Does the proposed measure affect public safety?

There are six (6) State measures that will be presented to the electorate on the May 19, 2009 general municipal election ballot.

On April 7, 2009 the Legislative Ad Hoc Committee met to review the measures and take a position on each measure. The agenda included an overview of each ballot measure, the City's overall legislative strategy, Committee's position on each measure, and public comment (Attachment A). The meeting notes are attached (Attachment B).

The handout materials for the Committee were organized by proposition number with materials explaining the individual proposition including a summary from the Legislative Analyst's Office and presented to the Committee. In order to obtain a better understanding of what affect a measure may have on the City, City departments were requested to complete an analysis of the proposition that would fall in their area of expertise.

Attached for Council's review is a copy of the California Quick Reference Guide issued by the Secretary of State (Attachment C).

After studying the background material on the individual measures and much discussion on the issue with staff, the Finance Director and the public, the Committee voted on these measures. The Finance Director indicated that some of these measures would have an indirect impact on the city. Even though these measures would have an indirect impact to the City, the Ad Hoc Legislative Committee members stated that over time these measures could have a direct impact on tax revenues such as retail and car sales and public safety. Because of this the Ad Hoc Legislative Committee made recommendation, with consideration of the long range impact these measures could have on the City's budget

Positions of Other Organizations, City Departments and Committee's Recommended Positions

Positions from the League of Women Voters and the League of California Cites are noted on the chart.

The Torrance Chamber of Commerce and the South Bay Council of Governments position on each proposition will not be available until mid-April.

Ballot measures 1B and 1C pertain to education. TUSD will take a position at their next Board meeting scheduled for April 20. 2009.

In addition, correspondence received from G. Rick Marshall, a citizen, has been included in the materials.

The City Finance department took no position on these measures because the propositions do not "directly" meet the criteria set by Council.

State Measures

Proposition	League of Women Voters	League of California Cities	Torrance Chamber of Commerce	South Bay Cities Council of Governments	City Department	Committee's Recommendation
1A	No position	Support	Not available	Not available	No position	2 Oppose/1 No position
1B	No position	Support	Not available	Not available	No position	2 Oppose/1 No position
1C	No position	Support	Not available	Not available	No position	3 Oppose
1D	No position	Support	Not available	Not available	No position	2 Support/1 Oppose
1E	No position	Support	Not available	Not available	No position	3 Oppose
1F	No position	Support	Not available	Not available	No position	3 No position

Respectfully submitted,

CITY COUNCIL LEGISLATIVE AD HOC COMMITTEE

Susan M Rhilinger

Councilmember Susan Rhilinger, Chair

Gene I Barnett

Councilmember Gene Barnett, Member

Tom Brewer

Councilmember Tom Brewer, Member

Attachments:

A) Agenda for April 7, 2009 City Council Ad Hoc Legislative Committee meeting
B) Slide presentation of the April 7, 2009 Ad Hoc Legislative Committee meeting
C) California Quick Reference Guide for May 19, 2009 Statewide Special Election

Attachment A

AGENDA

CITY COUNCIL AD HOC LEGISLATIVE COMMITTEE

DATE:	Tuesday, April 7, 2009
TIME:	4:00 – 5:30 p.m.
PLACE:	Torrance City Hall, City Manager's Assembly Room, Third Floor
COMMITTEE MEMBERS:	Councilwoman Susan Rhilinger, Chair Councilman Gene Barnett Councilman Tom Brewer
STAFF:	LeRoy J. Jackson, City Manager Mary Giordano, Assistant City Manager Eleanor B. Jones, Management Associate John Fellows, City Attorney Eric Tsao, Finance Director
SUBJECT:	**REVIEW OF BALLOT MEASURES ON MAY 19, 2009 STATEWIDE SPECIAL ELECTION BALLOT**

I.	Welcome and Introductions	Chair, Councilwoman Rhilinger
II.	Overview of Ballot Measures	Eleanor B. Jones
III.	Public Comment	
IV.	Policy Issues: City's Position on Initiatives	Committee
V.	Committee Questions/Discussion	
VI.	Direction from Committee	
VII.	Adjournment	

May 19th, 2009 Special Election

Ballot Measures

What is the criteria used to determine the potential impact these measures will have on the City of Torrance?

- Does the measure affect local control?
- What is the measure's fiscal impact on the City of Torrance?
- Does the measure affect pubic safety?

Committee will need to take a position on……

- 6 State Measures

PROPOSITION 1A

State Budget. Changes California Budget Process. Limits State Spending. Increases "Rainy Day" Budget Stabilization Fund

PROPOSITION 1A

State Budget. Limits State Spending. Rainy Day Fund.

SUMMARY:

- Could limit future deficits and spending by increasing the size of the state "rainy day" fund and requiring above-average revenues to be deposited into it for use during economic downturns and other purposes.

FISCAL IMPACT:

- Higher state tax revenue of roughly $16 billion from 2010-11 through 2012-13.
- Over time, increased amounts of money in state rainy day reserve and potentially less ups and downs in state spending.

-Taken from the *California Quick Reference Guide*-

PROPOSITION 1A

State Budget. Limits State Spending. Rainy Day Fund.

PRO

- Reform our broken budget system.
- Forces budget stability and accountability.
- Requires additional revenue above historic trends to be deposited into state "rainy day" fund, limiting spending.
- Forces the state to save more in good years to prevent tax increases and cuts to schools, public safety and other vital services in bad years.

CON

- Treats the "Rainy Day Fund" as a slush fund for pork barrel spending
- Could force service cuts even in good times.
- Encourages unlimited tax increases- does not stop them.
- Gives unchecked power to Governor.

-Taken from the *California Quick Reference Guide and the League of Women Voters*-

PROPOSITION 1B

Education Funding. Payment Plan.

PROPOSITION 1B

Education Funding. Payment Plan.

SUMMARY:

- Requires supplemental payments to local school districts and community colleges to address recent budget cuts.
- Annual payments begin in 2011 – 12.
- Payments are funded from the state's Budget Stabilization Fund until the total amount has been paid.
- Payments to local school districts will be allocated in proportion to average daily attendance and may be used for classroom instruction, textbooks and other local educational programs.

FISCAL IMPACT:

- Fiscal impact would depend on how current constitutional provisions would otherwise be interpreted.
- Potential state savings of up to several billion dollars in 2009-10 and 2010-11.
- Potential state costs of billions of dollars annually thereafter.

-Taken from the *League of Women Voters*-

PROPOSITION 1C

Lottery Modernization Act

PROPOSITION 1C

Lottery Modernization Act

SUMMARY:

- Allows the state lottery to be modernized to improve its performance with increased payouts, improved marketing, and effective management.
- Requires the state to maintain ownership of the lottery and authorized additional accountability measures.
- Protects funding levels for schools currently provided by lottery revenues.
- Increased lottery revenues will be used to address current budget deficit and reduce the need for additional tax increases and cuts to state programs.

FISCAL IMPACT:

- Allows $5 billion of borrowing from future lottery profits to help balance the 2009-10 state budget.
- Debt-service payments on this borrowing and higher payments to education would likely make it more difficult to balance future state budgets.

-Taken from the *California Quick Reference Guide*-

PROPOSITION 1C

Lottery Modernization Act

PRO

- Modernizes our lottery and generates up to $5 billion in new revenue without raising taxes.
- Guarantees schools get the same level of lottery funding as they do now.
- Help prevent more tax hikes and deeper cuts to public safety and schools.

CON

- A no vote on this measure will leave the state lottery as the voters intended when they voted for Proposition 37 in 1984.
- Funding to education by the state lottery will not decrease or change in any way.

-Taken from the *California Quick Reference Guide*-

PROPOSITION 1D

Protects Children's Services Funding. Helps Balance State Budget.

PROPOSITION 1D

Protects Children's Services Funding. Helps Balance State Budget.

SUMMARY:

- Provides more than $600 million to protect children's programs in difficult economic times.
- Redirects existing tobacco tax money to protect health and human services for children, including services for at-risk families, services for children with disabilities, and services for foster children.
- Temporarily allows the redirection of existing money to fund health and human service programs for children 5 years old and under.
- Ensures counties retain funding for local priorities
- Helps balance state budget.

FISCAL IMPACT:

- State General Fund savings of up to $608 million in 2009-10 and $268 million annually from 2010-11 through 2013-14, from temporarily redirecting a portion of funds from the California Children and Families Program in place of state General Fund support of health and human services programs for children up to age five.
- Corresponding reductions in funding for early childhood development programs provided by the California Children and Families Program.

-Taken from the *League of Women Voters*-

PROPOSITION 1E

Mental Health Services Funding. Temporary Reallocation. Helps Balance State Budget.

PROPOSITION 1E

Mental Health Services Funding. Temporary Reallocation. Helps Balance State Budget.

SUMMARY:

- Amends Mental Health Services Act (Proposition 63 of 2004) to transfer funds, for a two-year period, from mental health programs under that act to pay for mental health services for children and young adults provided through the Early and Periodic Screening, Diagnosis, and Treatment Program.
- Provides more that $225 million in flexible funding for mental health programs.
- Helps balance state budget during this difficult economic time.

FISCAL IMPACT:

- State General Fund savings of about $230 million annually for two years (2009-10 and 2010-11) from redirecting a portion of Proposition 63 funds to an existing state program in place of state General Fund support.
- Corresponding reduction in funding available for Proposition 63 community mental health programs.

-Taken from the *League of Women Voters*-

PROPOSITION 1F

Elected Officials' Salaries. Prevents Pay Increases During Budget Deficit Years.

PROPOSITION 1F

Elected Officials'Sal aries. Prevents Pay Increases During Budget Deficit Years.

SUMMARY:

- Encourages balanced state budgets by preventing elected Members of the Legislature and statewide constitutional officers, including the Governor, from receiving pay raises in years when the state is running a deficit. Provides more that $225 million in flexible funding for mental health programs.
- Directs the Director of Finance to determine whether a given year is a deficit year.
- Prevents the Citizens Compensation Commission from increasing elected officials' salaries in years when the state Special Fund for Economic Uncertainties is in the negative by an amount equal to or greater than one percent of the General Fund.

FISCAL IMPACT:

- Minor state savings related to elected state officials' salaries in some cases when the state is expected to end the year with a budget deficit.

-Taken from the *League of Women Voters*-

QUICK-REFERENCE GUIDE

PROP 1A STATE BUDGET. CHANGES CALIFORNIA BUDGET PROCESS. LIMITS STATE SPENDING. INCREASES "RAINY DAY" BUDGET STABILIZATION FUND.

SUMMARY

Put on the Ballot by the Legislature

Changes the budget process. Could limit future deficits and spending by increasing the size of the state "rainy day" fund and requiring above-average revenues to be deposited into it, for use during economic downturns and other purposes. Fiscal Impact: Higher state tax revenues of roughly $16 billion from 2010–11 through 2012–13. Over time, increased amounts of money in state rainy day reserve and potentially less ups and downs in state spending.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Various state budgeting practices would be changed. In some cases, the state would set aside more money in one of its "rainy day" reserve funds. Higher state taxes recently passed would be extended for up to two years.

NO A NO vote on this measure means: No changes would be made to state's current budgeting practices or its rainy day reserve funds. Higher state taxes recently passed would end by 2010–11.

ARGUMENTS

PRO Yes 1A: REFORM OUR BROKEN BUDGET SYSTEM. 1A forces budget stability and accountability. It strictly limits state spending and mandates a bigger rainy day fund—forcing politicians to save more in good years to prevent tax increases and cuts to schools, public safety and other vital services in bad years.

CON 1A is not what its supporters promise. Why? Because 1A: Treats the "Rainy Day Fund" as a *slush fund for Pork Barrel spending*; Could *force service cuts even in good times;* Encourages *unlimited tax increases—doesn't stop them*; Gives *unchecked power* to Governor. Vote No on 1A.

FOR ADDITIONAL INFORMATION

FOR
Budget Reform Now
(866) 978-3444
info@cabudgetreformnow.com
www.cabudgetreformnow.com

AGAINST
Douglas Herman
790 E. Colorado Blvd.,
Suite #506
Pasadena, CA 91101
(626) 535-0713
www.VoteNoOn1A.com

PROP 1B EDUCATION FUNDING. PAYMENT PLAN.

SUMMARY

Put on the Ballot by the Legislature

Requires supplemental payments to local school districts and community colleges to address recent budget cuts. Fiscal Impact: Potential state savings of up to several billion dollars in 2009–10 and 2010–11. Potential state costs of billions of dollars annually thereafter.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state would make supplemental payments to schools and community colleges beginning in 2011–12. These payments would replace other payments the state might otherwise be required to make in earlier years.

NO A NO vote on this measure means: The state would not make supplemental payments to schools and community colleges, and instead make other payments as required under current law.

ARGUMENTS

PRO The budget crisis has cut $12 billion from our schools. Over 5,000 teachers have been laid off, thousands more are threatened. Prop. 1B starts the process of paying our schools and community colleges back as economic conditions improve. Our future depends on the investment we make in educating our children.

CON No argument against Proposition 1B was submitted.

FOR ADDITIONAL INFORMATION

FOR
Andrea Landis
Kaufman Campaign Consultants
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.YES1B.com

AGAINST
No contact information was provided.

QUICK-REFERENCE GUIDE

PROP 1C LOTTERY MODERNIZATION ACT.

SUMMARY

Put on the Ballot by the Legislature

Allows the state lottery to be modernized to improve its performance with increased payouts, improved marketing, and effective management. Requires the state to maintain ownership of the lottery and authorizes additional accountability measures. Protects funding levels for schools currently provided by lottery revenues. Increased lottery revenues will be used to address current budget deficit and reduce the need for additional tax increases and cuts to state programs. Fiscal Impact: Allows $5 billion of borrowing from future lottery profits to help balance the 2009–10 state budget. Debt-service payments on this borrowing and higher payments to education would likely make it more difficult to balance future state budgets.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state would be allowed to borrow $5 billion from future lottery profits to help balance the 2009–10 state budget, as well as borrow additional funds later. The California Lottery would have greater flexibility to increase its sales and profits. Lottery payments to educational institutions would end, and the state General Fund would increase its payments to education to make up for the loss of these lottery funds.

NO A NO vote on this measure means: The state would not be able to borrow from lottery profits to help balance the state budget. The lottery would continue to operate as it does today, with profits dedicated to education.

ARGUMENTS

PRO Yes on Prop. 1C MODERNIZES OUR LOTTERY and generates up to $5 billion in new revenue—without raising taxes. Prop. 1C guarantees schools get the same level of lottery funding as they do now. Prop. 1C will help prevent more tax hikes and deeper cuts to public safety and schools.

CON A no vote on this measure will leave the state lottery as the voters intended when they voted for Proposition 37 in 1984. Funding to education by the state lottery will not decrease or change in any way.

FOR ADDITIONAL INFORMATION

FOR
Budget Reform Now
(866) 978-3444
info@cabudgetreformnow.com
www.cabudgetreformnow.com

AGAINST
Senator Bob Huff
1017 L Street #401
Sacramento, CA 95814
(909) 396-6474

PROP 1D PROTECTS CHILDREN'S SERVICES FUNDING. HELPS BALANCE STATE BUDGET.

SUMMARY

Put on the Ballot by the Legislature

Temporarily provides greater flexibility in funding to preserve health and human services for young children while helping balance the state budget in a difficult economy. Fiscal Impact: State General Fund savings of up to $608 million in 2009–10 and $268 million annually from 2010–11 through 2013–14. Corresponding reductions in funding for early childhood development programs provided by the California Children and Families Program.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: A portion of funds previously approved by the voters to support early childhood development programs through the California Children and Families Program will be temporarily redirected over the next several years to achieve state General Fund budgetary savings.

NO A NO vote on this measure means: The California Children and Families Program will continue to receive all the funding now dedicated for the expansion of early childhood development programs. Other budget reductions or revenue increases would be needed to address the state's fiscal problems.

ARGUMENTS

PRO Proposition 1D protects vulnerable children while helping California close a $42 billion budget gap. It temporarily shifts a portion of the unspent $2.5 billion in First 5 Commission accounts to fund critical health and social services for children under the age of 5 and protects against future cuts.

CON Proposition 1D takes $1.6 billion away from local health and education programs for young children and gives it to Sacramento politicians. Prop. 1D violates the will of voters who twice approved these funds for local health, education, and antismoking programs. Prop. 1D replaces voter-mandated local control with Sacramento bureaucracy.

FOR ADDITIONAL INFORMATION

FOR
No contact information was provided.

AGAINST
Protect Children and Families: Vote No on Prop. 1D
2340 Powell St. #164
Emeryville, CA 94608
(510) 672-1016
info@NoOnProposition1D.com
www.NoOnProposition1D.com

QUICK-REFERENCE GUIDE

PROP 1E MENTAL HEALTH SERVICES FUNDING. TEMPORARY REALLOCATION. HELPS BALANCE STATE BUDGET.

SUMMARY

Put on the Ballot by the Legislature

Helps balance state budget by amending the Mental Health Services Act (Proposition 63 of 2004) to transfer funds, for two years, to pay for mental health services provided through the Early and Periodic Screening, Diagnosis, and Treatment Program for children and young adults. Fiscal Impact: State General Fund savings of about $230 million annually for two years (2009–10 and 2010–11). Corresponding reduction in funding available for Mental Health Services Act programs.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: A portion of funds previously approved by the voters under Proposition 63 to support the expansion of community mental health programs will be redirected over the next two years to achieve state General Fund savings.

NO A NO vote on this measure means: All Proposition 63 funds would continue to be used to support the expansion of community mental health programs. Other budget reductions or revenue increases would be needed to address the state's fiscal problems.

ARGUMENTS

PRO This is a one-time redirection of funds to help close an unprecedented $42 billion budget shortfall. Voting yes on Prop. 1E will ensure that we can continue to provide critical services to our most vulnerable Californians. It's the right thing to do for those who need us most.

CON The Mental Health Services Act's successful programs save the state and local governments money by reducing incarceration, homelessness, hospitalization, out-of-home placements, and school failure. During these difficult times, let's keep programs that work and respect the will of the people. Vote no on Proposition 1E.

FOR ADDITIONAL INFORMATION

FOR

No contact information was provided.

AGAINST

Rusty Selix
No on Prop. 1E
1127 11th Street, #925
Sacramento, CA 95814
(916) 557-1166
www.NoProp1E.com

PROP 1F ELECTED OFFICIALS' SALARIES. PREVENTS PAY INCREASES DURING BUDGET DEFICIT YEARS.

SUMMARY

Put on the Ballot by the Legislature

Encourages balanced state budgets by preventing elected Members of the Legislature and statewide constitutional officers, including the Governor, from receiving pay raises in years when the state is running a deficit. Directs the Director of Finance to determine whether a given year is a deficit year. Prevents the Citizens Compensation Commission from increasing elected officials' salaries in years when the state Special Fund for Economic Uncertainties is in the negative by an amount equal to or greater than one percent of the General Fund. Fiscal Impact: Minor state savings related to elected state officials' salaries in some cases when the state is expected to end the year with a budget deficit.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Members of the Legislature, the Governor, and other elected state officials could not receive salary increases in certain cases when the state General Fund is expected to end the year with a deficit.

NO A NO vote on this measure means: A commission established by voters in 1990 could continue to give salary increases to Members of the Legislature, the Governor, and other elected state officials in any year, including cases when the state General Fund is expected to end the year with a deficit.

ARGUMENTS

PRO Yes on 1F: NO PAY RAISES FOR POLITICIANS WHEN CALIFORNIA IS RUNNING A DEFICIT. Prop. 1F prohibits legislators, the governor and other state politicians from getting pay raises whenever the state is running a deficit.

CON Proposition 1F *won't work.* Legislators won't change their voting behavior just because of a threatened salary freeze. This petty, vindictive attempt to punish the Legislature will give us *no relief* from budget stalemates, while unfairly penalizing innocent bystanders such as the Secretary of State and Board of Equalization.

FOR ADDITIONAL INFORMATION

FOR

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AGAINST

Pete Stahl
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