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**CITY OF OAKLAND**  
*Agenda Report*

To: Council President Ignacio De La Fuente  
and Members of the City Council  
From: Lupe Schoenberger, City Council Legislative Analyst  
Simón Bryce, Office of the Mayor  
Date: May 16, 2006  
Re: Proposed State Legislative Agenda for 2006

SUMMARY

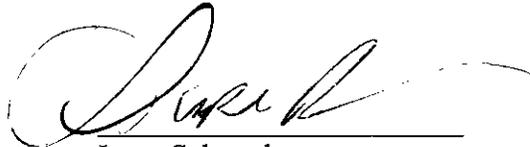
At the City Council meeting of May 2, 2006, the Council moved to reschedule approval of the proposed legislative agenda to the meeting of May 16<sup>th</sup> 2006, in order to discuss the items included in the report and prioritize the projects listed under “Funding Priorities”.

As directed by the City Council, the projects listed under “Funding Priorities” have been re-listed in alphabetical order.

RECOMMENDATION

Staff is recommending that the City Council prioritize the projects listed under “Funding Priorities” and approve the proposed State Legislative Agenda for 2006.

Respectfully submitted,



Lupe Schoenberger  
City Council Legislative Analyst

  
Simón Bryce  
Office of the Mayor



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**M E M O R A N D U M**

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**To:** Simon Bryce, Office of the Mayor, City of Oakland  
Lupe Schoenberger, City Council Liaison, City of Oakland

**From:** Christopher Townsend, President, Townsend Public Affairs  
Isaac Kos-Read, Director of Northern California Operations  
Jennifer Thompson, Senior Sacramento Associate  
Casey O'Connor, Northern California Associate

**Date:** May 16, 2006

**Subject:** 2006 State Government Advocacy Priorities for the City of Oakland

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Townsend Public Affairs, Inc. (TPA) was hired by the City of Oakland to provide State Government Consulting Services to the City of Oakland from October – December of 2005. The objective was to prepare recommendations for a 2006 State Government Advocacy Agenda for the City. We implemented the following protocol in our preparation of the preliminary 2006 State Government Advocacy Agenda:

1. Prepared a briefing for the Mayor, City Council, and City Department Heads (the City) on opportunities at the state level of government in 2006.
2. Conducted briefing sessions with the City regarding the opportunities identified and gather feedback and input regarding additional issues to include in the agenda.
3. Synthesized feedback and input from City into a report and draft recommended agenda for final review, consideration, revision, and approval by City Council.

We have since continually monitored new developments relevant to the City of Oakland and included those in the attached updated Agenda. The following Preliminary 2006 State Government Advocacy Agenda represents the culmination of the protocol described above. Not all representatives of the City were able to provide feedback prior to the preparation of this report, and it is therefore additional modifications may be needed both in terms of content and priority. This is not intended to be comprehensive but representative of the input gathered from the majority of the representatives of the City and incorporating recent developments at the state level relevant to the City of Oakland.

Please note that the order of the following agenda is meant to reflect relative priority based on the likelihood of their being significant activity on a given issue in Sacramento this legislative session. For example, the number one priority this year in Sacramento is the potential infrastructure bond; similarly, this is the first on our agenda. There may be issues that are significant priorities for the City but that are not yet prominent in Sacramento, and therefore would require more resources from the City and its advocacy team than might otherwise be optimal, especially given that there are significant funding and policy opportunities that are both priorities in Sacramento and priorities for Oakland, and thus behoove our primary attention.

## 2006 STATE GOVERNMENT ADVOCACY PRIORITIES FOR THE CITY OF OAKLAND

### LEGISLATIVE PRIORITIES:

1. **STATE WIDE INFRASTRUCTURE BOND MEASURE:** Ensure that the City of Oakland's priorities are met by the measure provided the legislature places such a bond on the November ballot.

**Background:** Governor Schwarzenegger and legislative leadership are negotiating the terms of a potential November 2006 statewide bond measure to address the state's infrastructure needs, broadly defined to include transportation, housing, school facilities, water resources, and even parks, multipurpose facilities, infill development and open space. Though proposals differ on key issues, bipartisan support does exist for an unprecedented level of state investment in infrastructure. It should be a principal objective of the City of Oakland to capitalize on this unprecedented opportunity, seeking to secure funding within the 2006 infrastructure bond proposals from project earmarks or program funding sources with the appropriate priority and eligibility criteria to address the following infrastructure and related needs (attached please find a table listing additional specific transportation project funding needs):

- **Local street repair:** An issue that all officials in Oakland mentioned as a funding priority is basic road repair. Oakland is 96<sup>th</sup> among all of the cities in the nine-county Bay Area in terms of pavement resurfacing. Of the approximately \$560 million in transportation funding needs identified by the Public Works Department, about 49% or \$275 million is for street resurfacing, sidewalk and curb repairs.
- **School repair:** Funding to improve the learning environment for Oakland school children by making necessary capital improvements and repairs to our school buildings, classrooms, playgrounds, and playing fields.
- **Air quality:** Funding for the mitigation and, even more importantly, the prevention of air pollution is critical if Oakland is going to continue to have a successful working port and also a vibrant city with "elegant density" living around transportation nodes.
- **Storm drain repair:** In addition to the basic infrastructure needs, the Oakland Hills in particular are in vital need of renovation of its storm drain system. The current system is easily overwhelmed in a storm and could lead to dangerous flooding and on-going contamination of Lake Merritt and the Estuary into which the system drains.
- **Housing, infill, and TOD's:** Oakland needs funding and incentives for urban infill and affordable housing, especially for Transit-Oriented Developments.
- **Emergency preparedness:** Building on the current low-interest financing to provide homeland security funding for ports, promote a similar fund within the bond package to fund homeland security and disaster preparedness capital expenditures for local governments, especially dense urban areas. Also, pursue opportunities outlined in the attached document entitled "State Funding for Emergency Planning, Response, and Mitigation".
- **Resources, including parks and recreation:** Secure funding for priority capital improvement projects with local matching funds, especially Lake Merritt and Estuary improvements. Ensure that any new parks and open space funding goes to dense urban areas, and is slated toward improving existing parks rather than building new ones.

- 2. TRANSIT VILLAGE DEVELOPMENT:** Support legislation that appropriates funds and/or offsets the cost for Transit Village planning, implementation, and construction, particularly replacement parking at the villages in the process of development and construction.

**Background:** In addition to and concomitant with the infrastructure bond negotiations, there are preexisting legislative efforts regarding Transit-Oriented Development, and with the passage of a bond measure, there will be further trailer legislation to modify implementation of new funding programs for TOD's. The City must ensure that any TOD-related legislation addresses the priorities of Oakland's multiple developments.

- 3. CALIFORNIA ENTERPRISE ZONE:** Ensure the continuation of the designation of Oakland as a California Enterprise Zone and the benefits associated with this designation.

**Background:** There are currently 42 Enterprise Zones (EZ) in the state, with 18 expiring in 2006. Oakland's designation is scheduled to expire September 27, 2008. The EZ Program represents one of the city's strongest economic tools to attract and retain businesses in Oakland. Oakland's zone recently passed an audit by the Department of Housing and Community Development (HCD), but continues to be cited by state legislative proposals and agencies as an example of the need for reform of the EZ Program. The close of 2005 saw a major effort to overhaul the program in the form of AB 1766 (Machado & Dymally), which would have curtailed the areas that would qualify for inclusion in a zone and would limit the types of individuals who could qualify for zone hiring tax credits. Since this time, Assemblyman Juan Arambula, chair of the Assembly Committee on Jobs, Economic Development & the Economy, has been conducting a series of joint hearings with the Assembly Committee on Revenue and Taxation chaired by Assemblyman Johan Klehs to evaluate how best to reform the EZ Program. Meanwhile, HCD has continued moving forward with reforms to the zone designation process, auditing procedures, and vouchering requirements. These regulatory and legislative efforts are significant for the City of Oakland's economic development strategy. The City must ensure the continuation of its designation as an EZ and the optimal benefits and flexibility that come with the designation.

- 4. PROTECT REDEVELOPMENT POWERS:** Protect the redevelopment powers of the City of Oakland by advocating for the City in the state legislative and regulatory process regarding recent proposals to modify redevelopment agency and eminent domain law.

**Background: Objective:** There are a number of bills currently pending in the legislature that would transform redevelopment practices in California. Last fall, Senator Christine Kehoe (D-San Diego) held a series of oversight hearings on redevelopment in an attempt to evaluate and develop reforms for current redevelopment law. Suggestions from the hearings have been incorporated into a number of legislative proposals including the following:

- SB 1206 (Kehoe) is a comprehensive redevelopment reform measure which would strengthen the definition of blight; make it easier to challenge redevelopment decisions; and increase state oversight.
- SCA 12 (Torlakson and Kehoe) would prohibit government agencies from using eminent domain for the taking of "owner-occupied residential property" for private use.
- SCA 15 (McClintock) and ACA 22 (La Malfa) are identical measures that prohibit private property from being taken for private use. Under these constitutional amendments, property taken under eminent domain must be owned and occupied by the condemner and must be used only for the stated public purpose. If the property ceases to be used for that purpose, it must be offered to the original owner or the owner's heirs for the amount of compensation originally received, or the property's new fair market value, whichever is less.

- SB 53 (Kehoe) would require new redevelopment plans to declare whether eminent domain will be used, including prohibitions on the use of eminent domain, and a time limit for the commencement of eminent domain proceedings not to exceed ten years. For plans adopted prior to January 1, 2006, the plan must be amended by July 1, 2006 to include such declarations, including a time limit of January 1, 2009 for the commencement of eminent domain proceedings.

Given the impact of the passage of these bills on redevelopment practices in the City of Oakland, it will be in the City's best interest to be actively engaged in the legislative progress of all redevelopment bills.

- 5. FLOOD CONTROL AND STORM WATER FEES:** Secure passage of ACA 13 (Harman, R-Huntington Beach) or similar legislation that would allow local governments more flexibility to achieve reductions in stormwater and urban runoff pollution.

**Background:** If passed by a 2/3 vote in the legislature, Assembly Constitutional Amendment 13 would appear on the next statewide general election ballot. If subsequently passed by voters, it would authorize cities and counties to raise storm water and flood control fees without voter approval. Currently, sewer, water and refuse collection services fees are exempt from the voter approval process of Proposition 218, but flood control and storm water fees are not. Without this change in the state constitution, cities and counties will continue to have no new source of dedicated revenue for flood control and stormwater programs and structural best management practice operations and maintenance. Heal the Bay and the California League of Cities is promoting this legislation.

- 6. AFTER SCHOOL PROGRAMS:** Ensure that Oakland receives the largest amount of funding possible when the State allocates after-school funding under Prop 49 and ensure no gap in funding for the 25 existing after-school programs of Oakland's After School Initiative.

**Background:** Officials in Sacramento are currently considering various funding formulas for the Prop 49 After-School Initiative passed by voters in 2002. Therefore, it is critical to monitor this discussion and provide input to encourage a formula that benefits Oakland. The No Child Left Behind Act of 2001 was signed into law in January 2002, authorizing the California Department of Education (CDE) to administer California's 21st Century Community Learning Centers (21st CCLC) program. Grants are made each year by the CDE, contingent upon funding becoming available from the federal government. President Bush has proposed no increase in program funding for FY 07, leaving the funding below what was available in 2002 when the program was established. Such a low level of funding could potentially jeopardize a number of existing programs. Though Proposition 49 will provide funding for after-school programs in California, those funds might not be available in the coming year. Therefore, if CDE does not renew the 21<sup>st</sup> Century funding at existing after-school sites in Oakland, legislation may be necessary to ensure the seamless continuation of the existing programs.

- 7. URBAN INFILL HOUSING PROJECTS:** Support specifically defined CEQA exemption legislation without compromising environmental due diligence.

**Background:** Legislation such as SB 832 (Perata) and AB 1387 (Jones), would provide a specifically defined CEQA exemption for urban infill housing projects within certain limits on acreage, housing units, city population, and given certain local approvals, including City Council support of the specified acreage and units. As Oakland continues to seek the creation of affordable housing opportunities for all of its residents, expediting the redevelopment of urban infill properties is a crucial step in creating needed housing. AB 1387 is supported by the

California League of Conservation Voters (CLCV) and the issue of CEQA modification for specific cases is beginning to garner bi-partisan support.

- 8. SUPPORT FOR PAROLEES:** Secure passage of legislation that would restore the ability of drug related felons to receive food stamps under certain specified conditions.

**Background:** AB 1947 (Washington, 2002), passed by the legislature but vetoed by Governor Gray Davis, would have restored the ability of drug related felons to receive food stamps under certain, specified conditions. The Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996 by the federal government, bars those with drug-related felony convictions from receiving federal cash assistance and food stamps during their lifetime unless their state opts out of the program. To date, California has chosen not to opt out. AB 629 (Chan) would direct the State Department of Corrections to contract for the establishment and operation of a reentry services pilot program in Alameda County, which could directly support successful and proven City-run programs such as Project Choice, providing intensive post-release services and supervision to young Oakland parolees.

### **DEVELOPMENT OF LEGISLATION:**

The deadline for introduction of bills for the 2005-2006 legislative session has already passed. Before introducing a bill, the City, in conjunction with the City's Lobbyist, would need to prepare a white paper addressing the problem that the City would solve with State legislation. Below are issues identified by the City of Oakland as targets for future legislation:

- a. **SIDESHOWS:** Develop and secure legislation that strengthens the ability of local jurisdictions to curb reckless driving exhibitions, commonly referred to as "sideshows".
- b. **NUISANCE LIQUOR STORES:** Develop and secure legislation to provide local jurisdictions additional powers to mitigate or shut down nuisance liquor stores and to limit the types of products sold.
- c. **ANTI-PREDATORY LENDING:** Develop and secure legislation that either (a) strengthens anti-predatory lending laws or (b) enables local jurisdictions to enact their own anti-predatory lending laws. The City previously enacted its own anti-predatory lending law to protect customers, but in 2005 the California Supreme Court nullified the law, finding that existing state law preempted the City's local law.
- d. **SUPPORT FOR PAROLEES:** Secure passage of legislation that would restore the ability of drug related felons to receive food stamps under certain specified conditions.

**Background:** AB 1947 (Washington, 2002), passed by the legislature but vetoed by Governor Gray Davis, would have restored the ability of drug related felons to receive food stamps under certain, specified conditions. The Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996 by the federal government, bars those with drug-related felony convictions from receiving federal cash assistance and food stamps during their lifetime unless their state opts out of the program. To date, California has chosen not to opt out. AB 629 (Chan) would direct the State Department of Corrections to contract for the establishment and operation of a reentry services pilot program in Alameda County, which could directly support successful and proven City-run programs such as Project Choice, providing intensive post-release services and supervision to young Oakland parolees.

## **FUNDING PRIORITIES:**

In addition to the long-term opportunity offered by the potential for a major, comprehensive infrastructure bond package, for any additional state government funding Oakland will prioritize the projects listed below.

1. **2006 LIBRARY BOND ACT:** Secure funding from the 2006 Library Bond Act for Oakland Public Libraries.

**Background:** SB 1161 was introduced by Senator Dede Alpert (Ret.) in early 2002 and signed by Governor Schwarzenegger in September of 2004. The California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006 will appear on the June 2006 ballot. It provides \$600 million for public library construction and renovation, prioritizing libraries developed in conjunction with local public schools. Half of the funding will likely be awarded to unfunded projects in the Third Cycle of the previous library bond measure, of which Oakland did not have any. The funding will be given away by a newly created seven member board consisting of the State Librarian, State Treasurer, Department of Finance, a representative from the Assembly and Senate, and two public appointees by the Governor. If the 2006 Library Bond measure is passed by the voters in June 2006, it will likely be available by end of the year, so it is important to develop a plan of funding requests and priorities for this opportunity, especially have well-advanced plans for which libraries Oakland would like to see funded in what will likely be multiple funding cycles.

2. **ADULT LITERACY:** Seek funding sources for adult literacy programs.

**Background:** 26% of Oakland adults cannot read above a 4<sup>th</sup> grade level, therefore, adult literacy programs are needed. It is possible that Proposition 49, the after-school funding initiative, could provide funding for Programs at schools that could benefit young adults jointly with students through school-based literacy programs. The City of Oakland will explore this possibility. Otherwise, the only source of literacy funding will likely be through grant programs under the Department of Justice under the auspices of the Attorney General. The City's lobbyist will research potential sources of funding and provide a report to the City.

3. **BART CONNECTOR:** Support the efforts of Bay Area Rapid Transit (BART) for the construction of a BART/Oakland Airport Connector Project.

**Background:** This public transportation project enjoys support from a broad-based coalition, including the Bay Area legislative delegation, Metropolitan Transportation Commission, Alameda County Congestion Management Agency, Port of Oakland, and the business community. BART has issued a Request for Qualifications for a Design Build Finance Operate contract for the connector, which may preclude BART from receiving State grants. Assistance in the form of low-interest loans may still be available and could be investigated by the City's lobbyist.

4. **CREEKS AND WATERWAYS:** Seek state funds for creeks and waterways restoration.

**Background:** The creek protection and restoration projects reflect the priorities of the City's watershed improvement program, which works closely with, and has the support of, community organizations such as Friends of Temescal Creek, Friends of Sausal Creek and a variety of county, state and federal agencies. Creeks will be restored by re-creating natural meanders, re-grading and stabilizing banks, removing failing structures, and landscaping with native plants.

Criteria to be used when considering creek segments for restoration include potential to improve water quality, hydrology, and wildlife habitat, to prevent floods, and to increase community stewardship; degree of community support and public accessibility; and connectivity to trails. There is a possibility that remaining Proposition 40 and 50 funds could address some of Oakland's urban creeks and waterway needs, but again the primary source of funding will be the Caves Initiative, if it passes. In addition to the funds mentioned above, there is an \$18 million fund specifically for Urban Streams that could be the perfect source of funding for Oakland's needs.

5. **CRYER SITE REMEDIATION:** Obtain state funding to complete the environmental remediation at the Cryer site and to build the Cryer site park.

**Background:** There are a couple of existing state funds for environmental remediation depending on the unique characteristics of the contamination for a given site. The primary source of funding is through the Office of the State Treasurer and the California Pollution Control Financing Authority Cal Re-USE forgivable loan program, which Oakland has utilized in the past. This could be a potential source of funding for Cryer Site. The other primary source of potential funding is under the auspices of the California State Water Resources Control Board and provides funding for the remediation of various pollutants associated with underground storage tanks. Both of these funds involve staff work primarily, which the City lobbyist can facilitate and help expedite by working with the Administration and the Legislature. Also, there is always the potential for General Fund money to supplement any of the competitive programs for this site and others.

6. **EAST OAKLAND SPORTS COMPLEX:** Seek state funds for the capital campaign to develop the East Oakland Sports Complex, which will accommodate cultural, sports, educational and social events and activities for individuals and families.

**Background:** The Sports Complex is intended to facilitate the development of experiences, skills, and talents for a full spectrum of fitness interests. It is assumed that this Complex will work in conjunction with other program and event facilities found nearby and at local schools and parks within the vicinity. In addition, the Complex will include a competitive swim complex designed to accommodate national and international events. The only potential source of funding for the East Oakland Sports Complex, apart from potential General Fund revenue, would again be the potential Caves Initiative, which, by the way, is seen somewhat de facto as the resources piece of the overall statewide infrastructure package and is one reason why there will not be a dedicated water, parks, and resources component approved by the legislature as part of its bond package.

7. **PERALTA HACIENDA PARK:** Obtain at least \$5 million in State funding for the Peralta Hacienda.

**Background:** Apart from future bond funds and potential General Fund money, there is one primary remaining fund in existence at the state level to fund the needed capital development of the Peralta Hacienda Park and facilities. There is \$43 million in Proposition 40 funds remaining under the auspices of the California Cultural and Historical Endowment (CCHE). The Peralta project has applied twice for funding from the CCHE in the past and both times had its application turned down. Round 3 is currently scheduled to have an application due date of January 31, 2007, but successful engagement must begin soon to improve upon the application from the previous rounds and ensure the receptiveness of the CCHE to the project. The maximum available in Round 3 is \$3 million, but no project has yet to receive the maximum, and every dollar must be matched one to one. On a related possibility, the \$43 million remaining

may be spent through other means including the budget process. If this process unfolds, then the funds could be earmarked prior to the end of the year. Similarly, if there is any earmarking of new state bond funds from the Statewide Infrastructure Bond in trailer legislation, this could be another source of funding. Also regarding future bond funds, a coalition of environmentalists have gathered more than enough signatures to place on the June ballot a \$5.388 billion bond measure, known colloquially as "the Caves' initiative," for a broad array of projects including \$90 million for Urban Greening and Joint Use Projects, \$400 million for Local and Regional Parks, and \$100 million for Nature Education Centers, Museums, and Aquariums, which could be an additional source of funds for the Peralta Project.

8. **MEASURE DD MATCHING FUNDS:** Seek state funds to restore and improve Lake Merritt and the Estuary (matching funds for Measure DD):

**Background:** On November 5, 2002, Oakland voters overwhelmingly passed Measure DD, (Oakland Trust for Clean Water and Safe Parks). The measure allows the City to sell bonds in order to raise funds for a variety of parks, clean-water protection and youth recreation projects. This significant local commitment is integral to the City's capability to obtain outside funding by providing matching funds. Specifically, Measure DD authorized \$198.25 million in general obligation bonds for Lake Merritt (\$88.25 million), Estuary Waterfront Access, Parks and Cleanup (\$53 million), Lake Merritt Channel projects (\$27 million), Recreation Facilities (\$20 million), and Creeks (\$10 million). To capitalize on this significant local investment, it is a priority of the Oakland state government lobbyist to seek state matching funds from any and every program to match the Measure DD commitment. There are two strong potential sources of funding to match Measure DD. In addition to the \$90 million for Urban Greening and Joint Use Projects, \$400 million for Local and Regional Parks, and \$100 million for Nature Education Centers, Museums, and Aquariums in the Caves initiatives, there is also \$540 million for various projects that involve the Bay and coastal protection, which encompass the Lake and estuary. If this bond measure passes, these funds will be administered by existing state agencies likely through competitive grant programs requiring or prioritizing projects with local matching funds. The other potential source of funds is remaining money from Propositions 40 and 50 within the Resources Agency. Although no obvious existing program fits the Measure DD needs perfectly, we can work with our legislative delegation to identify unused sources of funds and have them redirected. Finally, there is the potential for new bond money as well as General Fund money given the increase in tax revenue in state coffers.

9. **WATERFRONT POCKET PARKS:** Secure funding for pocket parks along Oakland's waterfront, including the Derby Street Park and the Lancaster Street pocket park.

**Background:** Funding for parks from the previous state park bonds, Propositions 12 and 40, has largely if not completely been exhausted. So again the only source of funding for future pocket parks will be new bond funds or General Fund revenue, unless the federal government begins to block grant funds to the state for parks, which is a possibility, although not necessarily likely. Therefore again the primary potential source of funding will be the Caves Initiative programs if it passes.