



## City of Sacramento Law and Legislation Committee

### COMMITTEE MEMBERS:

**LAUREN HAMMOND, Chairperson (D-5)**

**Patti Bisharat**  
*Government Affairs*

**SANDY SHEEDY (D-2)**  
*Councilmember*

**Yvette Rincon**  
*Legislative Analyst*

**STEVE COHN (D-3)**  
*Councilmember*

**ROBBIE WATERS (D-7)**  
*Councilmember*

City Hall  
915 I Street  
First Floor Council Chambers  
March 21, 2006  
12:30 P.M.

*The Law and Legislation Committee is a Standing Committee, a permanent committee of the City Council, established to consider subjects of particular class.*

*Its purpose is to review proposed legislation, revisions to existing legislation, proposed city ordinance, and revisions to existing ordinances in order to make recommendation to the full City Council.*

NOTICE IS HEREBY GIVEN that the Sacramento City Council will conduct concurrent meetings with the Council Committee(s) listed on this agenda which is incorporated herein by reference. The Special Meeting(s) are called to permit members who are not on the listed committees to attend the meetings and participate in the discussion. In the event five (5) or more members of the City Council are present at a committee meeting, only those items listed on the agenda can be acted upon or discussed.

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This agenda may be amended up to 72 hours prior to the meeting being held. An Agenda is located in the posting cabinet on the I Street side of City Hall. Any item not addressed at this meeting may be continued, by motion, to a future afternoon or evening meeting.

Meeting facilities are accessible to persons with disabilities. Please notify the City Clerk's office at (916) 808-7200 at least 48 hours prior to the meeting if you require special assistance to participate in the meeting. The meeting is archived and accessible along with other meeting information on the City's website.

**Law and Legislation Committee  
Agenda**

**CALL TO ORDER**

**ROLL CALL**

**Consent Calendar**

*All items listed on the consent calendar are considered and acted upon by one motion. A member of the legislative body or staff may request an item be removed for separate consideration.*

**1.0 Approval of March 7, 2006 Minutes**

**RECOMMENDATION:** Approve March 7, 2006 Minutes

**Staff Reports**

Each speaker is limited to a maximum of 3 minutes.

**2.0 Law and Legislation Log**

**RECOMMENDATION:** Approve legislative log

**3.0 AB 2137, Altering Voting Structure of Sacramento Regional Transit Board of Directors**

**RECOMMENDATION:** Adopt a support position on AB 2137.

**4.0 June 2006 Ballot Propositions**

**RECOMMENDATION:** Approve and forward to full City Council, City positions on the June 2006 Propositions.

**5.0 Legislative Update**

**RECOMMENDATION:** Information Only

**Citizens Addressing Council (Matters not on the Agenda)**

Each speaker is limited to a maximum of 3 minutes.

**6.0 To be announced**

**Committee Ideas and Questions**

**7.0 To be announced**

**Adjournment**

**8.0 To be announced**



# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

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915 I Street, Sacramento, CA 95814-2671

Consent  
March 21, 2006

Honorable Members of the  
Law and Legislation Committee

**Subject: Approval of Minutes – March 7, 2006**

**Location/Council District:** All

**Recommendation:** Approve the minutes for the Committee meeting of March 7, 2006.

**Contact:** Yvette Rincon, Legislative Analyst - 808-5827

**Presenters:** None

**Department:** City Manager's Office

**Division:** Legislative Affairs

**Organization No:** 0300

**Summary:** Staff is recommends the approval of the minutes for the Committee meeting of March 7, 2006.

**Committee/Commission Action:** None.

**Financial Considerations:** None.

**Environmental Considerations:** None.

**Policy Considerations:** None.

**Emerging Small Business Development (ESBD):** None.

Respectfully Submitted by:   
Patti Bisharat, Government Affairs

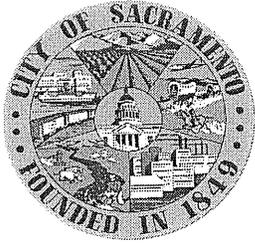
Recommendation Approved:

*for*   
GUSTAVO F. VINA  
Assistant City Manager

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Pg 3-5 Attachment A - Minutes for March 7, 2006 Meeting



## City of Sacramento Law and Legislation Committee Minutes

### COMMITTEE MEMBERS:

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*Government Affairs*

**SANDY SHEEDY (D-2)**  
*Councilmember*

**Yvette Rincon**  
*Legislative Analyst*

**STEVE COHN (D-3)**  
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**ROBBIE WATERS (D-7)**  
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City Hall  
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12:30 P.M.

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**Law and Legislation Committee  
Minutes**

**CALL TO ORDER:** 12:33pm

**ROLL CALL:** Sheedy, Cohn, Waters, Hammond, present.

**Consent Calendar**

*All items listed on the consent calendar are considered and acted upon by one motion. A member of the legislative body or staff may request an item be removed for separate consideration.*

**1.0 Approval of February 21, 2006 Minutes**

**RECOMMENDATION:** Approve February 21, 2006 Minutes

**ACTION:** Moved/seconded/carried (Waters/Cohn)

**2.0 Approval of Legislative Log**

**RECOMMENDATION:** Approve legislative log

**ACTION:** Moved/seconded/carried (Waters/Cohn) approval of Legislation Log with requested updates on specific items.

**Staff Reports**

Each speaker is limited to a maximum of 3 minutes.

**3.0 City Sponsored Infill Housing Plan Project**

**RECOMMENDATION:** Approval of City code amendments relating to the infill housing plan project and forward to full City Council.

**ACTION:** Moved/seconded/carried (Sheedy/Cohn) approval of City Sponsored Infill Housing Plan Project and forwarded to full City Council. The committee requested a report back in six months on the status of the program including the house plans that are approved within the six month period.

#### **4.0 Modifications to the Construction Code Appeals Process**

**RECOMMENDATION:** Approve and forward to full City Council, modifications to the construction code appeals process, which establishes a streamlined two tiered appeals process.

**ACTION:** Moved/seconded/carried (Waters/Sheedy) approval of modifications to the construction code appeals process and forwarded to the full City Council.

#### **5.0 AB 861, Relating to Barbering and Cosmetology**

**RECOMMENDATION:** Adopt a support position on AB 861.

**ACTION:** Moved/seconded/carried (Waters/Hammond) approval of support position on AB861. Abstention: Cohn

#### **6.0 AB 1558, Relating to the Fair Political Practices Commission**

**RECOMMENDATION:** Adopt a support position on AB 1558.

**ACTION:** Moved/seconded/carried (Cohn/Hammond) approval of support position on AB 1558.

#### **7.0 AB 1387, Relating to Residential Infill Projects**

**RECOMMENDATION:** Adopt a support position on AB 1387.

**ACTION:** Moved/seconded/carried (Cohn/Sheedy) approval of support position on AB 1387.

### **Citizens Addressing Council (Matters not on the Agenda)**

Each speaker is limited to a maximum of 3 minutes.

**8.0 To be announced.**  
None

### **Committee Ideas and Questions**

**9.0 To be announced**  
None

### **Adjournment**

**9.0 To be announced.**  
Adjourned 1:18pm

**LAW AND LEGISLATION COMMITTEE**  
**Preliminary Calendar**  
**As of March 15, 2006**

**DISCLAIMER:** The following information is tentative as to dates and subjects.

**April 4, 2006**

Pedi-cab Ordinance – **Code Enforcement**

Amendments to Update the Health and Safety Code– **Code Enforcement**

AB 32 Relating to Air Pollution – **CMO**

**April 18, 2006**

Amend Ordinance Relating to Northgate Boulevard Special Planning District– **Development Svcs**

Amendments to Marina Ordinance (tentative)– **CC&L**

Alcohol Use Permit Processing Ordinance – **Police**

Amendments to Update Development Services Code– **Development SVCS**

**May 4, 2006**

Amend City Code Regarding Animal Control- **DGS**

Second Hand Smoke in Multi-Family Rental Units – **Code Enforcement**

**May 16, 2006**

R Street Urban Design Plan and SPD Amendments - **Development Svcs**

**PENDING ORDINANCES/REPORTS:**

Report Back on Contract Standards - **General Svcs**

Report Back on Representation of Neighborhood Associations - **Development Svcs/NSD**

Contractual Conflict of Interest of City Employees- **Finance**

Ordinance Amending Code Relating to Temporary Construction Zones- **Transportation**

Amendments to the Condominium Conversion Regulations- **Development Svcs**

Lighting and Signal Ordinances - **Development Svcs**

Drug & Gun Free Zones and Creation of Civil Exclusion- **Police**

Report Back on City-wide Sign Ordinance - **Development Svcs**

Illegal Dumping Vehicle Impound Ordinance – **Code Enforcement**

Fire Code Revisions - **Fire**

Housing Trust Fund Nexus Study - **Development Svcs**

Front yard Landscaping – **Code Enforcement**

Amend Ordinance Regarding Reward Program – **Code Enforcement**

Solid Waste Facility Fee - **Utilities**

Amend Tree Ordinance – **Parks & Rec**

Public Financing of Campaigns – **City Clerk**

Mobile Food Vendor Ordinance – **Finance**

Report Back on Rental Inspection Pilot Program – **Code Enforcement**



## Legislation Log

Tracking Number	Subject Matter	Ordinance Sponsor/ Staff	Estimated Law & Legislation hearing Date <sup>1</sup>	Notes	Controversial or Significant Policy Issues	Anticipated Attorney Drafting Time for Completion <sup>2</sup>	City Departments Possibly Affected
9	7.04.2 Amendments to R Street SPD	Dev Svcs/Tara Goddard	16-May-06	Amendments to R Street Special Planning District to Facilitate Development	To be Determined	To be Determined	Dev Svcs
10	4.04.1 Solid Waste Facility Fee/ Host Benefit Fee	General Svcs/Harold Duffly	May/June 2006	Ordinance to mitigate potential impacts to a geographic area relative to locating a solid waste facility. The Law & Leg Committee heard a staff report on this issue on November 4, 2004 and directed staff to get input from an advisory committee and report back to the L&L Committee with recommendations on fees.	To be Determined	To be Determined	Solid Waste/ Dev Svcs
11	1.11 Mobile Food Vendor Ordinance	CM Tretheway/ Aaron Chong	8-Jun-06	The Law & Leg Committee heard a report on February 7, 2006 regarding revising the existing ordinance to address regulation of Mobile Food Vendor industry including hours of operation, locations, etc. The Committee directed staff to report back with a proposed ordinance that addressed a number of issues.	Potentially Yes	Moderate	Finance/Dev Svcs/Code
12	1.06.3 Update on Rental Inspection Program Pilot	L&L Committee/Code	Summer 06	At the meeting of January 17, 2006 the Law & Leg Committee requested a report back on the Rental Inspection Pilot Program after six months.	No	Not Applicable	Code
13	1.05.02 Amend Tree Ordinance	Parks & Rec/Joe Benassini	Fall 2006	Amend the City's Tree Ordinance to add section to: allow assessment of fees; prohibit topping of trees; and amend the tree permit appeals process.	To be Determined	To be determined	Parks & Rec
14	03.05.05 Public Campaign Financing	CMO/Clerk	Winter 2006	Staff returning to committee, per City Council direction, to review what other cities do regarding qualifications on use of public funds for campaigns.	Yes	Moderate	CMO/Clerk

<sup>1</sup> Reflects attorney drafting time only not time required for the legislative process, including staff direction, public outreach, community meetings, workshops, formal noticed public hearings required for adoptions.  
<sup>2</sup> Limited =<10 hrs, Moderate =10-40 hrs, Sig. => 40 hrs

## Legislation Log

Tracking Number	Subject Matter	Ordinance Sponsor/ Staff	Estimated Law & Legislation hearing Date <sup>1</sup>	Notes	Controversial or Significant Policy Issues	Anticipated Attorney Drafting Time for Completion <sup>2</sup>	City Departments Possibly Affected
15	Report Back on Representation of Neighborhood Associations	Dev Svcs/NSD	off agenda report	On June 3, 2003 the Law & Leg Committee requested a report back regarding the noticing process and reliance on Neighborhood Associations that do not always represent a majority of residence on an issue.	To Be Determined	To Be Determined	Dev Svcs/NSD
16	Report Back on Contract Standards	Gen Svcs	off agenda report	Law & Leg Committee heard a report on SB163 on 5/20/03. Report back requested on what contract standards the city currently uses, an evaluation of the proposed standards of SB163 and how they may help the city improve its standards and a recommendation from staff for other contracting standards we should apply in the City.	Potentially	To Be Determined	Gen Svcs
<b>LAW AND LEG COMMITTEE ORDINANCE &amp; REPORTS - DATE PENDING</b>							
17	Contractual Conflict of Interest of City Employees	Finance	Pending	Amendment of code related to prohibition on city employees having a financial interest in a city contract.	No	Limited	Citywide
18	Amend Code Relating to Temporary Construction Zones	Transportation/ Parking/ Howard Chan	Pending	Amend Section 10.36.140 of Title 10 of City Code to delete the use of the cumbersome portable construction signs in favor of a monthly hangtag to improve staff efficiency and provide better customer service.	Unlikely	Moderate	Trans
19	Amend Condominium Conversion Regulations	Dev Svcs/Aaron Sussman	Pending	Proposed updates and revisions to the City Code relative to Condominium Conversions. Heard by Council on 05/17/05 and referred back to staff for report back. Item scheduled to be heard by Council on April 4th as part of the affordable housing workshop. Based on the recommendations by Council, staff will bring this item to L&L.	Possibly	To be determined	Dev Svcs

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20	Lighting Ordinance	Dev Svcs/Gary Stonehouse	Pending	Council requested that the Lighting Ordinance be placed on the Law & Leg Committee schedule.	To Be Determined	To be determined	Dev Svcs
21	Establish Drug & Gun Free Zones and Creation of Civil Exclusion	Police/Sherri Scruggs	Pending	Subject heard by Committee on 12/7/04. Staff met with Portland DA and federal agencies to share information. CAO reviewing information provided. There are concerns regarding the differences in the Oregon and California state constitutions which could impact the ordinance. Staff will follow-up with a date to return to the committee.	Possibly	Significant	Police/CAO
22	Update on Sign Ordinance and Sign Program	Dev Svcs/ NSD	Pending	Development Svcs staff will meet with CW Waters to provide an update. Report presented to Committee in January 2004. Committee provided feedback and directed staff to report back. Staff is reviewing the issue and preparing its report back to the Committee.	Yes	Significant	Dev Svcs/ NSD
23	Illegal Dumping Vehicle Impound Ordinance	CM Hammond/ NSD/Max Fernandez	Pending	Provide for seizure and impound for a specified time for vehicles involved in illegal dumping. Code and CAO working on options. Pending court decision.	Potentially Yes	Significant	Code
24	Front yard Landscaping Ordinance	NSD/Max Fernandez	Pending	Amend City Code related to front yard landscaping to allow maintained garden vegetation. Committee directed staff to return with more restrictive language.	Possibly	Moderate	Dev Svcs / NSD
25	Housing Trust Fund Nexus Study	Dev Svcs	Pending	Amend City Code related to Housing Trust Fund fees. Item scheduled to be heard by Council on April 4th as part of the affordable housing workshop. Based on the recommendations by Council, staff will bring this item to L&L.	Possibly	To Be Determined	Dev Svcs
26	Fire Code Revisions	Fire/Troy Malaspino	Pending	Update the City Code related to fire safety.	No	Moderate	Fire/Dev Svcs

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27	Amend Ordinance Relating to Reward Program	Waters/ Code/Max Fernandez	Pending	Amend ordinance relating to reward program to allow payment of reward at arrest and prosecution.	Unlikely	Limited	Code

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# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT  
March 21, 2006

Honorable Members of the  
Law and Legislation Committee

**Subject:** Support Assembly Bill (AB) 2137 to Alter the Voting Structure of the Sacramento Regional Transit District Board of Directors.

**Location/Council District:** All Districts

**Recommendation:** Support AB 2137 to alter the voting structure of the Sacramento Regional Transit District (RT) Board of Directors.

**Contact:** Azadeh Doherty, Staff Aide, 808-3137

**Presenters:** Azadeh Doherty, Staff Aide

**Department:** Department of Transportation

**Division:** Planning and Policy

**Organization No:** 3416

**Summary:** Assembly Bill 2137 will change the existing "one member, one vote" structure of the Sacramento Regional Transit District (RT) Board of Directors to a weighted voting structure intended to promote greater participation by regional members that are the "non-annexed" jurisdictions, such as the cities of Elk Grove, Folsom and Citrus Heights. RT has requested that jurisdictions to which RT provides transit services to endorse AB 2137.

**Committee/Commission Action:** None.

**Background Information:** The City's representative to the RT Board of Directors has participated in several meetings of an ad hoc committee that was established to develop an alternate governance structure for the RT Board.

The "annexed" members of the RT Board of Directors (representing the cities of Sacramento, Rancho Cordova and Sacramento County) voted to approve an alternate governance structure designed to promote greater participation by regional members. This legislation will allow RT to equitably distribute board voting power among the six (6) jurisdictions that comprise the RT Board. Under this new voting structure, all members of the board will vote on every agenda item, eliminating the distinction between annexed and non-annexed members. Each member's vote would be weighted based on its

financial contribution to RT, giving greater weight to the vote of members that represent jurisdictions that provide greater financial support to RT.

**Financial Considerations:** None

**Environmental Considerations:** None

**Policy Considerations:** Under this weighted voting system, the City will no longer have a majority vote on issues related to RT. RT's recommended formula will give the City a 36.6% percent of the total vote of 100%. However, this new method has been approved by the RT Board of Directors.

**Emerging Small Business Development (ESBD):** n/a

Approved by: *Francesca Lee Halbakken*

Francesca Lee Halbakken  
Interim Director of Department of Transportation

Recommendation Approved:

*for* *Gus Vina*  
GUS VINA  
Assistant City Manager

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Pg 1 Report

Pg 3 Attachment 1: Support Letter to Assemblyman Jones

Pg 4 Attachment 2: Support Letter to Assemblyman Niello

Pg 5 Attachment 3: Assembly Bill 2137

March 21, 2006

Honorable Dave Jones  
California State Assembly  
State Capitol  
Sacramento, CA 95814

**Subject: AB 2137 (Niello & Jones): Sacramento Regional Transit District  
Notice of Support**

Dear Assemblyman Jones:

On behalf of the City of Sacramento, I write in support of AB 2137. This legislation would alter the voting structure of the Sacramento Regional Transit District (RT) Board of Directors.

The annexed members of the RT Board have voted to approve an alternative governance proposal that was developed by an ad hoc committee that included the City of Sacramento's representative to the RT Board.

AB 2137 would amend RT's enabling act to promote greater voting participation by regional members, in matters that come before the board of directors. The goal of the legislation is to minimize the voting distinction between annexed and non-annexed members of the RT Board and to delete or modify several incorrect or obsolete provisions of RT's enabling act.

Thank you for your attention to the City of Sacramento's support of AB 2137.

Sincerely,

Lauren Hammond, Chair  
Law and Legislation Committee

cc: Senator David Cox  
Senator Deborah Ortiz  
Assembly Member Alan Nakanishi  
Assembly Member Roger Niello  
Mayor Fargo and Members of the City Council  
RT Board of Directors & GM/CEO  
League of California Cities  
Emanuel and Jones

March 21, 2006

Honorable Roger Niello  
California State Assembly  
State Capitol  
Sacramento, California 95814

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Sincerely,

Lauren Hammond  
Councilmember

cc: Senator David Cox  
Senator Deborah Ortiz  
Assembly Member Alan Nakanishi  
Mayor Fargo and Members of the City Council  
RT Board of Directors & GM/CEO  
League of California Cities  
Emanuel and Jones

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2137**

**Introduced by Assembly Members Niello and Jones**

February 21, 2006

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An act to amend Sections 102022, 102023, 102055, 102100.1, 102100.3, 102100.7, 102100.8, 102100.9, 102105, 102106, 102122, 102141, 102162, 102205, 102206, 102265, 102311, 102351, 102501, 102509, and 102510 of, to add Sections 102100.10 and 102105.1 to, to repeal Section 102024 of, and to repeal and add Sections 102025, 102026, 102027, 102028, 102100.4, 102100.5, 102100.6 of, the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2137, as introduced, Niello. Sacramento Regional Transit District.

(1) Existing law creates the Sacramento Regional Transit District, with specified powers and duties relative to providing transit services in the Sacramento region. The district is governed by a board of directors, appointed by cities and counties within the boundaries of the district, with provision made for jurisdictions that are not annexed to the district to appoint a director under certain conditions.

This bill would revise the membership of the board of directors to provide for member entities and participating entities, and would establish a weighted voting system based on financial contributions to the district by those entities, thereby imposing a state-mandated local program. The bill would establish standards to determine the amount of financial contributions made from various funding sources. The bill would increase the compensation of directors from \$50 to \$100 per meeting. The bill would make other related changes.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 102022 of the Public Utilities Code is  
2 amended to read:

3 102022. ~~“Sacramento-Regional Area-Planning Commission~~  
4 *Council of Governments*” means that agency or any successor  
5 thereto.

6 SEC. 2. Section 102023 of the Public Utilities Code is  
7 amended to read:

8 102023. “Tax or financial support” includes funds made  
9 available pursuant to the “Mills-Alquist-Deddeh Act” (Chapter 4  
10 (commencing with Section 99200); of Part 11 of Division 10),  
11 *which is also known as the Transportation Development Act, or*  
12 *any successor to that act.*

13 SEC. 3. Section 102024 of the Public Utilities Code is  
14 repealed.

15 ~~102024. “Jurisdiction” means any city or county that is~~  
16 ~~specifically named or described in Section 102015 or 102016,~~  
17 ~~regardless of whether the city or county is annexed to the district~~  
18 ~~as provided in this part.~~

19 SEC. 4. Section 102025 of the Public Utilities Code is  
20 repealed.

21 ~~102025. “Express service” means transit service that serves~~  
22 ~~two or more jurisdictions that is designed and operated so that~~  
23 ~~substantially all of the passengers who use that transit service~~  
24 ~~board within the boundary of one jurisdiction and disembark~~  
25 ~~within the boundary of another jurisdiction.~~

26 SEC. 5. Section 102025 is added to the Public Utilities Code,  
27 to read:

1 102025. "Member entity" means a city or county that is  
2 annexed to the district pursuant to Section 102051, 102052, or  
3 102055. "Member entities" means all those cities and counties.

4 SEC. 6. Section 102026 of the Public Utilities Code is  
5 repealed.

6 ~~102026. "Regional activity center" means a high-volume  
7 public facility that serves as a trip attractor to persons residing  
8 both within and outside the boundary of the jurisdiction in which  
9 the regional activity center is located.~~

10 SEC. 7. Section 102026 is added to the Public Utilities Code,  
11 to read:

12 102026. "Participating entity" means a city or county that has  
13 entered into an agreement with the district pursuant to  
14 subdivision (b) of Section 102100.3, but only during the period  
15 in which the agreement is in effect. "Participating entities" means  
16 all those cities and counties.

17 SEC. 8. Section 102027 of the Public Utilities Code is  
18 repealed.

19 ~~102027. "Regional matter" means a matter regarding regional  
20 transit service as defined in Section 102028 and other matters of  
21 regionwide significance as defined under the district's bylaws.~~

22 SEC. 9. Section 102027 is added to the Public Utilities Code,  
23 to read:

24 102027. "Voting entity" means a member entity or a  
25 participating entity. "Voting entities" means all member entities  
26 and participating entities.

27 SEC. 10. Section 102028 of the Public Utilities Code is  
28 repealed.

29 ~~102028. "Regional transit service" means transit service,  
30 other than express service, that is operated along a route that  
31 traverses a jurisdiction's boundary and meets at least one of the  
32 following criteria:~~

33 ~~(a) It is operated along a route serving more than two  
34 jurisdictions.~~

35 ~~(b) It is operated along a route serving two or more regional  
36 activity centers located within two or more jurisdictions.~~

37 SEC. 11. Section 102028 is added to the Public Utilities  
38 Code, to read:

39 102028. "Transportation planning agency" shall have the  
40 meaning provided in Section 99214.

1 SEC. 12. Section 102055 of the Public Utilities Code is  
2 amended to read:

3 102055. Any city or county may annex to and become a part  
4 of the district upon approval by the board of ~~the district~~ *directors*  
5 following (1) written request by ~~said that~~ *that* city or county to the  
6 district for ~~such that~~ *annexation*, and (2) approval of ~~such that~~  
7 *annexation* by the Sacramento ~~Regional Area Planning~~  
8 ~~Commission~~ *Council of Governments*. Approval of annexation  
9 by the ~~district~~ board shall be made by adoption of a resolution to  
10 that effect.

11 SEC. 13. Section 102100.1 of the Public Utilities Code is  
12 amended to read:

13 102100.1. (a) Except as otherwise provided, the government  
14 of the district shall be vested in a board of directors ~~consisting of~~  
15 ~~not less than seven members who shall serve four-year terms.~~  
16 *The number of members on the board shall be not less than the*  
17 *number of voting entities.*

18 (b) ~~At the first regularly scheduled meeting of the board after~~  
19 ~~January 1, 1981, the directors shall provide for staggered terms~~  
20 ~~by first classifying themselves according to the appointing~~  
21 ~~jurisdiction and secondly classifying themselves by lot so that a~~  
22 ~~director representing the City of Sacramento and a director~~  
23 ~~representing the County of Sacramento shall each hold office for~~  
24 ~~two years, one each shall hold office for three years, and the~~  
25 ~~remainder of the board shall hold office for four years.~~

26 (c) ~~Appointments to the board shall follow the term of the~~  
27 ~~position being filled and all terms shall be for four years, except~~  
28 ~~that if the number of directors is increased, the term of the newly~~  
29 ~~appointed director shall be fixed by the board so that not more~~  
30 ~~than four terms shall expire in any one year.~~

31 (d) ~~In no event shall any director hold office for more than two~~  
32 ~~successive terms, counting the term in effect on January 1, 1980;~~  
33 ~~as the first term~~ *Each appointee to the board shall serve a*  
34 *four-year term, unless earlier removed.*

35 SEC. 14. Section 102100.3 of the Public Utilities Code is  
36 amended to read:

37 102100.3. The number of ~~the members of the board of~~  
38 ~~directors of the district shall be increased by the board as may be~~  
39 ~~necessary to provide both of the following as follows:~~

1 (a) Each city and county specifically named in Sections  
2 102015 and 102016, which is receiving service from the district  
3 and is rendering tax or financial support to the district, member  
4 entity shall have at least *be entitled to make* one appointment to  
5 the board.

6 (b) Each jurisdiction shall have at least one appointment to the  
7 board as provided in Section 102100.4. *A city or county that is*  
8 *not annexed to the district may become a participating entity that*  
9 *is entitled to make at least one appointment to the board if the*  
10 *participating entity enters into an agreement with the district that*  
11 *provides for all of the following:*

12 (1) *The participating entity agrees to pay its proportionate*  
13 *share of the district's cost to provide rail or other district-wide*  
14 *transit services.*

15 (2) *The district agrees to maintain a specified level of rail or*  
16 *other district-wide transit services.*

17 (3) *The district is not obligated to provide transit services to*  
18 *any particular location or along any particular route.*

19 (c) *A voting entity shall be entitled to make an additional*  
20 *appointment to the board under the circumstances set forth in*  
21 *paragraph (6) of subdivision (d) of Section 102105.1.*

22 SEC. 15. Section 102100.4 of the Public Utilities Code is  
23 repealed.

24 ~~102100.4. A jurisdiction that is not annexed to the district~~  
25 ~~may make at least one appointment to the district board, and the~~  
26 ~~member appointed to the district board by that jurisdiction may~~  
27 ~~vote as provided in Section 102100.5, if that jurisdiction enters~~  
28 ~~into an agreement with the district that provides for all of the~~  
29 ~~following:~~

30 ~~(a) The jurisdiction agrees to pay for that entity's~~  
31 ~~proportionate share of the district's cost to provide rail and other~~  
32 ~~districtwide transit services.~~

33 ~~(b) The district agrees to maintain a specified level of rail or~~  
34 ~~other districtwide transit services.~~

35 ~~(c) The district is not obligated to provide transit services to~~  
36 ~~any particular location or along any particular route.~~

37 SEC. 16. Section 102100.4 is added to the Public Utilities  
38 Code, to read:

39 102100.4. The appointing authority of a participating entity  
40 under subdivisions (b) and (c) of Section 102100.3, and the term

1 of its appointee to the board, shall terminate upon termination or  
2 cancellation of the agreement, and the agreement shall  
3 automatically terminate upon the effective date of the entity's  
4 annexation to the district pursuant to Section 102051 or 102055.

5 SEC. 17. Section 102100.5 of the Public Utilities Code is  
6 repealed.

7 ~~102100.5. The appointee of a jurisdiction entering into an  
8 agreement as provided in Section 102100.4 may only vote on a  
9 regional matter, provided that the appointing authority of the  
10 jurisdiction and its appointee's term will terminate upon  
11 termination or cancellation of the agreement, and the agreement  
12 will automatically terminate upon the effective date of the  
13 jurisdiction's annexation to the district pursuant to Section  
14 102055.~~

15 SEC. 18. Section 102100.5 is added to the Public Utilities  
16 Code, to read:

17 102100.5. After initial formation of the district, each voting  
18 entity shall have the right to appoint fewer members than it is  
19 entitled to appoint under Sections 102100.2 and 102100.3,  
20 provided that each voting entity shall appoint at least one  
21 member. Each voting entity shall determine, effective July 1 of  
22 each year, how many members it will appoint for the upcoming  
23 fiscal year. The legislative body of each voting entity shall  
24 provide written notification to the secretary of the board not more  
25 than 60 days and not less than 15 days prior to July 1 of the  
26 number of appointments it will make for the upcoming fiscal  
27 year beginning July 1. Unless and until that notification is  
28 provided, the number of appointments made during the prior year  
29 shall govern.

30 SEC. 19. Section 102100.6 of the Public Utilities Code is  
31 repealed.

32 ~~102100.6. (a) An action by the district board of directors  
33 shall not be void or voidable because a director voted on a matter  
34 initially deemed to be a regional matter that is subsequently  
35 determined not to be a regional matter. However, the matter shall  
36 be set for reconsideration by the district's board of directors if it  
37 first determines, in the manner provided in the district's bylaws,  
38 both of the following:~~

39 ~~(1) The outcome of the vote on that action would have  
40 changed if that director's vote had not been counted.~~

1 ~~(2) The matter is not a regional matter.~~

2 ~~(b) An action by the district board of directors shall not be~~  
3 ~~void or voidable because a director refrained or abstained from~~  
4 ~~voting on a matter initially deemed not to be a regional matter~~  
5 ~~that is subsequently determined to be a regional matter.~~

6 ~~(c) An action by the district board of directors shall not be~~  
7 ~~void or voidable because an appointment was made to the district~~  
8 ~~board of directors that does not comply with the provisions of~~  
9 ~~this Section.~~

10 SEC. 20. Section 102100.6 is added to the Public Utilities  
11 Code, to read:

12 102100.6. An action by the board shall not be void or  
13 voidable under either of the following circumstances:

14 (a) If it is determined, subsequent to an action in which a  
15 member representing a participating entity casts a vote, that the  
16 agreement for that participating entity did not comply with  
17 subdivision (b) of Section 102100.3.

18 (b) Because of any mathematical or clerical error in the  
19 information used to calculate, or because of the calculation of,  
20 the apportionment referred to in paragraph (5), (8), or (9) of  
21 subdivision (d) of Section 102105.1.

22 SEC. 21. Section 102100.7 of the Public Utilities Code is  
23 amended to read:

24 102100.7. The appointments to the board may be changed in  
25 the following manner:

26 Not more often than every two years, ~~the counties, for the~~  
27 ~~unincorporated areas, and the cities in which the district is~~  
28 ~~providing service and in which the voters have authorized the~~  
29 ~~district to operate and levy a tax within their boundaries or that~~  
30 ~~are providing financial support to the district, voting entities may,~~  
31 by agreement, apportion the appointments to the board among  
32 them in the approximate ratio that the district provides transit  
33 service, as determined by the gross cost of the service without  
34 regard to income or revenues of the district, within their  
35 respective boundaries. ~~However, there shall be at least one~~  
36 ~~appointment by each city and county specifically named in~~  
37 ~~Sections 102015 and 102016.~~

38 SEC. 22. Section 102100.8 of the Public Utilities Code is  
39 amended to read:

1 102100.8. Execution of the agreement provided in  
 2 *subdivision (b) of* Section 102100.3 by the district and the City of  
 3 Elk Grove shall be a complete defense in any action or  
 4 proceeding of any kind to enforce or compel compliance with  
 5 Resolution Number 99-1044 adopted by the Sacramento County  
 6 Board of Supervisors or Resolution Numbers LAFC 1205, LAFC  
 7 1206, LAFC 1207, or LAFC 1208, adopted by the Sacramento  
 8 Local Agency Formation Commission, to the extent the  
 9 enforcement action is related to the enforcement of the  
 10 Mitigation Monitoring Reporting Program Mitigation Measure  
 11 Number 2 pertaining to the ~~Sacramento Regional Transit District~~  
 12 *district.*

13 SEC. 23. Section 102100.9 of the Public Utilities Code is  
 14 amended to read:

15 102100.9. For purposes of *paragraph (1) of subdivision (b) of*  
 16 Section 102100.3, the City of Elk Grove's proportionate share  
 17 shall be determined in the manner provided in Section 4B(2) of  
 18 the First Amendment to Interim Agreement for Elk Grove Bus  
 19 Service, dated March 17, 2004, between the district and the City  
 20 of Elk Grove.

21 SEC. 24. Section 102100.10 is added to the Public Utilities  
 22 Code, to read:

23 102100.10. Each voting entity appointing members to the  
 24 board in accordance with Section 102100.2 or 102100.3 may also  
 25 select, in the same manner as the primary member or members,  
 26 one or more alternates, as the case may be, to serve on the board  
 27 when the primary member or members are not available. Each  
 28 alternate shall be appointed to serve for a specific member. The  
 29 alternate shall be subject to the same restrictions and shall have  
 30 the same powers, when serving on the board, as the primary  
 31 member, including assumption of the seniority of the primary  
 32 member for purposes of paragraph (7) of subdivision (d) of  
 33 Section 102105.1. The legislative body of any voting entity  
 34 appointing an alternate shall provide written notification to the  
 35 secretary of the board of each appointment of an alternate in  
 36 order for the appointment to be effective.

37 SEC. 25. Section 102105 of the Public Utilities Code is  
 38 amended to read:

39 102105. The board shall establish rules for its proceedings. ~~A~~  
 40 ~~majority of the members of the board shall constitute a quorum~~

1 ~~for the transaction of business, and all official acts of the board~~  
2 ~~shall require the affirmative vote of a majority of the members of~~  
3 ~~the board.~~ The acts of the board shall be expressed by motion,  
4 resolution, or ordinance. All meetings of the board shall be  
5 conducted in the manner prescribed by the Ralph M. Brown Act  
6 (Chapter 9 (commencing with Section 54950); *of* Part 1; *of*  
7 Division 2; *of* Title 5 of the Government Code).

8 SEC. 26. Section 102105.1 is added to the Public Utilities  
9 Code, to read:

10 102105.1. In acting or any item, the followed weighted voting  
11 procedure shall be applied:

12 (a) There shall be a total of 100 votes.

13 (b) The presence of members eligible to cast a majority of the  
14 100 votes shall constitute a quorum for the transaction of  
15 business.

16 (c) Except as otherwise provided in this section, and  
17 notwithstanding any other provision of law, all official acts of the  
18 board shall require the affirmative vote of members casting a  
19 majority of the 100 votes. Any statute, including this part, that  
20 requires a vote of the board shall be interpreted to require a tally  
21 of the votes, rather than a tally of the members of the board. A  
22 statute requiring the affirmative vote of the majority or a greater  
23 number of members of the board, including, but not limited to,  
24 Section 1245.240 of the Code of Civil Procedure, shall be  
25 interpreted as requiring a tally of the votes cast by members,  
26 rather than a tally of members.

27 (d) Each board member shall have the number of votes  
28 determined by the following formula, providing that each voting  
29 entity represented on the board shall have at least one vote, and  
30 providing that there shall be no fractional votes:

31 (1) Each member entity is entitled to five votes as a  
32 membership incentive, providing that the total number of  
33 incentive votes shall not exceed 30. If the number of member  
34 entities exceeds six, the 30 incentive votes shall be divided  
35 equally among the member entities.

36 (2) The remaining votes shall be divided among all voting  
37 entities in proportion to each entity's financial contribution to the  
38 district. The calculation of each voting entity's financial  
39 contribution shall include all of the following:

- 1 (A) Funds allocated to the district pursuant to the  
2 Mills-Alquist-Deddeh Act, also known as the Transportation  
3 Development Act (Chapter 4 (commencing with Section 99200)  
4 of Part 11 of Division 10), as computed by the applicable  
5 transportation planning agency for the voting entity.
- 6 (B) Funds provided to the district by the voting entity pursuant  
7 to an agreement of the type described in subdivision (b) of  
8 Section 102100.3.
- 9 (C) Other local funds made available to the district by the  
10 voting entity for the operation of public transit service.
- 11 (D) The net federal formula grant funds attributable to the  
12 voting entity, which shall be determined by applying the  
13 following formula:
- 14 (i) The revenue projection described in paragraph (8) of  
15 subdivision (b) of Section 102205 shall be multiplied by the  
16 voting entity's proportionate share of the total population of all  
17 voting entities, which shall be determined by using the  
18 population statistics described in paragraph (13) of subdivision  
19 (b) of Section 102205. This calculation yields the gross federal  
20 formula grant funds that are attributed to the voting entity.
- 21 (ii) There shall be subtracted from the gross federal formula  
22 grant funds attributed to the voting entity any federal formula  
23 grant funds that are allocated to the voting entity in the table  
24 described in paragraph (10) of subdivision (b) of Section 102205.  
25 The result of this subtraction shall be the net federal formula  
26 grant funds attributed to the voting entity.
- 27 (3) The total number of votes for each voting entity shall be  
28 the sum of the votes allocated in paragraphs (1) and (2).
- 29 (4) If the division set forth in paragraphs (1) to (3), inclusive,  
30 results in fractional votes, the number of votes allocated shall be  
31 rounded in the following manner:
- 32 (i) Each fractional vote that is 0.6 or greater shall be rounded  
33 up to the nearest whole number, and each fractional vote that is  
34 less than 0.6 shall be rounded down to the nearest whole number.
- 35 (ii) If the sum total of the votes so rounded is greater than 100,  
36 the excess vote or votes shall be taken one each from the voting  
37 entity or entities with the greatest number of total votes, in  
38 descending order of the number of votes, until the sum total is  
39 100. If two or more voting entities have the same number of

1 votes, the vote reduction among those entities shall be done by  
2 lot.

3 (iii) If the sum total of the votes so rounded is less than 100,  
4 one vote shall be added to the total of the voting entity or entities  
5 with the greatest number of total votes, in descending order of  
6 the number of votes, until the sum total is 100. If two or more  
7 voting entities have the same number of votes, the extra votes  
8 shall be allocated by lot among those entities.

9 (5) The determination of financial contribution and the  
10 apportionment of votes shall be approved by the board at the  
11 board meeting at which the budget is adopted. The new voting  
12 apportionment shall be effective on July 1 of each year or as soon  
13 thereafter as the budget is adopted.

14 (6) At the time the apportionment is approved, the following  
15 calculation shall be done for each voting entity: the total number  
16 of votes allocated to the voting entity shall be divided by the total  
17 number of appointments the voting entity is entitled to make  
18 under Sections 102100.2 and 102100.3, regardless of whether  
19 those appointments have been made. If the result is greater than  
20 15 votes per appointment, the voting entity shall be entitled to  
21 appoint an additional member to the board, effective July 1.  
22 Notwithstanding Section 102100.5, the legislative body of the  
23 voting entity making its appointment under this provision shall  
24 give written notification to the secretary of the board within 30  
25 days of approval of the allocation. A member so appointed shall  
26 be subject to the same restrictions and shall have the same  
27 powers, when serving on the board, as any other member.

28 (7) For any voting entity that has appointed more than one  
29 member to the board, the total votes allocated to that voting  
30 entity shall be divided equally among the board members or  
31 alternates representing that entity who are present and voting.  
32 Where an equal division would result in fractional votes, the  
33 votes shall be divided to the nearest whole number among all  
34 members representing the voting entity who are present and  
35 voting, with the remaining votes being allocated, one vote each,  
36 to the members representing the voting entity in order of  
37 seniority, as measured by years of consecutive service on the  
38 board. If two or more members have served for the same length  
39 of time, the extra vote or votes shall be allocated between those  
40 members by lot.

1 (8) If a city or county becomes a voting entity after the annual  
2 allocation called for in this subdivision has taken place, the board  
3 shall approve a new allocation, applying the financial  
4 contribution data used for the most recent allocation and  
5 considering what the new voting entity would have contributed,  
6 had it been part of the district when the preceding allocation took  
7 place. If necessary, the financial contribution of a newly  
8 incorporated entity may be estimated using population figures  
9 from the applicable local agency formation commission.

10 (9) If, during the course of the fiscal year, the financial  
11 projections used to calculate the financial contribution of any  
12 voting entity differ by more than 10 percent from the amount that  
13 will actually be provided during the fiscal year by that entity, the  
14 board may call for a new allocation to be conducted and any  
15 allocation so called for shall be approved by the board. The  
16 allocation shall proceed in the manner described in paragraphs  
17 (1) to (4), inclusive, but the calculation in paragraph (2) shall be  
18 done with reference to the financial contribution actually  
19 provided to the district during the fiscal year (except as otherwise  
20 provided in paragraph (8)), to the extent that contribution is  
21 known.

22 SEC. 27. Section 102106 of the Public Utilities Code is  
23 amended to read:

24 102106. ~~The members~~ *Each member* of the board shall  
25 ~~receive for each attendance at the meetings of the board the sum~~  
26 ~~of fifty one hundred dollars (\$50), but not to exceed two hundred~~  
27 ~~dollars (\$200) in any calendar month (\$100) for each attendance~~  
28 ~~at the meetings of the board,~~ and shall be allowed ~~their~~ actual  
29 necessary traveling expenses incurred in the discharge of ~~their~~  
30 ~~the member's~~ duties.

31 SEC. 28. Section 102122 of the Public Utilities Code is  
32 amended to read:

33 102122. (a) The board of directors may adopt ordinances that  
34 do any of the following:

35 (1) Prohibit persons from knowingly giving false identification  
36 to a district employee engaged in the enforcement of district  
37 ordinances or state laws, or otherwise obstructing the issuance of  
38 a citation for violation of district ordinances or state law.

1 (2) Prohibit unauthorized operation of, interference with, entry  
2 into, climbing upon, attaching to, or loitering on or in transit  
3 facilities or other transit property.

4 (3) Prohibit the removal, displacement, injury, destruction, or  
5 obstruction of any part of any track, switch, turnout, bridge,  
6 culvert, or any other district structure or fixture.

7 (4) ~~Specifying~~ *Specify* conditions under which a passenger  
8 may board a district vehicle with a bicycle and where the bicycle  
9 may be stowed.

10 (b) The board may provide that a violation of any ordinance  
11 adopted pursuant to subdivision (a) is an infraction punishable by  
12 a fine not exceeding seventy-five dollars (\$75), and that a  
13 violation by a person after the second conviction is punishable by  
14 a fine not to exceed two hundred fifty dollars (\$250) and by  
15 community service for a total time not to exceed 48 hours over a  
16 period not to exceed 30 days which do not conflict with the  
17 violator's hours of school attendance or employment.

18 (c) The board may designate persons regularly employed by a  
19 *the* district as inspectors or supervisors whose duties shall include  
20 enforcement of district ordinances adopted under subdivision (a),  
21 Sections 640 and 640.5 of the Penal Code, and Section 22656 of  
22 the Vehicle Code. The designated persons shall have the  
23 authority set forth in Section 836.5 of the Penal Code.

24 (d) This section does not prohibit any person from engaging in  
25 activities that are protected under the laws of the United States or  
26 of California, including, but not limited to, picketing,  
27 demonstrating, or distributing handbills.

28 SEC. 29. Section 102141 of the Public Utilities Code is  
29 amended to read:

30 102141. The commission shall be composed of three  
31 members appointed by ~~each of the city councils and boards of~~  
32 ~~supervisors in cities and counties which are receiving service~~  
33 ~~from the district and are rendering tax or financial support to the~~  
34 ~~district~~ *the legislative body of each voting entity*. At least one of  
35 the three members appointed by ~~each city and county voting~~  
36 ~~entity~~ shall be a member of the appointing body. Commission  
37 members shall serve at the pleasure of their appointing ~~bodies~~  
38 body.

39 SEC. 30. Section 102162 of the Public Utilities Code is  
40 amended to read:

1 102162. Article 4.2 (commencing with Section 87200)  
2 and Article 4.6 (commencing with Section 1120), Chapter 1,  
3 Division 4, Title 1 of Chapter 7 of Title 9 of the Government  
4 Code shall apply to all officers, employees, and contracts of and  
5 with the district.

6 SEC. 31. Section 102205 of the Public Utilities Code is  
7 amended to read:

8 102205. (a) The district shall annually submit its tentative or  
9 proposed budget to the city council of each city and to the board  
10 of supervisors of each county in which the district is providing  
11 service legislative body of each voting entity, within the time and  
12 in the manner required in this section. The

13 (b) The tentative or proposed budget and the final adopted  
14 budget shall be in sufficient detail so as to permit a city council  
15 or board of supervisors to reasonably ascertain matters relating to  
16 the service provided within its jurisdiction, such as projected cost  
17 of service and projected revenues from taxes, fares, and other  
18 sources. The tentative or proposed budget shall be submitted to  
19 each city council and board of supervisors not less than 60 days  
20 prior to its adoption by the district. It shall be submitted for  
21 review and comment. The board of directors may adopt the  
22 budget after its submission to the city councils and boards of  
23 supervisors, but shall consider any comments made by them on  
24 the budget.

25 Prior to the, at a minimum, include the following information  
26 for the applicable fiscal year:

- 27 (1) The projected cost of service.
- 28 (2) The projected revenue from fares.
- 29 (3) The projected revenue to be allocated to the district from  
30 the Transportation Development Act.
- 31 (4) The projected revenue from any contract of the type  
32 described in subdivision (b) of Section 102100.3.
- 33 (5) The projected revenue from any other local funds made  
34 available to the district by a voting entity for the operation of  
35 public transit service.
- 36 (6) A projection of the federal formula grant funds that will be  
37 available and eligible for use during the fiscal year for operating  
38 purposes within the Sacramento urbanized area, including funds  
39 for cities and counties that are not represented on the board.

1 (7) A projection of what portion of the federal formula grant  
2 funds described in paragraph (6) will be allocated to provide  
3 transit service that primarily benefits the residents of cities and  
4 counties that are not voting entities.

5 (8) The amount obtained by subtracting the projection  
6 described in paragraph (7) from the projection described in  
7 paragraph (6), which amount represents the federal formula  
8 grant funds available to operate transit service that primarily  
9 benefits the residents of voting entities.

10 (9) A projection of what portion of the federal formula grant  
11 funds described in paragraph (8) will be allocated to transit  
12 operators other than the district to provide service that primarily  
13 benefits the residents of voting entities.

14 (10) A table that allocates the federal formula grant funds  
15 specified in paragraph (9) to each voting entity using the  
16 following methodology:

17 (A) For federal formula grant funds projected to be received  
18 by a voting entity, all of the funds to be received will be allocated  
19 to that entity.

20 (B) If an entity other than a voting entity receives funds to  
21 provide transit service that benefits a voting entity, those funds  
22 shall be allocated to that voting entity in proportion to the  
23 relative benefit received by that entity from the operation of that  
24 transit service.

25 (11) The amount obtained by subtracting the projection  
26 described in paragraph (9) from the projection described in  
27 paragraph (8), which amount represents the federal formula  
28 grant funds available and eligible for use by the district for  
29 operating purposes.

30 (12) A projection of the revenue from any other source that  
31 will be available to the district for operating purposes during the  
32 fiscal year.

33 (13) The population of each voting entity, as measured by the  
34 population statistics used by the applicable transportation  
35 planning agency to allocate Transportation Development Act  
36 funds for the same fiscal year for which the budget is adopted.

37 (c) The tentative or proposed budget shall be submitted to the  
38 legislative body of each voting entity not less than 60 days prior  
39 to its adoption by the board. It shall be submitted for review and  
40 comment. The board may adopt the budget after submission to

1 *the legislative body of each voting entity, but shall consider any*  
2 *comments made by those legislative bodies on the budget.*

3 (d) *Concurrent with adoption of the budget, the board shall*  
4 *make an affirmative finding that the proposed level of service,*  
5 *reflected in the statement of proposed operation and level of*  
6 *service, to be rendered in any ~~city or county in which the district~~*  
7 *~~will operate~~ voting entity, is commensurate with the level of tax*  
8 *or financial support to be derived from each such ~~city or county~~*  
9 *in which the district will provide service voting entity. In*  
10 *determining the level of service, the board shall consider user*  
11 *benefits and community benefits, in terms of one or more of the*  
12 *following factors: availability of service, patronage, population,*  
13 *and capital improvements.*

14 (e) *The board shall adopt its budget at a public hearing held*  
15 *after the submission of its tentative or proposed budget.*  
16 *Notice of the time and place of the hearing shall be published*  
17 *pursuant to Section 6061 of the Government Code and shall be*  
18 *made not later than the 15th day prior to the date of the hearing.*

19 SEC. 32. Section 102206 of the Public Utilities Code is  
20 amended to read:

21 102206. ~~The district shall also submit to each city council and~~  
22 ~~board of supervisors~~ *the legislative body of each voting entity*  
23 *with its tentative or proposed budget a statement of its proposed*  
24 *operations and level of service for the period covered by the*  
25 *budget, and shall call calling attention to any substantial or*  
26 *significant changes or proposed changes in operations and level*  
27 *of service within each jurisdiction voting entity and a draft of the*  
28 *vote allocation called for by Section 102105.1. A ~~city council or~~*  
29 ~~board of supervisors~~ *legislative body may include with its*  
30 *comments to the district on the budget, comments concerning the*  
31 *proposed operations and, level of service, and vote allocation,*  
32 *and the board shall consider such those comments prior to*  
33 *adopting the budget.*

34 SEC. 33. Section 102265 of the Public Utilities Code is  
35 amended to read:

36 102265. ~~The Sacramento Regional Area Planning~~  
37 ~~Commission~~ *Council of Governments* shall be the long-range  
38 *planning agency advising the district.*

39 SEC. 34. Section 102311 of the Public Utilities Code is  
40 amended to read:

1 102311. The district shall have the power to obtain temporary  
2 transfers of funds in accordance with the last paragraph of  
3 Section ~~25~~ 6 of Article ~~XIII~~ XVI of the California Constitution.

4 SEC. 35. Section 102351 of the Public Utilities Code is  
5 amended to read:

6 102351. Notwithstanding ~~the provisions of Section~~ Sections  
7 7261 and 7262 of the Revenue and Taxation Code, the retail  
8 transactions and use tax ordinance shall provide for rates of  
9 one-quarter or one-half of one percent. The ordinance shall apply  
10 only within that portion of the district that consists of the City of  
11 Sacramento and the unincorporated territory of the County of  
12 Sacramento which is activated as part of the district as of the date  
13 of any election relating to the tax authorized by this article.

14 ~~Funds generated from the levy of such tax shall constitute local~~  
15 ~~financial support for the purposes of Section 99269 and may be~~  
16 ~~used to satisfy the requirements of such section in lieu of general~~  
17 ~~fund moneys of the City or County of Sacramento.~~

18 SEC. 36. Section 102501 of the Public Utilities Code is  
19 amended to read:

20 102501. Whenever the board deems it necessary for the  
21 district to incur a bonded indebtedness for the acquisition,  
22 construction, or repair of any or all improvements, works,  
23 property or facilities, authorized by this part or necessary or  
24 convenient for the carrying out of the powers of the district, or  
25 for any other purpose authorized by this part, it shall, by  
26 ordinance, adopted by a ~~vote of two-thirds of all members of~~ *vote*  
27 *of* the board, so declare and call an election to be held in the  
28 district for the purpose of submitting to the qualified voters  
29 thereof the proposition of incurring indebtedness by the issuance  
30 of bonds of the district; provided the total amount of bonds  
31 issued and outstanding pursuant to this article shall not exceed 15  
32 percent of the assessed value of the taxable property of the  
33 district as shown by the last equalized assessment rolls of the  
34 counties of Sacramento, Placer, and Yolo. The ordinance shall  
35 state:

36 (a) The purposes for which the proposed debt is to be incurred,  
37 which may include all costs and estimated costs incidental to or  
38 connected with the accomplishment of ~~such~~ *those* purposes,  
39 including, without limitation, engineering, inspection, legal,  
40 fiscal agents, financial consultant and other fees, bond and other

1 reserve funds, working capital, bond interest estimated to ~~accrue~~  
2 *accrue* during the construction period and for a period not to  
3 exceed three years thereafter, and expenses of all proceedings for  
4 the authorization, issuance and sale of the bonds.

5 (b) The estimated cost of accomplishing ~~such~~ *those* purposes.

6 (c) The amount of the principal of the indebtedness.

7 (d) The maximum term the bonds proposed to be issued shall  
8 run before maturity, which shall not exceed 50 years from the  
9 date thereof or the date of each series thereof.

10 (e) The maximum rate of interest to be paid, which shall not  
11 exceed 7 percent per annum.

12 (f) The proposition to be submitted to the voters, which may  
13 include one or more purposes.

14 (g) The date of the election.

15 (h) The manner of holding the election and the procedure for  
16 voting for or against the measure.

17 (i) The ordinance may also contain any other matters  
18 authorized by this part or any other law.

19 SEC. 37. Section 102509 of the Public Utilities Code is  
20 amended to read:

21 102509. After the expiration of three years after a bond  
22 election, the board may determine, by ordinance adopted by a  
23 ~~vote of two-thirds of all the members of~~ *vote of* the board, that  
24 any or all of the bonds authorized at the election remaining  
25 unsold shall not be issued or sold. When the ordinance takes  
26 effect, the authorization to issue ~~said~~ *those* bonds shall become  
27 void.

28 SEC. 38. Section 102510 of the Public Utilities Code is  
29 amended to read:

30 102510. Whenever the board deems that the expenditure of  
31 money for the purposes for which the bonds were authorized by  
32 the voters is impractical or unwise, it may, by ordinance adopted  
33 by a ~~vote of two-thirds of all members of~~ *vote of* the board, so  
34 declare and call an election to be held in the district for the  
35 purpose of submitting to the qualified voters thereof the  
36 proposition of incurring indebtedness by the issuance of ~~such~~  
37 *those* bonds for some other purposes or, in the case where bonds  
38 have been sold, the proposition to use the proceeds for some  
39 other purposes. The procedure, so far as applicable, shall be the  
40 same as when a bond proposition is originally submitted.

1 SEC. 39 If the Commission on State Mandates determines  
2 that this act contains costs mandated by the state, reimbursement  
3 to local agencies and school districts for those costs shall be  
4 made pursuant to Part 7 (commencing with Section 17500) of  
5 Division 4 of Title 2 of the Government Code.

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# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT  
March 21, 2006

Honorable Members of the  
Law and Legislation Committee

**Subject:** City Positions on June 2006 Ballot Propositions

**Location/Council District:** Citywide

**Recommendation:**

Approve and forward staff's recommended City positions on the June 2006 ballot propositions.

**Contact:** Yvette Rincon, Legislative Analyst, 808-5827

**Presenters:** Yvette Rincon, Legislative Analyst

**Department:** CMO

**Division:** Government Affairs

**Organization No:** 0310

**Summary:**

There are two propositions on the June 2006 ballot. This report provides information on each proposition, positions taken by the League of California Cities, and the recommendation of staff on a City position for each proposition.

**Committee/Commission Action:** None.

**Background Information:**

Staff reviewed the ballot measures on the June 2006 ballot. In developing recommendations on whether to support, oppose, be neutral, or take no position on the measures, staff considered whether the measures would directly affect City residents or its operations.

Measure	Title	League of Cities Position	Staff Recommended City Position
Proposition 81	California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.	Support	Support
Proposition 82	Public Preschool Education. Tax on Income over \$400,000 for Individuals; \$800,000 for Couples.	The League's Board will be considering its position at the end of March.	Support

**PROPOSITION 81  
CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY  
CONSTRUCTION AND RENOVATION BOND ACT OF 2006**

Proposition 81 provides for a bond issue in the amount of six hundred million dollars (\$600,000,000) to provide for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents in California.

The state would use the bond funds to provide grants to local governments to construct new libraries, expand or renovate existing libraries, acquire land for new or expanded libraries, and provide related furnishings and equipment. The local governments will be required to pay 35 percent of the project cost and individual grants could range from \$50,000 to \$20 million.

If this measure passes, the City will apply for a grant in the amount of approximately \$8.4 million for the Pocket Library.

**PROPOSITION 82  
PUBLIC PRESCHOOL EDUCATION. TAX INCREASE ON INCOMES OVER \$400,000  
FOR INDIVIDUALS; \$800,000 FOR COUPLES.**

Establishes a right to voluntary preschool education for all four-year olds in the State of California. The program would be three hours a day for 180 days a year. The proposition would create new standards for curriculum and teacher qualifications. The program would be funded by a 1.7 percent tax on individual income over \$400,000 and couples' income over \$800,000. It would also provide funding to support facilities to house the program and would provide grants to students, colleges, and universities to support training for teachers and aides.

**Financial Considerations:**

To the extent the City is successful in its application for funding, the City could potentially receive up to \$8.4 million from Proposition 81 for the Pocket Library.

**Environmental Considerations:**

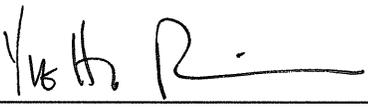
None.

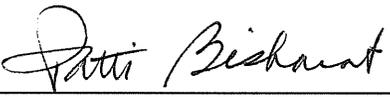
**Policy Considerations:**

The recommended positions are consistent with the Council principles related to promoting livability in the City of Sacramento.

**Emerging Small Business Development (ESBD):**

None.

Respectfully Submitted by:   
Yvette Rincon, Legislative Analyst

Approved by:   
Patti Bisharat  
Government Affairs Director

Recommendation Approved:

*for*   
GUSTAVO F. VINA  
Assistant City Manager

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**Proposition 81**  
**California Reading and Literacy Improvement and Public Library**  
**Construction and Renovation Bond Act of 2006**

**Background**

For the most part, cities, counties, and special districts pay the costs of operating and building local libraries. These libraries do receive some money from the state and federal government for local library operations. For example, local libraries throughout the state are receiving about \$46 million this year from the state and federal governments for various operating costs.

The state also provides funds to help pay for the construction and renovation of library facilities. This funding typically is raised through general obligation bonds. For example:

- In 1988, state voters approved Proposition 85, which authorized \$75 million in general obligation bonds to fund grants to local agencies for building, expanding, or renovating library buildings.
- In 2000, voters approved Proposition 14, which provided an additional \$350 million in bond funds for library projects.

Both grant programs required local agencies to pay for 35 percent of the cost of the project with their own funds. Proposition 14 funded 45 projects, many of which are currently under way. Eligible applications were submitted for an additional 60 projects

which were not funded. These unfunded applications sought \$506 million in state bond funding.

### **Proposal**

This proposition allows the state to sell \$600 million of general obligation bonds for local library facilities. The state would use these bond funds to provide grants to local governments to:

- Construct new libraries.
- Expand or renovate existing libraries.
- Acquire land for new or expanded libraries.
- Provide related furnishings and equipment.

These grant funds could *not* be used for (1) books and other library materials, (2) certain administrative costs of the project, (3) interest costs or other charges for financing the project, or (4) ongoing operating costs of the new or renovated facility.

This grant program is similar to the 2000 program. For example, local agencies would be required to pay 35 percent of the project cost and individual grants could range from \$50,000 to \$20 million.

The new program grants first priority to eligible applications that were submitted but not funded under Proposition 14. No more than \$300 million of the new funding would be reserved for these applications. The remaining bond funds would be available for new applications. The measure also reserves \$25 million for "joint use" projects

servicing both a library and a public education institution (such as a school district or college).

The proposition provides for a seven-member state board to adopt policies for the program and decide which local agencies would receive grants. In reviewing local applications, the board must consider factors such as (1) the needs of urban, suburban, and rural areas; (2) the age and condition of existing library facilities in the area; and (3) the financial ability of the local agencies to operate library facilities.

**Bonds.** General obligation bonds are backed by the state, meaning the state is required to pay the principal and interest costs on these bonds. State General Fund revenues would be used to pay these costs. These revenues come primarily from state personal and corporate income taxes and the state sales tax.

### **Fiscal Effects**

**Costs to Pay Off Bonds.** For these bonds, the state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be almost \$1.2 billion to pay off both the principal (\$600 million) and interest (\$570 million). The average payment would be about \$40 million per year.

**Local Cost to Match State Funds.** As mentioned above, in order to receive a state grant a local agency must provide 35 percent of the project cost. Thus, on a statewide basis, local agencies would need to spend about \$320 million. The cost would vary by local agency depending on the cost of the specific project.

*Costs to Operate New Library Facilities.* Local agencies that build new or expand existing libraries would likely incur additional operating costs. These costs—statewide—could be several millions of dollars annually.

**Proposition 82**  
**Public Preschool Education. Tax Increase on Incomes**  
**Over \$400,000 for Individuals; \$800,000 for Couples.**  
**Initiative Constitutional Amendment and Statute.**

**OVERVIEW OF THE MEASURE**

This proposition changes the California Constitution and state law to create and support a new, publicly funded, preschool program for children to attend in the year prior to kindergarten. Figure 1 shows the main provisions of this proposition, which are discussed in more detail below.

<b>Figure 1</b> <b>Proposition 82: Main Provisions</b>	
✓	<b>Creation of New Preschool Program</b> <ul style="list-style-type: none"><li>• Establishes the right for all children to receive one year of voluntary state-funded preschool beginning in 2010.</li><li>• Offers the program for at least three hours a day for 180 days a year.</li><li>• Creates new standards for curriculum and teacher qualifications.</li></ul>
✓	<b>New Tax on High-Income Earners</b> <ul style="list-style-type: none"><li>• Imposes an additional tax on high-income earners in the state.</li><li>• Uses these tax revenues solely for the new preschool program.</li></ul>
✓	<b>Funding for New Preschool Program</b> <ul style="list-style-type: none"><li>• Increases significantly the per-child funding rate for most preschool children.</li><li>• Provides additional funding to support facilities to house the new program.</li><li>• Provides grants to students and to colleges and universities to support training for teachers and aides.</li></ul>

**BACKGROUND**

Prior to starting kindergarten, most children in California attend some form of preschool or child care program. There is wide variety in the types of programs offered.

Typically, a program where children are cared for in groups is referred to as *center-based care*, also known as a child or day care center, preschool, or nursery school. Survey data suggest that 62 percent of the state's 4-year olds attend some kind of center-based program prior to attending kindergarten. Participation rates, however, vary widely by family income level. For example, about 80 percent of 4-year olds in high-income families (earning over \$75,000 a year) attend center-based programs, while the comparable figure for low-income families (less than \$18,000 a year) is 49 percent. Children not in center-based care are tended by parents or relatives, or served by other arrangements (including babysitters, nannies, and family child care providers).

All center-based programs must meet minimum health and safety requirements in order to be licensed by the state. Of the children in center-based care, about one-half are served by state and federal programs. These programs primarily serve children who come from low-income families. The three largest programs are:

- ***State Preschool.*** This program provides services for 3 hours a day, 175 days a year. It focuses on helping children with both academic and developmental skills. The state spends about \$210 million annually for 4-year olds in the program.
- ***State General Child Care.*** This program, which typically runs 220 days a year, is similar to preschool in the morning, with adult-supervised enrichment programs in the afternoon. The state spends about \$150 million annually for 4-year olds in this program.

- ***Federal Head Start.*** This provides both an education program and family support services—including health, nutrition, and social services. The federal government spends about \$500 million annually for California 4-year olds in this program.

A variety of providers—both not-for-profit and for-profit—serve the other half of California 4-year olds attending center-based programs. Families typically pay for these services. Even though most center-based programs are licensed by the state, programs can vary considerably with regard to focus, structure, participation cost, and teachers' educational backgrounds.

## **PROPOSAL**

Proposition 82 creates a new state program which significantly expands access to publicly funded preschool.

### **Who Does the Program Cover?**

The new program provides 4-year olds access to one year of free preschool. The proposition guarantees this service for all children born on or after June 6, 2006 (that is, 4-year olds starting preschool in 2010). Participation in the new preschool program would be voluntary. It would also be free of charge. (The proposition provides an exception in the case of a "funding emergency," when the Legislature could, with a two-thirds vote and approval of the Governor, pass a one-year requirement that parents pay a fee to help cover the costs of the program. Even in this case, no child could be denied access based on an inability to pay.)

### **What Are the Key Components of the Program?**

The preschool program would consist of the following major components:

- **Curriculum Standards.** The state would determine new standards for what would be taught in the new preschool program. These standards would be based on (1) what the state determines is age and developmentally appropriate and (2) the academic content that is taught in kindergarten through grade 3 classrooms.
- **Staffing Ratios.** The new program requires that for every 20 children, there must be at least one credentialed teacher and one instructional aide. By comparison, state preschool programs must have ratios of no more than 24 children taught by one teacher and two adults. Other licensed preschool programs must have ratios of at least 1 teacher to 12 children, or 1 teacher and 1 aide to 15 children.
- **Access.** The proposition requires that: (1) preschools be located near students' homes, (2) parents be permitted to choose among programs, and (3) children with special needs (including those requiring special education services and non-English speakers) have access to the program.
- **Operational Hours.** The new state preschool program must operate at least 3 hours a day, 180 days a year. This is similar to what most preschool programs currently offer, although only the state and federal programs have specific legal requirements.

**How Would Teachers Be Affected?**

Teachers working in a preschool funded by this measure would have to (1) meet certain qualification requirements and (2) be compensated at specified levels.

*Teacher Qualification Requirements.* The proposition significantly increases educational requirements for preschool teachers. It requires that by July 2014, all teachers in the new state preschool program must have a four-year college degree. (Researchers estimate that around 30 percent of preschool teachers in California currently have a college degree.) By July 2016, teachers would also need to hold a new early learning teaching credential. This would likely require an additional year of education beyond a college degree. (Elementary school teachers could teach in the new preschool program if they receive their elementary teaching credentials prior to 2010 and take roughly one year of college classes in early childhood education.)

Currently, there is no minimum educational requirement for instructional aides working in preschool programs. Proposition 82 requires that preschool aides in the new state program complete 48 units of college, including 24 units studying early childhood education.

Figure 2 summarizes these new requirements and compares them against current licensed preschool programs.

<b>Figure 2 Preschool Teachers/Aides Educational Requirements</b>	
<b>Current</b>	<b>Proposition 82</b>
<p><b>Teachers—State Preschools:</b></p> <ul style="list-style-type: none"> <li>• 40 units (about 1¼ years of college<sup>a</sup>)</li> <li>• 24 units in ECE<sup>b</sup></li> </ul> <p><b>Teachers—Licensed Preschools<sup>c</sup>:</b></p> <ul style="list-style-type: none"> <li>• 12 units in ECE (about ½ year of college<sup>a</sup>)</li> </ul>	<p><b>Teachers:</b></p> <ul style="list-style-type: none"> <li>• College degree</li> <li>• ECE credential</li> <li>• These requirements would typically require five years of college</li> </ul>
<p><b>Aides:</b></p> <ul style="list-style-type: none"> <li>• None</li> </ul>	<p><b>Aides:</b></p> <ul style="list-style-type: none"> <li>• 48 units (about 1½ years of college<sup>a</sup>)</li> <li>• 24 units of ECE (less than 1 year of college<sup>a</sup>)</li> </ul>
<p><sup>a</sup> Assumes units are semester based.  <sup>b</sup> Early childhood education.  <sup>c</sup> Preschools that have been licensed by the state as having met minimum health and safety requirements. These include many private preschools.</p>	

**Teacher Compensation Requirements.** The measure introduces compensation requirements for preschool teachers and aides. Currently, local programs have full discretion to decide what level of salary and benefits to provide to their preschool employees. Researchers estimate that preschool teachers earn an average annual salary of around \$27,000.

The proposition requires that, once they have a college degree and early learning teaching credential, full-time preschool teachers be compensated “similarly” to teachers in the kindergarten through grade 12 (K-12) public school system in their local county. (The proposition defines “full-time” as teaching two three-hour sessions per day.)

Currently, the statewide average annual teacher salary for public K-12 unified school districts is around \$60,000. Together with health benefits and state and district contributions for retirement, K-12 teachers' average annual compensation package is currently around \$76,000. Like teachers, aides in the new preschool program would also have to be compensated similarly to aides in the K-12 system.

In addition, the proposition extends the collective bargaining rights currently offered to public school teachers to all employees working for providers of the new preschool program, including those who work for private preschool providers.

#### **Who Would Administer the Program?**

County Offices of Education (COEs) would have primary responsibility for implementing the program at the local level. They must develop detailed plans describing how the county will meet the program's requirements. The COEs could choose to begin offering services to children in 2007, starting with those living near low-performing elementary schools, or they could wait and offer services to all interested students beginning in fall 2010.

The COEs would select public and/or private preschool programs to serve as providers of the new program. Providers would have to meet all the requirements described above in order to receive funding. Existing State Preschool, State General Child Care, and Head Start programs would be given priority in receiving this new funding. Similar to K-12 public schools, preschool providers would have to be

nondiscriminatory and without religious affiliation in order to be eligible to participate in the new public system.

The state Superintendent of Public Instruction (SPI) would have primary responsibility for overseeing the new preschool program. The SPI would allocate funding for the new preschool program to COEs based on a uniform, statewide per-student rate. For the first ten years of the program, funds would be distributed across counties based on the number of 4-year olds living in each county. Thereafter, funds would be distributed based on the number of students each county serves.

#### **How Would the New Preschool Program Be Funded?**

The proposition establishes a new personal income tax (PIT) rate on high-income earners to support the new preschool program. The measure would impose an additional 1.7 percent tax rate on taxable incomes over:

- Individuals—\$400,000.
- Heads-of-household—\$544,457.
- Married couples—\$800,000.

This would increase the top “marginal” tax rate (that is, the rate applied to the last dollar of income) from 9.3 percent to 11 percent. (See nearby box for an example of how the new rate would affect taxpayers.) Combined, these high-income earners currently represent less than 1 percent (or about 100,000) of total personal income taxpayers in the

state. These taxpayers pay about one-third of the \$45 billion in annual PIT revenues.

The higher tax rate would take effect on January 1, 2007.

**An Example of the Impact of the New Tax Rate**

A single person with a taxable income of \$700,000 a year currently would pay 2005 California personal income taxes of about \$63,000. Most of the income would currently be taxed at the state's top marginal rate of 9.3 percent. Under Proposition 82, this same single person would pay 9.3 percent on most of the income up to \$400,000, but would then pay 11 percent on the income between \$400,000 and \$700,000. This would result in a total tax payment under the measure of \$68,100—an increase of \$5,100.

Proposition 63, passed by voters in 2004, imposes an additional 1 percent tax rate on incomes above \$1 million to support mental health services. (This tax currently raises around \$700 million a year for these services.) Taxpayers with incomes above \$1 million would continue to pay this added rate under Proposition 82. Thus, Proposition 82's additional 1.7 percent rate would increase these taxpayers' total marginal PIT rate from 10.3 percent to 12 percent. Based on current information, this would be the highest state PIT rate in the country.

### **How Would the Funds Be Used?**

Revenues generated from the new tax described above would be deposited directly in a special state preschool fund. The revenues could only be used to support the new preschool program and not for any other purpose or program.

There are four primary ways in which these funds would be spent: (1) funding the day-to-day operations of preschools, (2) establishing facilities to house the program, (3) training teachers and aides, and (4) developing a reserve fund to help guarantee future program stability.

*Program Operations.* The majority of the revenues generated for the preschool program would be used to provide salaries and benefits for teachers, aides, and directors; purchase supplies and materials; administer, evaluate, and oversee the program; and support other operational and maintenance needs. (The proposition limits state and local program administration costs to no more than 6 percent of total annual program expenditures.)

*Facilities and Teacher Training.* Beyond these ongoing operational expenditures, Proposition 82 also allocates certain funds for start-up costs. Specifically, it allows a total of up to \$2.7 billion of the tax revenues generated for the preschool program to be used primarily over the first ten years of the program to fund the following activities:

- *Up to \$2 Billion for Facilities to House Preschool Programs.* These funds may be used to support construction, lease, purchase, or renovation of

facilities. Based on facility needs plans submitted by each COE, the Superintendent would determine the timing and distribution of this funding.

- ***Up to \$700 Million to Help Prepare Preschool Teachers and Aides to Meet New Qualification Requirements.*** Up to \$200 million may be used for financial aid (scholarships or forgivable loans) to support full- or part-time students seeking to attain the college education required of teachers and aides in the new preschool program. Up to \$500 million may be provided to the state's public colleges and universities to develop and offer coursework in early childhood education, including a new preschool teacher credentialing program.

***Reserve.*** In addition, Proposition 82 establishes an operating reserve for the preschool program. Over the course of the first ten years after passage of the proposition, a portion of the revenues generated by the new tax must be set aside in this reserve account. After ten years, the account must contain enough funds to operate the new preschool program for one year. The program could access the reserve in any year that the statewide per-student preschool program funding level would decline without it.

***Implementation Dates.*** As described above, the measure has various starting dates and timeframes specified for various activities. Figure 3 summarizes these implementation dates.

<b>Figure 3 Timeline for Implementation of Proposition 82</b>	
<b>Finance</b>	
<b>2007</b>	New tax on high-income earners begins to generate revenue for new preschool program (roughly \$2 billion annually).
<b>2007-17</b>	Funding provided for facilities to house preschool program (up to \$2 billion in total over life of program).
<b>2016</b>	State operating reserve must contain enough funds to operate the program for one year.
<b>Program Requirements</b>	
<b>2007-10</b>	Counties can choose to offer preschool services to 4-year olds, prioritizing children who live near low-performing elementary schools.
<b>2010</b>	All 4-year olds in the state must have equal access to free, voluntary preschool services.
<b>Teacher Training</b>	
<b>2007-17</b>	Grants provided to public universities and colleges to train teachers and aides (up to \$500 million).
<b>2007-17</b>	Grants provided to individuals taking college courses required for teachers and aides (up to \$200 million).
<b>2014</b>	Teachers must have a college degree. Aides must have a year and a half of college, and have taken several early childhood education courses.
<b>2016</b>	Teachers must hold an early learning teaching credential or the equivalent.

## FISCAL EFFECT

Proposition 82 would have significant impacts on both state revenues and spending.

### State Revenues

As noted above, the higher PIT rate created by the proposition would take effect January 1, 2007. We estimate that this rate would raise roughly \$500 million in 2006-07 (a partial fiscal year effect). Revenues would increase to a full-year amount of about

\$2.1 billion in 2007-08, and then grow to around \$2.6 billion by 2010-11, when the program would be open to all 4-year olds in the state.

*Potential Taxpayer Responses.* Exactly how taxpayers would respond to the higher marginal tax rate created by Proposition 82 is difficult to estimate. The above revenue estimates, however, incorporate certain actions taxpayers would likely take. For example, the estimates assume that some high-income taxpayers will take actions—such as changing the way that some business-related income is claimed—to minimize the net impact of the PIT rate increase. By reducing the overall income claimed by these high-income earners, these actions would also result in some annual revenue reductions to the state General Fund (around \$100 million) and the mental health program created by Proposition 63 (in the tens of millions of dollars).

The above estimates do *not*, however, take into account more extreme taxpayer responses—such as high-income earners leaving the state or not moving here—as a result of the higher rates. To the extent this occurred, revenues for the new preschool program, the state General Fund, and the Proposition 63 mental health program could be reduced more significantly.

### **Impact on Preschool Program Spending**

As noted above, all the revenues raised by the higher tax rate would be available solely for the new preschool program. The following amounts would be set aside during the first ten years of the program:

- Up to \$2.7 billion for facilities, teacher training, and financial aid.

- A reserve containing enough funds in 2017 to run the program for one year.

The remaining funds would be available for the day-to-day operation of preschools.

*Measure Would Provide Around \$6,000 Per Student.* We estimate that there would be about \$2 billion a year to run the preschool program in 2010-11, the first year all 4-year olds are guaranteed access to a preschool program. The level of funding available for each preschool student would depend primarily upon the number of children who decide to participate in the program. Based on information from other states that offer public preschool for all 4-year olds, our best estimate is that—over time—roughly 70 percent of 4-year olds would participate in the new preschool program. (See nearby box for more information on possible participation in the program.) At this rate, we estimate that in 2010-11, the proposition would provide around \$6,000 per student in the new preschool program. (By comparison, we estimate that California's per-student funding rate for its existing state preschool would be approximately \$4,000 in 2010-11.) The overall amount of revenue would not change regardless of the number of children who enroll, so per-student funding levels would increase if fewer children chose to participate and decrease if more children enrolled in the program.

**Participation Rates Will Likely Increase**

Reports from other states that have implemented voluntary public preschool for all 4-year olds suggest that as many as 70 percent of California's 4-year olds may opt to participate in the new state program over the long run. In addition, some families will opt to keep their children in private preschools. This could be around 10 percent of all 4-year olds. Combining both private and public preschool expected participation rates, the percent of 4-year olds attending center-based preschool may increase to as high as 80 percent statewide. This compares to the current center-based enrollment estimate of 62 percent.

*Existing Programs Could Augment the Per-Pupil Funding Rate Statewide (\$750 to \$2,000 Per Pupil).* The new preschool program may also be able to take advantage of resources provided to existing state and federal programs that serve 4-year olds. Depending upon future legislative decisions, the rate at which these programs maintain existing services, and how the costs of special education students are addressed, these programs could contribute additional support to the new preschool program in the range of \$750 to \$2,000 per student. Adding these funds to the funding provided by Proposition 82, there would be between \$6,750 and \$8,000 per pupil for preschool operations in 2010-11.

*Comparisons With Other States.* Figure 4 shows a comparison of how other states funded public preschool programs in 2004. Currently, California's per-pupil funding for its state preschool program is in the same spending range as about one-half of the other states in the country. Proposition 82's funding level would mean a significant increase in the amount of state resources provided for each preschool child. This level of support would make California's one of the highest funded state preschool programs in the country.

Figure 4 State Preschool Spending Per Enrolled Child						
\$6,000 or more	\$4,000-\$5,999	\$2,000-\$3,999			Less than \$2,000	No Program
Minnesota	Connecticut	Alabama	Illinois	<i>Oklahoma<sup>a</sup></i>	Kansas	Alaska
New Jersey	Delaware	Arizona	Iowa	Texas	Maine	Idaho
Oregon	Massachusetts	Arkansas	Kentucky	Virginia	Maryland	Indiana
	North Carolina	<b>California</b>	Louisiana	Washington	Nebraska	Mississippi
	Ohio	Colorado	Michigan	West Virginia	New Mexico	Montana
	Tennessee	<i>Florida<sup>a</sup></i>	Missouri	Wisconsin	South Carolina	New Hampshire
		<i>Georgia<sup>a</sup></i>	Nevada		Vermont	North Dakota
		Hawaii	New York			Rhode Island
						South Dakota
						Utah
						Wyoming

Source: National Institute for Early Education Research, 2004.  
<sup>a</sup> Florida, Georgia, and Oklahoma offer free public preschool to all 4-year olds. Florida's program and funding began in 2005.

**Other Potential Spending Impacts**

Proposition 82 could have a number of other potential fiscal effects. For instance:

- *Preschool Program Could Affect Districts' Special Education Costs.* State and federal law requires school districts to serve the educational needs of 4-year

olds with special needs. It is likely that with greater numbers of children participating in structured preschool programs, greater numbers of 4-year olds will be identified as requiring special education services. If this takes place, school districts would incur increased costs. The new preschool program could cover some of these district costs. Furthermore, some research, based on small pilots of preschool programs, suggests that greater participation in preschool may result in the long run in a reduction in (1) the number of children using K-12 special education services and (2) the number of years some children receive special education services. This would reduce school districts' K-12 special education costs.

- ***Potential State and Local Savings.*** Some research based on pilots of preschool programs suggests that greater participation in preschool may result in such outcomes as: a reduction in the number of children retained in a grade, a reduction in the number of child abuse or neglect reports, and a reduction in the number of juvenile court filings. The degree to which these effects would occur as a result of a statewide preschool program and the amount of related state and local savings are unknown.