Legislative Bulletin

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County of Orange Positions on Proposed Legislation

The Legislative Bulletin provides the Board of Supervisors with analyses of measures pending in Sacramento and Washington that are of interest to the County. Staff provides recommended positions that fall within the range of policies established by the Board. According to the County of Orange Legislative Affairs Procedures adopted by the Board of Supervisors on June 3, 2003, staff recommendations for formal County positions on legislation will be agendized and presented in this document for Board action at regular Board of Supervisors meetings. When the Board takes formal action on a piece of legislation, the CEO will direct the County's legislative advocates to promote the individual bills as approved by the Board. The Legislative Bulletin also provides the Board of Supervisors with informative updates on State and Federal issues.

The 2012 Legislative Platform was adopted by Board of Supervisors' Minute Order dated November 8, 2011.

On March 6, 2012, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

1. SUPPORT AND ADOPT RESOLUTION – AB 1455 (Harkey) High-Speed Rail
2. SUPPORT/SPONSOR – AB 1815 (Harkey) Retirement: Orange County Board of Supervisors
3. SUPPORT/SPONSOR – SB 1231 (Walters) County Employees Retirement: Cost-of-Living Adjustments
4. Receive and File Legislative Bulletin

SACRAMENTO LEGISLATIVE REPORT

ACTION ITEMS

AB 1455 (Harkey) High-Speed Rail – As Amended on February 9, 2012 – SUPPORT AND ADOPT RESOLUTION

Author:	Assembly Member Diane Harkey
Status:	Assembly Transportation
Hearing Date:	TBD
Reviewed:	CEO/Legislative Affairs

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of $9 billion in general obligation bonds for high-speed rail purposes and $950 million for other related rail purposes. Article XVI of the California Constitution authorizes the Legislature, at any time after the approval of a general obligation bond act by the people, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted.

This bill would reduce the amount of general obligation debt authorized for high-speed rail purposes pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2013.

CEO/Legislative Affairs Comments

CEO/Legislative Affairs recommends the Honorable Board to take a support position on AB 1455, and adopt the attached Board Resolution.

The California High Speed Rail Authority (CHSRA) business plan is not in keeping with what voters approved in 2008, nearly tripling the original cost, now estimated at $98.5 to $117 billion for construction costs for Phase I only. The California State Auditor report released on January 24, 2012, states the high-speed rail network's overall financial situation has become "increasingly risky." AB 1455 would remove the remaining available balance of the $9 billion in state debt funding for the high speed rail project, while allowing for the $950 million segment allowed for local transportation to remain available for future funding.

AB 1815 (Harkey) Retirement: Orange County Board of Supervisors – As Introduced on February 21, 2012 – SUPPORT/SPONSOR

Author:	Assembly Diane Harkey
Status:	Assembly – May be heard in committee March 23
Hearing Date:	TBD
Reviewed:	CEO/Legislative Affairs

The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems for county employees, including establishing a board of retirement. Existing law also authorizes elective officers to become members of the retirement association on the first day of the calendar month following the filing of a declaration with the board to become a member.

This bill would provide that a person who is first publicly elected to, or appointed to fill the term of a person who is publicly elected or appointed to, the Orange County Board of Supervisors, on or after January 1, 2012, would not become a member of that retirement system by virtue of that service, would not acquire any retirement right or benefit for serving in that elected office, and would not be credited with service for purposes of the retirement system by virtue of serving on the Orange County Board of Supervisors.

CEO/Legislative Affairs Comments

CEO/Legislative Affairs recommends the Honorable Board to take a support position on AB 1815. Government Code 31553 prevents Orange County from excluding elective officers from the Orange County Retirement System. All elective officers are given an option to join the system by filing a declaration within 60 days of holding office. This legislation would seek to exclude newly elected members of the Board of Supervisors from entering into the Orange County Retirement System. This proposal is part of the County's 2012 Legislative Platform.

SB 1231 (Walters) County Employees Retirement: Cost-of-Living Adjustments – As Introduced on February 23, 2012 – SUPPORT/SPONSOR

Author:	Senator Mimi Walters
Status:	Senate – May be acted upon on or after March 25
Hearing Date:	TBD
Reviewed:	CEO/Legislative Affairs

The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems for county employees, authorizes counties to establish a board of retirement, and authorizes the board of retirement to provide cost-of-living adjustments and certain supplemental cost-of-living allowances.

This bill would provide that in regard to those supplemental cost-of-living increases, if the retirement system is not fully funded, or if the granting of this benefit will require additional county contributions or create an unfunded liability, the Board of Supervisors may adopt a resolution precluding the board of retirement from granting this benefit to new members, and limiting the benefit to the amount members would be eligible to receive at the date of the resolution.

CEO/Legislative Affairs Comments

CEO/Legislative Affairs recommends the Honorable Board to take a support position on SB 1231.
This proposal would amend the 1937 Act to give the Board of Supervisors the discretion to "freeze" the STAR COLA amounts only to those members who currently receive the benefit and would not allow new members or increases in the benefit if the retirement system is not fully funded.

WASHINGTON LEGISLATIVE REPORT

WASHINGTON UPDATE

Debt Ceiling

The $16.4 trillion debt ceiling was not to be reached until after the 2012 presidential election. However, according to a report to be released on March 2, by The Bipartisan Policy Center (BPC), the $16.4 trillion debt ceiling could be reached by November 2012. The analysis raises the possibility that lawmakers might have to raise the nation's borrowing limit before the election, a scenario they took pains to avoid in the debt deal passed in August 2011. Just a few weeks ago, BPC had estimated the debt-limit would not be reached until the spring of 2013.

Continued sluggishness in the economy, along with the recent payroll package that adds to the deficit are cited as reasons for the shortened timeline. Corporations are paying significantly less in taxes than the Congressional Budget Office (CBO) estimated last August. In its latest forecast, the CBO reported that corporate tax receipts are "significantly weaker" than previously estimated, despite rising profits and lowered its forecast for corporate tax expectations by $78 billion its January 2012 report. Moreover, the payroll tax package approved by Congress last week is also eating into the timeline. The legislation, which also extends unemployment insurance benefits and the Medicare "doc fix," is estimated to increase borrowing by about $101 billion this fiscal year, about a month's worth of borrowing under the debt limit.

The BPC has offered major caveats for its analysis, saying "substantial uncertainty" about the course of the economy for the remainder of the year could substantially alter when the debt limit is actually hit. Instability in financial markets and economies in Europe, heightening tensions in the Middle East, potential spikes in gas prices or any major slowing of the U.S. economy could substantially alter the debt-limit projections.

Should the debt limit be met in November of this year, it would not necessarily require Congress to take immediate action. When the government last reached the debt limit in May, Treasury was able to buy nearly three months of time using measures that pushed the final deadline to August. The BPC projects that similar measures by Treasury would give policymakers until February 2013 to strike a deal.

AB 1542 (Norby) County employees retirement: cost-of-living adjustments.
Introduced: 1/25/2012
Status: 2/2/2012-Referred to Com. on P.E., R. & S.S.
Location: 2/2/2012-A. P.E.,R. & S.S.

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA
Supporting AB 1455 (Harkey) High Speed Rail Lemon Law

March 6, 2012

WHEREAS, voters approved Proposition 1A in November 2008 providing for a $9.95 billion bond, of which $9 billion was approved to fund high speed rail from San Francisco to San Diego in California; and

WHEREAS, the California High Speed Rail Authority (CHSRA) business plan is not in keeping with what voters approved in 2008, nearly tripling the original cost, now estimated at $98.5 to $117 billion for construction costs for Phase I only (San Francisco to Los Angeles-Anaheim) which does not include maintenance and operating costs; and

WHEREAS, the CHSRA ridership, revenue and job estimates have been inflated in order to continue to move the project forward; and

WHEREAS, the CHSRA has $3.3 billion in federal funding awarded to construct high speed rail in the Central Valley with future funding sources unknown; and

WHEREAS, the proposed CHSRA business plan has suffered criticism and legal challenges from many communities that oppose the proposed route and the state's use of the power of Eminent Domain to destroy prime agricultural land, neighborhoods and existing business centers; and

WHEREAS, the Legislative Analyst's Office (LAO) identified a number of serious deficiencies with the CHSRA business plan related to compliance with the voter approved bond, Proposition 1A, funding, ridership, route, and overall viability of the project; and

WHEREAS, the California High Speed Rail Peer Review Group recommend that the legislature not approve the appropriation of the voter approved bond proceeds for the project; and

WHEREAS, the California State Auditor report released on January 24, 2012 states the high-speed rail network's overall financial situation has become "increasingly risky;" and

WHEREAS, any existing rail monies would be better used on the extension and expansion of existing regional and commuter passenger rail systems, and their maintenance; and

WHEREAS, AB 1455 would remove the remaining available balance of the $9 billion in state debt funding for the high speed rail project, while allowing for the $950 million segment allowed for local transportation to remain available for future funding.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Orange, California does hereby support AB 1455.