

DATE ISSUED: February 6, 2002 REPORT NO. 02-028

ATTENTION: Honorable Mayor and City Council  
Docket of February 11, 2002

SUBJECT: Propositions 40 and 42 on the Statewide Ballot in March 2002

REFERENCE: Governmental Relations Department Memo dated January 23, 2002

#### SUMMARY

Issue - Should the City of San Diego support propositions 40 and 42 on the statewide ballot in March 2002?

Manager's Recommendation - Support Propositions 40 and 42 and direct the Governmental Relations Department to forward the adopted position to the appropriate advocates for the measures.

Other Recommendations - None

Fiscal Impact - Proposition 40, if passed will provide at least \$12 million in local parks funding for the City of San Diego. In addition to this guaranteed allocation, there are a number of funding opportunities within Proposition 40, including the Historical and Cultural Resources Preservation program, the Coastal Commission, the Wildlife Conservation Board, Protection of Water Ways and the Air Resources Board.

Proposition 42 is expected to generate over \$1.1 billion for transportation statewide in this current year, and increase to approximately \$1.57 billion in FY 2008 – 2009 (FY 09). According to SANDAG, in FY 09 the San Diego region is expected to receive \$120 million per year based on the statutory formula distribution. The City will receive \$4,391,889 in FY 2002 – 2003 increasing to 12,297,289 in FY 2008 – 2009<sup>1</sup>.

#### DISCUSSION

---

<sup>1</sup> Projections based upon analysis provided by the League of California Cities.

**Proposition 40 – AB 1602 (Chapter 875, 2001) Keeley**

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002

The California Clean Water, Clean Air, and Safe Neighborhood Parks, and Coastal Protection Act would authorize the sale of \$2.6 billion in general obligation bonds to finance a program for the acquisition, development, restoration, protection, rehabilitation, stabilization, reconstruction, preservation, and interpretation of park, coastal, agricultural land, air, and historical resources.

The proposition is divided into the following five categories:

**1) Local Assistance Programs: \$832 million**

- \$372.5 million will be spent by the State Department of Parks and Recreation on a per capita basis:

**City of San Diego's allocation: \$6,171,000**

**This money is free and clear – does NOT require match**

- \$200 million will be spent according to the Roberti-Z'berg-Harris (RZH) Open-Space and Recreation Act for urban parks and recreational facilities

**City of San Diego's allocation: \$5,936,697**

**This money would require a 30% match, or \$1.78 million.**

**To date, there are no City funds earmarked for this match.**

- \$260 million for grants to under-served communities. Not less than \$50 million of the funds allocated to under-served communities shall be expended on a competitive grant basis. The balance of the funding would be allocated under the Urban Parks Act of 2001 – AB 1481. Specific guidelines for this program have not been developed but the act would fund new park projects in areas that have the greatest deficiencies in parks and recreation facilities. Priority is assigned to projects that include matching grants and have considerable community support.

**San Diego Competitive grant opportunities:**

**\$50 million statewide for urban parks – Projects with a 30% matching will rank higher in competition through State Parks.**

**\$210 million for new park development in urban areas – matching funds required.**

**2) State Park System : \$225 million**

- Not more than 50 percent may be used for acquisition. The Legislature's intent is to give priority to development and restoration projects

**City of San Diego would receive no funds.**

**State park priorities in the region likely to benefit include:**

**1. Cuyamaca State Park: Maggio Ranch – 80 acres providing southern entrance to the park.**

**2. Camp Lockett (Campo): Buffalo Soldiers Training Facility. Acquisition and development of park dedicated to the contributions of Buffalo Soldiers.**

**3) Historical and Cultural Resources Preservation: \$267.5 million**

- Competitive grants for acquisition, development and preservation of buildings, places and artifacts that are culturally significant to California's history.

**San Diego Competitive Grants:**

**Significant funding for deferred maintenance and restoration of historical properties in Balboa Park possible. Guidelines permit maximum award of \$1 million with 50% match.**

**4) Land, Air and Water Conservation: \$1.275 billion**

- \$1.250 billion for competitive grant conservation purposes

Wildlife Conservation Board (Threatened/endangered species & significant landscapes/ecosystems)	\$300 million
California Coastal Conservancy	\$200 million
Protection of Water Ways	\$375 million
- Urban streams/river parkways -	\$75 million
- Beaches/Watershed/Water pollution prevention -	\$300 million

**San Diego Competitive Grant Opportunities:**

- 1. Wildlife Conservation: MSCP Acquisition  
100% match requirement**
- 2. State Coastal Conservancy: \$1 million max anticipated  
No Match required, but much more  
competitive if match is identified.**
- 3. River Parkways:  
\$400,000 max per project  
No Match required, but much more  
competitive if match is identified.**
- 4. Beaches/Watershed:  
No existing guidelines.  
Matching funds recommended but not  
required.**

- \$245 million is directed to non-San Diego Conservancies

San Francisco Bay Area	\$40 million
Tahoe	\$40 million
Santa Monica Mountains	\$40 million
San Joaquin River	\$25 million
Baldwin Hills	\$40 million
San Gabriel River and Lower Los Angeles River	\$40 million
Coachella Valley:	\$20 million

5) **Miscellaneous Statewide purposes**

Conservation Corps	\$20 million
Resource conservation districts	\$ 5 million
Local conservation corps	\$15 million
Air Resources Board	\$50 million
(Reduce air pollution in state and local parks)	
Urban Forestry Programs (CDF)	\$10 million
Agricultural Land Preservation:	\$75 million

**San Diego Competitive Grant opportunities:**

1. **Air Resources:** **Perhaps \$500,000. Air pollution projects are not a San Diego priority.**
2. **Urban Forestry Programs:** **Funding levels between \$5,000 to \$50,000 per project. Planting of canopy trees or a large number of trees.**

Net San Diego Value

- Approximately \$12.1 million guaranteed via the per capita distribution.
- \$2.5 million in identified competitive grants – assuming identification of local matching funds in the amounts between \$500,000 and \$1,500,000.
- Potentially millions of dollars in competitive grants from Wildlife Conservation, State Coastal Conservancy, River Parkways, and Clean Beaches. Identification of 100% matching funds mandatory for Wildlife Conservation, while the other funds have a ranging matching requirement and score project applications higher if a match is identified.

Endorsement

The City of San Diego has the options of:

- Endorsing the proposition
- Opposing the proposition

Taking no position

Government relations proposes that the following three criteria be used in determining that position:

**1) Does the bond address a significant statewide and local issue?**

The State of California has a finite capacity for the issuance of general revenue bonds, generally held to be 4% of the state's general fund budget. Under that formula, the Governor has determined that the state can issue up to \$15 billion in general revenue bonds during the 2002 calendar year. Issuing further bonds reduces the "opportunity" for issuance of bonds that address other public needs such as housing or education.

Government Relations believes that the scope of this bond DOES address issues that are of significant regional concern. They include:

- State park programs
- Local Park acquisition
- Local park maintenance
- Local MSCP land acquisition
- Local River Parkways
- Local Beach closure prevention

**2) Does the bond distribute funds in a fair and equitable way?**

The San Diego Taxpayers Association is OPPOSING this measure because they believe this standard has NOT been met. As evidence they site earmarks that address priorities of other regions, but none to San Diego

- Ranch Cucamonga - \$10 million
- LA City/County area and parks/rivers - \$52.5 million
- SF and SF Bay Conservancy - \$75 million

The irony of no local earmarks is heightened when one considers that San Diego is the second largest city in the State, has the most aggressive natural community conservation plan (NCCP) in the nation, and is considered to be the 2nd largest municipal park system in the nation, only behind New York.

Governmental Relations has determined that efforts by San Diego legislators to ensure our ability to benefit evenly from this measure throughout the legislative session were disregarded in a funding formula change instituted on literally the last night of the 2001 legislative session.

**3) Is San Diego positioned to benefit from this bond measure?**

The Park and Recreation, Storm Water and Multiple Species Conservation Program departments that would lead the effort to win discretionary money report virtually no available funds with which to compete for competitive grants. If legislation passed, State statutes could be amended to set aside matching requirements for approximately \$1.3 billion in six of the above funding categories. However, this is unlikely when it comes to competitive grant programs in which the availability and amount of match is a competitive consideration in the funding award.

**Proposition 42 – ACA 4 (Resolution Chapter 87, 2001) Dutra**

Transportation funding: sales and use tax revenues.

Proposition 42 amends the State Constitution to establish the Transportation Congestion Improvement Act by allocating existing motor vehicle fuel sales and use tax revenue for transportation purposes only.

This measure would, for the 2003-04 fiscal year and each fiscal year thereafter, permanently dedicate the sales taxes on gasoline, that are required to be transferred to the General Fund (GF), to instead be transferred to the Transportation Investment Fund (TIF). Current estimates place the funding level at \$1.1 billion statewide and increasing to \$1.57 billion in 2009.

If proposition 42 is passed, for the 2008-09 fiscal year and each fiscal year thereafter, moneys in the fund would be required to be allocated in the following manner: 20% for public transit and mass transportation; 40% for capital improvement projects in accordance with STIP; 20% for cities for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair; and 20% for counties for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair.

Funding allocations are based on current statutory formula for each category. Under those formulas, the funding levels for San Diego beginning in FY 2008 – 2009 are as follows:

- 20% to the State Public Transit Account  
**Regional funding: \$22 million**
  - \$10.5 million in State Transit Assistance (STA)  
Operating capital purposes
  - \$11.5 million in STIP funding  
Restricted to capital projects
  
- 40% to the State Transportation Improvement Program  
**Regional funding: \$46 million**  
Highway, transit and local projects
  
- 40% to Cities and Counties (20% each):

<b>Regional funding:</b>	<b>\$46 million</b>
Total for cities in San Diego County:	<b>\$24 million</b>
City of San Diego:	<b>\$12.3 million</b>
County of San Diego:	<b>\$22 million</b>

Proposition 42 also allows the Legislature to authorize a one-year suspension of the revenue transfer from the GF to TIF, if the Governor issues a proclamation that the transfer would have a significant negative effect on the government functions supported by the GF, and the Legislature enacts a stand alone statute, by a two-thirds vote in each house that suspends the transfer for one year.

RECOMMENDATION

The Governmental Relations Department recommends the City Council adopt positions of support for propositions 40 and 42 based on the funding opportunities described above. It is further recommended that the Governmental Relations Department be directed to notify the appropriate advocates for each proposition of the City’s adopted position.

ALTERNATIVE

None

Respectfully submitted,

\_\_\_\_\_  
 Andrew L. Poat  
 Governmental Relations Department  
 Director

\_\_\_\_\_  
 Approved: Michael T. Uberuaga  
 City Manager