



JUNE 2016 LAC, CSC & BOARD OF DIRECTORS MEETING SUMMARY

Legislative Action Committee Meeting Summary

- **Larry Stone, Santa Clara County Assessor, presented on legislation addressing assessment of commercial airlines, assessment of below-market homes, and a review of the 2016 Assessment Roll.**
- The airline industry is attempting to change the aircraft assessment appeals process in favor of the airlines through AB 2622 (Nazarian) and SB 1329 (Hertzberg).
- After the 9/11 terrorist attacks, the airline industry suffered major financial losses. In 2005, the assessment methodology was modified to provide interim property tax relief for domestic airlines. Commercial aircrafts were assessed at 10% less than the wholesale value.
- AB 2622 and SB 1329 address whether or not airlines are allowed to continue to receive about a \$2 billion reduction in assessed value.
- Last year the interim assessment methodology was set to expire; AB 2622 (Nazarian) was proposed in order to extend the sunset for another year to allow more time for dialog between the airline industry and the California Association of Assessors.
- SB 1329 (Hertzberg) proposes to extend the current valuation indefinitely and provides “trial de novo” for airline companies disputing the value of commercial aircrafts. This would allow airline companies to take appeals of valuations to the Supreme Court instead of the Assessment Appeals Board, which is more equipped and prepared to resolve technical valuation assessments, and will likely lead to the airline companies using the Appeals Board as a “trial run” for expensive trials in the Superior Court System and extend the time it takes to resolve an assessed value dispute to more than two or three years.
- Recently, a compromise has been proposed that eliminates “trial de novo,” and extends the current assessment methodology for another three years provided the assessment period of the aircrafts are changed to occur during a more accurate “representative period.” Currently the representative period is the second week of January, which is the lowest travel period. The busiest time of the year for airlines is generally between Thanksgiving and the New Year. Assessing commercial aircraft requires assessors to consider many factors including average activity of each carrier operating in California for the year. Sampling data for a single week during the month of the lowest passenger load creates an unfair and inaccurate estimate.

- The LAC was requested to provide recommendation to oppose SB 1329 and support AB 2622 as amended. The LAC unanimously voted to support the request.
- AB 2450 (Achadjian) improves the accuracy of information submitted by property owners to assessors upon a change of ownership, and also clarifies that the county assessor, in addition to the tax collector, are to be provided notice when a public entity proposes to acquire property for a public use. These changes will improve the accuracy and efficiency of the property tax assessment process.
- LAC members unanimously passed recommendation to support AB 2450.
- The 2016 Assessment Roll was reviewed.
- Oral Communication: LAC Member Liz Gibbons and Seth Williams of the League of California Cities recommended cities submit expressions of opposition to the Governor's by right affordable housing proposal due to the undermining of cities' local control. The LCC's template opposition letter is at <https://www.cacities.org/Policy-Advocacy/Action-Center/Governor-s-By-Right-Housing-Proposal>. Leslye Corsiglia of Silicon Valley at Home urged Members to consider the Non-profit Housing Association's position, which is supportive with amendments.

City Selection Committee Meeting

- Jim Davis of Sunnyvale and Greg Scharff of Palo Alto were unanimously reappointed to ABAG Executive Board for a new term expiring June 2018.
- Chris Clark of Mountain View and Mary-Lynne Bernald of Saratoga were unanimously appointed to ABAG Executive Board as Alternates to a new term expiring June 2018.
- Glenn Hendricks of Sunnyvale was unanimously reappointed to the Airport Land Use Commission (ALUC) as a representative from a city that is adjacent to an airport to a new term expiring May 2, 2020.
- Greg Scharff of Palo Alto was unanimously appointed as the At-Large Representative to the ALUC for a term expiring May 2, 2020.
- Marsha Grilli of Milpitas was unanimously appointed to the Silicon Valley Regional Interoperability Authority (SVRIA) as an Alternate to fulfill an ongoing term expiring October 2018.

Board of Directors Meeting Summary

Minimum Wage Subcommittee Members Rod Sinks of Cupertino and Greg Scharff of Palo Alto presented recommendation on minimum wage.

- The Cities Association first adopted minimum wage as a priority in 2015 and supported regional consistency.
- Though the state has passed legislation raising the minimum wage to \$15 by 2022, our region has an option to adopt a more aggressive schedule (like Sunnyvale and Mountain View) due to the higher cost of living than any other region in the state.
- The recent economic analysis and report led by San Jose and presented to the Cities Association in April found increasing the minimum wage to \$15 by 2019 will:


- Increase earnings for 250,000 workers, 25% of the workforce
- Raise average annual earnings of affected workers by 19.4 percent, or \$3,200 (in 2014 dollars)
- Increase average prices in Santa Clara County by 0.2 percent over three years
- Have a net effect on employment that is slightly negative at the county level (1,450 jobs) and close to zero at a 10 county regional level. For details of the presentation and report see presentation at
- Economic analysis shows that:
 - Higher wage costs would be absorbed through improved productivity, reduced worker turnover, and modest price increases.
 - Net effects on employment would be very slightly negative at the city and county levels and close to zero at the regional level.
 - The resulting improvement in living standards would outweigh the small effects on employment.
- For analysis and presentation see http://sanjose.granicus.com/GeneratedAgendaViewer.php?event_id=ef9f9f98-70c3-4924-8de8-50b24984686a
- The subcommittee recommendation included:
 - Ramp-up (increases) take place in three steps (\$12.00 on 1/1/17, \$13.50 on 1/1/18, \$15.00 on 1/1/19);
 - “Off-ramp” triggers during ramp-up phase that would allow for scheduled increases to be delayed under certain economic conditions;
 - Index to Bay Area CPI-W after 2019, capped at 5%
 - Round to nearest 10 cents
 - Exemptions to be determined by individual cities
- Regarding exemptions:
 - An alternative recommendation includes consideration of adopting the State’s Learner exemption: regardless of age, one may be paid not less than 85% of the minimum wage rounded to the nearest nickel during their first 160 hours of employment in occupations in which they have no previous similar or related experience.
 - Mountain View and Sunnyvale included no exemptions in their ordinances.
 - San Jose has a collective bargaining waiver.
 - Some interest expressed in learner/training exemptions.
 - Palo Alto studying potential exemptions.
- Board Members discussed various jurisdictions’ status on considering increasing minimum wage.
- Several members of the public representing San Jose State University, LUNA, Raise the Wage Coalition, Working Partnerships, Sacred Heart Community services, City of Sunnyvale, Santa Clara County provided comments of support for increasing the minimum wage, no exemptions, regional consistency, and ease of implementation across the region.
- CA Restaurant Association representative expressed support for exemption to restaurant wait-staff in order to ease the burden of higher costs on restaurants.

- President Jim Griffith noted a letter of opposition to increasing the minimum wage was received from President and CEO Matt Mahood of San Jose Silicon Valley Chamber of Commerce.
- Board Members endorsed motion to forward presented recommendation to all cities and the County with the following amendments: “no exemptions” and revise “round to nearest 10 cents” to “round to nearest 5 cents.”
- **The final adopted subcommittee minimum wage recommendation includes:**
 - **Increase minimum wage to \$15 by 2019 in three steps: \$12.00 on 1/1/17, \$13.50 on 1/1/18, \$15.00 on 1/1/19;**
 - **“Off-ramp” triggers during ramp-up phase that would allow for scheduled increases to be delayed under certain economic conditions;**
 - **Index to Bay Area CPI-W after 2019, capped at 5%;**
 - **Round to nearest 5 cents;**
 - **No exemptions.**
- Next steps include forwarding letter with recommendation and model ordinance to all membership cities and the County.

Chris O’Connor of Silicon Valley Leadership Group briefly reviewed the proposed November 2016 Tax Measure and requested the Board of Directors to endorse the measure.

- The proposed half-cent 30-year measure will raise approximately \$6 billion.
- The draft expenditure plan includes the following allocations:

OVERALL DRAFT EXPENDITURE PLAN



TRANSIT/Mode Shift	Millions	%
BART to Downtown San Jose/Santa Clara*	1,400	23%
Caltrain Capacity & Safety	1,014	17%
Mass transit for seniors, students, workers, disabled	400	7%
Transit improvements in the West Valley/North County Corridor	350	6%
Bike/Ped Facilities, especially near schools	250	4%
Transit/Mode Shift total:	3,414	56%
ROADS		
Street Maintenance & Pothole Repair	1,200	20%
County Expressways (Tier 1)**	750	12%
Highway Interchanges	750	12%
Roads total:	2,700	44%
Grand total:	6,114	~100%
*BART Cap = 25% of total measure revenue		

- On June 3, VTA Board of Directors unanimously voted to place the sales-tax measure on the November 2016 Ballot.

- Cities Association Board Members expressed individual and jurisdiction positions.
- Public Comment representative of the Silicon Valley Taxpayers Association expressed opposition to the transportation tax measure.
- Board Members motion to support the November 2016 Transportation Ballot Measure passed.

Cities Association FY 2016-17 Budget Proposal was reviewed and presented for adoption. The budget proposal includes a 5% increase in dues in order to resume operations without using Reserves to meet expenses. The Association has been using its Reserves for the past five years in order to meet expenses. The Board of Directors unanimously supported and adopted the proposed 2016-17 Dues and Budget Proposal.

Cities Association Board Appointees Mary-Lynne Bernald of Saratoga and Gary Waldeck of Los Altos Hills provided an update of the recent meetings of the FAA Select Committee on South Bay Arrival. The Select Committee includes four elected officials from each of three counties: San Mateo County, Santa Clara County, and Santa Cruz County. Their appointments are for a limited time and the Committee is not a standing committee. The Select Committee is responsible for accepting public comment, evaluating the new FAA Initiative on South Bay Arrivals, and providing recommendations on South Bay Arrivals to the FAA. Two meetings have occurred to discuss and evaluate the various flight paths and the next meetings are scheduled for June 15th in San Mateo County and June 29th in Santa Clara County; recommendations are due in August.

CSC Appointee Greg Scharff of Palo Alto provided update on recent activities of ABAG. A decision has been made regarding merging ABAG and MTC. Per the various merger options presented by Management Partners, both organizations agreed to merge all of ABAG staff with MTC. The ABAG Board and MTC Boards will continue to govern. MTC will oversee both governing Boards and Executive Directors until one Executive Director is selected. Management Partners has been requested to propose an implementation plan which will then be presented and approved by both governing structures.

Jim Griffith reviewed the LAC's recommendation and the Board unanimously supported the following:

- SB 1329 (Hertzberg) – Property Taxation: Certified Aircraft - Oppose
- AB 2622 (Nazarian) – Certificated Aircraft Assessment – Support as amended
- AB 2450 (Achadjian) – Property Taxation: Below Market-Rate Housing – Support
- Board Member Steve Tate of Morgan Hill requested to consider SCC's affordable housing bond at the August LAC/Board Meeting.
- President Jim Griffith requested consideration of AB 45 (Mullin) Household Hazardous Waste at the August LAC/Board meeting.

City Managers' Association Report: Assistant City Manager Kent Steffens' report included an update on the joint Santa Clara County/San Mateo County City Managers' Associations meeting – Seth Miller of the League of California Cities Peninsula Division presented update on the Governor's by right affordable housing proposal and urged cities to opposed it; Leslye Corsiglia presented an overview of Silicon Valley at Home, and Nicole Pollack, Assistant Director of the San Mateo County Human Services Agency presented overview of its Homeless Outreach Teams (HOT).

Legislation Report: Betsy Shotwell of San Jose provided update on November ballots; eight ballots thus far address medical marijuana. August 31st is the deadline for Legislators to pass bills. AB 2502 (Palmer Fix Bill) did not pass out of its house of origin; it may be included in the budget.

Announcements

- Save the date: SVLG Regional Economic Forum, July 21, 2016, 8 am – 12 pm; location TBD; Cities Association is participating as a co-partner.