



City Manager's Weekly Update

August 8, 2012

UPCOMING MEETINGS

- 8/28** Rules and Communications Committee Meeting, 4:30 p.m., Council Chambers
- 9/3** **Labor Day Holiday City Hall and libraries closed.**
- 9/4** City Council Meeting, 7:00 p.m., Council Chambers
- 9/7** Finance Committee Meeting, 8:30 a.m., Council Chambers
- 9/10** CC/SLUSD/SLzUSD Joint Work Session, 7:00 p.m., SLUSD Arts Education Center, 2200 Bancroft Avenue
- 9/12** Facilities Committee Meeting, 4:00 p.m., Council Chambers
- 9/13** Special City Council Meeting, 7:00 p.m., Location TBD
- 9/17** City Council Meeting, 7:00 p.m., Council Chambers
- 9/20** City/SLUSD Liaison Committee Meeting, 4:00 p.m., Council Chambers
- 9/24** City Council Work Session, 7:00 p.m., Council Chambers
- 9/25** Rules and Communications Committee Meeting, 4:30 p.m., Council Chambers

To: City Council
From: Chris Zapata, City Manager

Mark Your Calendar

Summer Reading Program Carnival (reminder)

Saturday, August 11, 10:00 a.m. to 2:00 p.m., Main Library Plaza

- The San Leandro Public Library Summer Reading Program Carnival will be held **August 11**. The carnival is for children who have completed the summer reading program and their families.
- The event is sponsored by the Friends of the San Leandro Library.
- If you would like to attend, please notify Yolanda Carrasco.

Nisei Stories Film Festival (reminder)

Sundays, August 12 & 19, 1:00 p.m. to 4:30 p.m., Main Library Lecture Hall, 300 Estudillo Avenue

- As a part of the California Reads grant, featuring the book *Farewell to Manzanar* by Jeanne Wakatsuki, the San Leandro Public Library will be showing a series of four library produced oral history films about the forced removal and incarceration in camps of Japanese Americans and their Issei parents. Nisei veterans of World War II are also included.
- The films feature residents of the Bay Area and give first-hand accounts of life in the World War II illegal detention centers, the MIS (Military Intelligence Service) and the segregated 100th/442nd Regimental Combat Team. Stories include soldiers' experiences fighting for their country while their families were in illegal detention centers, love and marriage, normalizing the unthinkable, resistance and compliance to the draft, resettlement and the coming of age of a generation of American Citizens caught up in the government actions following the bombing of Pearl Harbor.
- Admission is free, no prior registration needed. Seating is available on a first come, first served basis. For more information call 510-577-3991.

Digital Art By Local Teens – Artists' Reception (reminder)

Tuesday, August 14, 7:00 p.m. to 8:00 p.m., Main Library, 300 Estudillo Avenue

- This summer a group of San Leandro teens learned the basics of Photoshop. They created art that is now on display at the Main Library through August 31.

Carlton Plaza Annual Appreciation BBQ (reminder)

Thursday, August 16, 11:00 a.m. to 2:00 p.m., Carlton Plaza, 1000 East 14th Street

- The Mayor and City Council are invited to the Annual Appreciation BBQ for Firefighters, Paramedics and Police Officers hosted by Carlton Plaza San Leandro on **August 16**.
- Please notify Yolanda Carrasco, if you would like to attend.

Police Department Retirement/Promotional Ceremony (flyer attached)

Thursday, August 16, 3:00 p.m., Civic Center Plaza (in front of the Police Department), 835 East 14th Street

- Please join us for a Police Department ceremony to commend a Captain's retirement, recent promotions, appointments and completion of probation on **August 16**.

Family Bike Party (flyer attached)

Sunday, September 9, 2:00 p.m. arrival and check-in, Memorial Park, 1105 Bancroft Avenue

- San Leandro's first ever free Family Bike Party will take place on **September 9**.
- There will be music, bike decorating and a parade, as well as a bike rodeo and other activities at three great local parks: Memorial, Toyon and Halcyon. Review the attached flyer for more detailed information. This fun filled afternoon will begin at Memorial Park with bike repairing available from **noon to 2:00 p.m.**

15th Annual Senior Resource Fair (flyers attached)

Friday, September 14, 10:00 a.m. to 1:00 p.m., Senior Community Center, 13909 East 14th Street

- The City of San Leandro's 15th Annual Senior Resource Fair will be held on **September 14**. Seniors, their families and caregivers will learn about services, information and resources available to seniors regarding housing, health and wellness, transportation, financial planning, leisure activities, and much more during this information-packed day. Admission is free.
- Over 60 agencies serving seniors will be on hand to provide information, answer questions, and provide free screening and health checks! Recycle bins for fluorescent lamps (no tubes), batteries, expired medications, mercury thermometers, and used eyeglasses, hearing aids, and cell phones will also be available at the fair. Over 600 guests and 74 vendors participated in last year's fair.

Council Information

Upcoming Caltrans Paving Work on East 14th Street - Davis Street to Thornton Street

- On April 24, Caltrans opened bids for a paving project to rehabilitate the pavement on East 14th Street between Davis Street and Thornton Street. The contract was awarded to the low bidder, C. F. Archibald Paving, Inc. of Redwood City.
- The scope of work includes the milling and paving of the top 0.15 feet (approximately two inches) of asphalt concrete road pavement on East 14th Street. Areas where the pavement distress is more severe will be dug out an additional four to five inches and paved with asphalt concrete. Traffic loops and pavement striping will be replaced in kind.
- Work will be done at night from Monday through Friday, and 30 working days are specified in the contract. Lane closures will be allowed between the hours of 9:00 p.m. and 7:00 a.m. on most weekdays with the exception of Friday when lane closures will commence after 10:00 p.m. One through traffic lane will be kept open in each direction during lane closure hours.
- Per the contract Special Provisions, Caltrans will schedule milling operations such that the milled areas are repaved during the same shift of work. Therefore, there will not be any significant grade differences between the new and old pavement when East 14th Street is returned to normal operation each morning.
- A City fiber optics conduit is buried in a shallow joint trench located along the south side of East 14th Street. Both Caltrans and the contractor are aware of this conduit, and City staff was present at the preconstruction meeting held on July 10, to stress the importance of working carefully within the vicinity of this trench.

San Leandro Police Department (SLPD) July Crime Statistics (view statistics [here](#); article attached)

- The July crime stats can be viewed at the link above and attached is an article on burglary trends for the Bay Area.
- **Burglary/ Robbery Trends**: Burglaries have increased this year (compared to last) by 9% (lower increase than most cities- see article attached) and our robberies have increased significantly this year by 24%. Armed robberies (involving a firearm) are up 9% from last year. The robberies are a disturbing

trend, which we are focusing on, specifically in the prevention of these crimes and also the apprehension of violent offenders. Residential burglaries throughout Alameda County are trending up significantly.

- **Arrest Trends:** The good news is that felony arrests are up 28% this year.
- **Calls for Service:** Calls for police service have increased 11% over 2011, at a time where the City has three full-time vacancies in the dispatch center (one which is a temporary vacancy) and two police officer vacancies.

New Police Department Crime Analyst Appointed

- We are pleased to announce the appointment of Public Safety Dispatcher Denise Joseph to the position of Crime Analyst. Denise's first job with the City of San Leandro was as a Lifeguard and Pool Manager while working for the Recreation and Human Services Department. Denise was appointed to Public Safety Dispatcher in October 2005. As a dispatcher she has also had the responsibilities of a Communications Training Officer and Tactical Dispatcher for the SWAT and Hostage Negotiation Teams. Denise graduated from California State University Hayward in 2005 and was born in South Africa.
- We hope to move her into this position soon; however, this appointment will result in a total of three vacancies in the dispatch center, which will create a significant impact and staffing shortage in the dispatch center. With that, we are looking at a start date tentatively in September some time and are waiting in the Human Resources Department queue for a dispatcher recruitment.

City Hall Construction Underway

- A contractor has started work this week on the City Hall west wall stucco replacement project (this is the west-facing wall area south of chambers). The contractors will be occupying five of the parking spaces marked for 'City Council Parking Only' for their workers and debris box. For a number of years leaking has occurred around the windows (3 up, 1 down), and the vertical foam piece on the exterior had begun separating from the wall. The work includes removing the existing stucco and four windows, making needed rot repairs, installing new energy-efficient windows, and re-stuccoing and painting. It is anticipated to take approximately two weeks to complete.

AB 1050 (Ma) Could Produce Significant Income to San Leandro (letter and staff report attached)

- The State legislature is reviewing AB 1050 (Ma) which would enable San Leandro to receive its voter-approved utility user tax (UUT) and 911 fees for prepaid communication services. Prepaid communication services are those which consumers pay based on minutes used. These include prepaid phones, phone cards, and online purchases for minutes.
- The potential revenue is more than \$1 million/year. We estimate that the City's UUT telecom and 911 fees are \$6.3 million for FY 12-13. We estimate that 60% of this revenue is generated by cell users (it was 58% in 2011). We estimate that 30% of cell use is by buyers of prepaid communication services, which are not currently paying UUT or 911 fees. Accordingly, the total potential income could be \$1.1 million new revenue per year.
- AB 1050 is scheduled to be heard by the Senate Governance and Finance Committee on August 15. We support the collection of lawful taxes for prepaid communication services and have assisted the League of California Cities in crafting legislation that adapts to new technology.



**YOU ARE INVITED TO THE
SAN LEANDRO
POLICE DEPARTMENT'S**



RETIREMENT/PROMOTIONAL CEREMONY

**THURSDAY, AUGUST 16, 2012
3:00 P.M.
CIVIC CENTER PLAZA
901 E. 14TH STREET**

**We hope you can join us in bidding farewell to
Captain Steve Pricco after 23 years of service.**

**We will also recognize the
following promotions and appointments:**

Captain Greg Lemmon

Lieutenant Luis Torres Sergeant Derrel Ramsey

Crime Analyst Denise Joseph Admin Spec I Elenee Menagias

CSO Jennifer Crosby CSO Lesley Carr

Completion of Probation

Ofc Joseph Kalsbeek Ofc John Robertson Ofc Jason Vincent

Sandra R. Spagnoli
Chief of Police

San Leandro's First Ever



Family Bike Party!



Sunday, September 9, 2012



Arrive and check in at 2:00pm
Memorial Park • 1105 Bancroft Avenue
leave from Memorial Park between 2:15 -2:30pm

Arrive, bike decorating and play from 3:00 - 3:45pm at
Toyon Park • 1500 Bancroft Avenue

Arrive, bike rodeo and family picnic at 4:00pm
Halcyon Park • 1245 147th Avenue



12:00 - 2:00pm • Memorial Park

To help get your bike back on the road and provide a safe ride, THE BIKE MOBILE will be repairing and tuning up bikes for FREE for families participating in the Family Bike Party.

Don't miss out; first come, first served.

(Sponsored by Alameda County Safe Routes to School)

There will be music, bike decorating and a parade, a bike rodeo and other activities at three great local parks: Memorial, Toyon and Halcyon! Bring a picnic dinner in a back pack and plan on having your family dinner at the end of the ride at Halcyon Park! As parking is limited, you are encouraged to ride bikes to Memorial Park for the start!

Be sure to bring helmets, bike locks, sunscreen, snacks and a picnic dinner! Snacks will be available for purchase at Halcyon Park. For your safety and those around you, the following safety guidelines apply:

- **children under the age of 18 are required to wear a helmet**
- **road rules must be followed**
- **alcohol is not allowed**



Sponsored by the San Leandro Recreation and Human Services Department • 577-3462



15th Annual



Senior Resource Fair

Living Longer, Growing Stronger in San Leandro

Join us for this FREE information-packed day with resource and information booths, educational presentations, free health checks, recycling and much more!
Open to anyone interested in issues surrounding seniors.

This year's theme:



“Bright Lights of Broadway”



Best booth decoration wins a prize!

If you are interested in being a Community Resource Vendor at this event, pick up an application at the Senior Community Center, Marina Community Center or City Hall South Office, or visit http://www.sanleandro.org/depts/rec/seniors/annual_senior_resource_fair.asp.

For questions, please call 577-3462.



Date: Friday, September 14, 2012

Time: 10:00am – 1:00pm

**Where: Senior Community Center
13909 East 14th Street, San Leandro**

Free Admission - Free Health Checks - Free Recycling

Raffle Prizes!

Senior Services, Senior Community Center, 13909 East 14th Street, San Leandro, CA 94578
Phone: (510) 577-3462 / FAX: (510) 577-7989



Recycle these items at the Senior Resource Fair:

Mercury Thermometers

CFL Lamps – NO TUBES, PLEASE

Batteries

Expired Medications

Used eyeglasses, hearing aids and cell phones

Learn more about:

Composting

Bay Friendly Gardening

Least Toxic Pest Controls

*Thank you to City of San Leandro Solid Waste & Recycling
Section and the San Leandro Lions Club for providing recycling
services at the Senior Resource Fair.*



Police Cuts, Rumors of Easy Targets Fuel Bay Area Burglary Spike

By Joshua Melvin jmelvin@bayareanewsgroup.com

Posted: 08/06/2012 10:00:00 AM PDT

Bay Area cities have seen double-digit jumps in home burglaries during the first half of 2012 as a storm of such factors as fewer cops on the streets and rumors of easy targets have collided to boost thievery.

The biggest spike is in Palo Alto, with a 63 percent jump in home burglaries, but Oakland has seen a 33 percent hike, and the surge in San Jose is 39 percent.

San Jose Mayor Chuck Reed last week called for data on the spike and an explanation of what his police chief was doing about it. In both San Jose and Oakland, with fewer officers able to respond to calls, police are focusing on homicides or rapes instead, while the reaction to burglaries gets lower priority. In contrast, police say, the

situation on the Peninsula appears to be driven more by the belief in crime circles that communities along the Interstate 280 corridor are easy marks for jewelry and electronics, and homeowners are helping by leaving doors and windows unlocked.

Budget cuts push trend

San Jose Police Chief Chris Moore said budget cuts have chopped his department down from 1,409 officers and trainees in 2007 to 1,056 cops now. As a result, he said, officers on the street may be swamped with calls for help. The less urgent ones, such as a report of a suspicious person, might not get a speedy response. Calls about suspicious people often are tied to break-ins, police say.

San Jose police this year also stopped responding to burglar alarms unless someone confirms that a break-in has happened. But Moore said he believes that has little to do with the recent upward swing.

Moore said he's focusing his resources on fighting back against such violent crimes as killings, gang fights and rapes, as well as other matters directly related to public safety. He said he'd rather not have to choose which types of crimes get priority, but that's the reality.

"These (burglars) don't stop until you catch them," Moore said. "I'd rather catch them the first time, instead of after the sixth or seventh crime."

Oakland, which is down to about 640 officers, a drop of 200 from just three years ago, also gives priority to violent crimes, Oakland Police Department spokeswoman Officer Johnna Watson said.

She said the staff cuts are part of the mix of factors pushing the spike. Recently, she said, the department shifted more cops, vehicles and attention to address the problem and that has made a difference. Police are noticing a recent curb in the burglary trend.

Yet the number of cops on the street isn't the only factor in the burglary bounce. In fact, the Contra Costa County Sheriff's Office, which patrols areas that include more than 517,000 people, has also lost officers because of budget cuts. Yet, home burglaries are down by 13 percent in its jurisdiction, which includes Danville, Orinda, Lafayette and Oakley. Sheriff's Office spokesman Jimmy Lee didn't give a particular initiative credit; rather, he said, it's part of the overall drop in crime the Sheriff's Office has seen.

Burglaries on the rise			
Number of residential burglaries in selected cities. Figures are from January to June.			
City	2011	2012	% Change
Palo Alto ¹	71	116	+63%
Daly City	37	60	+62%
San Jose ²	1,237	1,719	+39%
Sunnyvale	108	149	+38%
Oakland ³	1,963	2,607	+33%
South San Francisco	35	46	+31%
Belmont	22	28	+27%
San Francisco ⁴	2,476	2,908	+17%
Fremont	446	514	+15%
Burlingame	30	31	+3%
Walnut Creek	94	95	+1%
Concord	441	425	-4%
Contra Costa Sheriff	410	356	-13%
San Mateo	182	121	-33%

1 Figures for January to July 18
2 Figures for January 1 to May and includes all types of burglary
3 Figures for January to July 15
4 Figures for January to July 28 and include residential and commercial burglaries
Source: City police departments

BAY AREA NEWS GROUP

Rumors abound

Peninsula police, meanwhile, have been dealing with a spike in crimes that they believe is related to a rumor circulating in some East Bay crime circles.

Detective Bob Collins of the South San Francisco Police Department, which had a 31 percent break-in jump, said burglary suspects have told investigators they'd heard from other crooks that Interstate 280 corridor communities had lots of wealth.

"These homes are upper-middle class and they have things people want," Collins said, adding Peninsula police have launched a regional effort to fight the trend.

Palo Alto police acknowledge a direct connection between dozens of its burglaries and its residents' tendency to leave windows or doors unlocked.

"Unlocked doors have played a significant role," Palo Alto police Sgt. Brian Philip said. "It allows (burglars) a stealthy approach."

Palo Alto police even launched a "Lock It or Lose It" campaign after publicizing the burglary spike in March. But it doesn't appear all residents have been following that advice. Police announced a second spate of burglaries in mid-July, with at least 20 reported since early June. And guess how the crooks got in? Unlocked doors and windows.

It's not the economy

Several police agencies have pointed to the down economy as a factor in the recent burglary surge. But Robert McCrie, a security expert at John Jay College of Criminal Justice in New York City, said the difficulty -- or ease -- of stealing from a home is a better predictor of crime.

In fact, most of the Bay Area's biggest cities, and the country as a whole, have seen overall crime continue to fall in the years after the Great Recession, according to FBI statistics.

So-called "soft target" communities, where home entrances are camouflaged by trees and don't have or use alarm systems, are more likely to attract burglars.

"These are the things that increase the chances you get away with it," McCrie said. "Burglars pass this message on and someone else might say, 'Hey, I can do that.' "

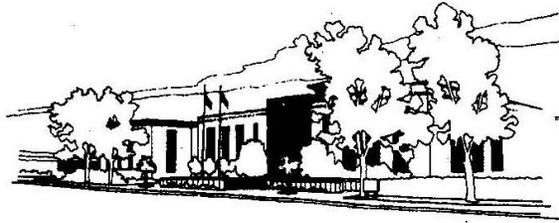
Contact Joshua Melvin at 650-348-4335. Follow him at [Twitter.com/melvinreport](https://twitter.com/melvinreport).

- Lock doors and windows.
- Call police if you see someone or something suspicious.
- Get a burglar alarm or use it if you already have one.
- Trim back hedges and vegetation near doors and windows.
- Record serial numbers of expensive items and take photos of them.
- Put items like jewelry in a safety deposit box.
- Install tracking apps on smartphones and tablet computers.

City of San Leandro

Civic Center, 835 E. 14th Street
San Leandro, California 94577

www.sanleandro.org



August 8, 2012

Ms. Jennifer Whiting
Legislative Representative
League of California Cities
Sacramento, CA
Sent via email to jwhiting@cacities.org

Re: San Leandro's Conceptual Support for AB 1050 (Ma)

Dear Ms. Whiting,

Pre-paid cellular phone cards represent more than 25 percent of cell phone revenue in our City. We are currently receiving little or no taxes from these revenues, despite our voter-approved utility user tax (UUT, which provides for a 5.7% tax on cell phone use) and voter-approved 911 fee. AB 1050 would produce an estimated \$1 million per year in lawful revenue to San Leandro.

This revenue fills a growing gap in the cost of municipal services. In the past 10 years, San Leandro's General Fund operating costs have increased 20%, while the recessionary economy has produced just 8% revenue growth. Given the reduction of traditional revenue collection for cell phone use, we see flat or declining cell phone UUT unless we receive revenue from prepaid phone cards.

We support the creation of a statewide mechanism to capture UUT and 911 fees for prepaid cell phone calls. We understand that the statewide collection could be administered by the State Board of Equalization. We would be more comfortable with a statewide joint power authority to administer the revenue to minimize the cost of administration. Whether the BOE or JPA serves as administrator, however, we would still support the concept of AB 1050.

We would also expect that the State would not use any new power created by this legislation to pre-empt San Leandro's role in collecting other UUT's.

Thanks for your interest in preserving our city's voter-approved UUT and 911 fees.

Sincerely,

Chris Zapata
City Manager

Stephen H. Cassidy, Mayor

City Council:

Pauline Russo Cutter

Ursula Reed

Michael J. Gregory

Diana M. Souza

Jim Prola

Joyce R. Starosciak



CITY OF SAN LEANDRO

STAFF REPORT

Date: August 8, 2012

To: Chris Zapata, City Manager

From: David Baum, Finance Director

Subject: Support for AB 1050 (MA) in concept (Background, Analysis and Recommendation regarding AB 1050 (MA) from the City's UUT Consultant, Donald Maynor provided on August 2, 2012)

SUMMARY AND RECOMMENDATION

This report is for information only, no action is required at this time.

BACKGROUND

I am very familiar with the recent legislative activities on AB 1050 this past week. First, the below is my professional opinion and view, and not that of other stakeholders. It is important to note that MuniServices has been working cooperatively with the League, and all stakeholders for nearly two years on this effort. In fact, a major telecom first approached MuniServices in late 2010/early 2011 to ensure local governments with UUT ordinances would be represented. That being said, yes, AB 1050 and the mechanics of a collection method is complicated, but in my view it is a necessary piece of legislation because it may be the best means of collecting your UUT on prepaid wireless. Yes, there are some risks, but there is also a major opportunity to protect and increase your UUT revenues.

The opportunity

Wireless now makes up over 60% of the telecom UUT in most cities, and that will likely increase. Prepaid makes up about 30% of the wireless market, and that number has been increasing. Currently, you are receiving a fraction of what you could receive if the tax were imposed at the retail level. That's because a number of providers don't remit on prepaid, and those that do, apply the tax "after the fact". So, if someone buys a card but doesn't use it, or partially uses it on telecom, and uses the rest on non-taxable items like ringtones or games, you only get UUT on the actual telecom usage, which is estimated after the fact, and paid by the wireless company out of their pockets (which is why they want this bill).

Bottom line is that you are probably getting way below 1/2 of what you would otherwise get if the tax were applied to the entire price at the retail store, and remitted to the city. This means that you can easily afford to pay some compensation to the retailers and the BOE for collecting and administering your UUT, and still do very well. Plus, the telecom companies are seeking a federal bill (HR 3788) that would relieve them of collecting state and local 911 fees on prepaid wireless, which could easily be amended to include UUT. If the telecom companies were

successful with such legislation (or if they successfully litigated that they have no duty to pay taxes that they cannot collect), your city could lose all of the prepaid wireless revenue.

I am aware that some city attorneys contend that perhaps cities can make the retailers collect under the existing UUT ordinances. I am not certain on whether this is the case, but even if this were correct, the courts would likely require (after protracted litigation) that retailers receive vendors compensation for collecting your tax.

Why the urgency

As noted above, the stakeholders, including many cities and MuniServices, have been working on this complicated issue since the commencement of the 2011-12 legislative session. We are now down to the final days of session and Wednesday, August 15 the Senate Governance and Finance Committee will consider AB 1050. While AB 1050 has an urgency clause, and the legislative process allows rule waivers and exceptions, the Committee jurisdiction is one that governs the local government aspect of the bill. And, your City (as a stakeholder) needs to provide feedback to the League and Committee staff on outstanding issues.

Recommendations

That being said, here are my views and recommendations for your consideration:

1. Accept the "tier-rate" compromise proposal presented by the Legislative Counsel with the 3% vendor's comp, as there is significant resistance from the retailers to collecting different rates for 150 public agencies. However, I recommend that you **not** pay vendors compensation to wireless providers as they were not expecting it, and that would be a bad precedent. No one likes giving the retailers vendors comp, but several states have passed similar legislation with vendors comp in it. Regarding "tier rate", if your city's percentage is less than one of the threshold percentage, you will lose some money. But again, you will be getting a lot more UUT when the tax is applied at the retail level on the entire price than you are currently getting. Also, if you should go out to ballot in the future, you can reset your rate for prepaid wireless to one of the maximum threshold rates.

2. With the BOE administering our local tax, this bill becomes incredibly more complicated. Also, the BOE indicated at a meeting with stakeholders this week that they do not like administering the local tax and interpreting local ordinances. And I agree. I am also concerned that the BOE will come up with excessive "administrative" costs and pass them on to the cities. I understand through stakeholder meetings that the League has expressed concern with the idea of having the UUT cities administer the prepaid UUT through a JPA or third party contractor. However, I feel that municipal administration of the local tax is far superior to the BOE doing it. Yes, the retailers would still remit the local UUT on prepaid to the BOE, but it would be immediately placed into a municipal trust account, which the UUT cities would administer through a JPA or third party administrator. Therefore, it is my recommendation that the "muni administrative" option be fully explored to control your administrative costs, and to limit the BOE's involvement to temporarily receiving and holding your UUT until it is administered by a municipal administrator. Doing this would also allow the UUT cities to retain local control over local issues like refunds, exemptions, and audits, rather than having the BOE take on this responsibility.

August 2, 2012 Request for input from the League of California Cities regarding AB 1050 (Ma)

Dear City Managers, Fiscal Officers and other interested parties,

Earlier today the League held a conference call to discuss new developments on AB 1050, which would set up a standardized collection system for taxes and fees on prepaid wireless communications services. As I explained, negotiations are coming to an end, and we are asking for your input on our position. While the prospect of increased revenues is very enticing, we want to be sure that you are all aware of the risks associated with the proposal.

There are two major components of the bill. First, the state component which is comprised of the statewide 911 fees, and applicable PUC charges and fees. The second component is the local Utility Users Taxes and local 911 fees. The second component is also the more controversial and complicated piece.

Recently, a Senate legislative consultant presented the idea of a tiered-rate collection system for the local taxes. The retailers (which have previously opposed collecting each individual local rate) have agreed to this approach, and so we are back in negotiations. However, the proposal presents some significant risks for cities.

We realize that this is likely the first you are seeing of this proposal (we have only had the details for 3 days), but time is very short. If we are going to be included in the bill, we need to know in the next couple of days. The bill is scheduled to be heard in committee next Wednesday, and there are still many outstanding issues that need to be resolved. We also understand that this timeline does not allow for official city positions, so anything I receive will be kept confidential. But we are here to represent you, and I will only move forward on this if I receive enough support from you all.

Staff has outlined a list of issues to consider in the document, but this list is not exhaustive. If you have more issues that should be considered, please let us know and we will add to the list.

I would appreciate any feedback you can give me by close of business tomorrow, even if the comments are preliminary. I see three possible paths forward: 1) Cities agree to the tiered rates (accepting the risks) and the entire bill moves forward this year; 2) The bill moves forward this year with only the state component and we continue negotiations on the local component next year; and 3) The entire bill is held this year and we continue negotiations next year.

Thank you for your assistance. I am happy to answer any questions you may have.

Jennifer Whiting
Legislative Representative
League of California Cities
(916) 658-8249 phone