



Revision to ASR and/or Exhibits/Attachments

Date: February 3, 2012

To: Clerk of the Board of Supervisors

From: Donna Grubaugh, County Executive Office *DG*

RR

ASR Control #(s): 12-000056

Agenda Item(s) # 40 for the 2/7/2012 Board Meeting

Subject: Legislative Bulletin

Explanation:

Revision to Legislative Bulletin

Revised Recommended Action(s)

Make modifications to the:

Subject

Background Information

Summary

Revised Exhibits/Attachments (attached)

Deletion in Legislative Bulletin on:

Page 1 - Deletion of Recommended Action #2

Page 3 - Deletion of AB 1455 (Harkey)

Deletion of AB 1455 (Harkey) Resolution

Additional Information and/or Correspondence (attached)

Revised Legislative Bulletin attached.

CLERK OF THE BOARD
OF ORANGE COUNTY
BOARD OF SUPERVISORS
2012 FEB -3 PM 3:11



Legislative Bulletin

DRAFT

A Publication of the County Executive Office/Legislative Affairs

February 7, 2012
Item No. 40
Vol. XVIII, No. 3

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 February 7, 2012, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

1. SUPPORT/SPONSOR – AB 1542 (Norby) County Employees Retirement: Cost-of-Living Adjustments
2. Receive and File Legislative Bulletin

SACRAMENTO LEGISLATIVE REPORT

SACRAMENTO UPDATE

Budget

On January 31, 2012, the State Controller notified the Legislature that the State faces a cash shortfall of \$3.3 billion by March 8, 2012. This liquidity shortfall will last until April 13, 2011, unless addressed by the Legislature. The Controller is supporting SB 95, which would increase the availability of various funds that could be used as borrowable resources for the state's General Fund for cash flow purposes.

A federal judge has agreed to block cuts in Medi-Cal payments. The judge said the cuts violated federal law. The Governor has said the State will appeal the judge's ruling. This battle stems from the State's effort to slash ten percent from Medi-Cal reimbursements for doctors, dentists, and other healthcare providers.

Redistricting

On January 27, 2012, the California Supreme Court ruled unanimously that candidates for State Senate this year should run in the new districts drawn by the citizens' commission, even if the referendum submitted qualifies for the November ballot.

Referendum signature gatherers collected more than 711,000 signatures to repeal the Senate lines. The signatures are still being checked for validity, but the referendum is expected to qualify. If voters repeal the new lines then the court will order up new maps for 2014.

ACTION ITEMS

AB 1542 (Norby) County Employees Retirement: Cost-Of-Living Adjustments – As Introduced on January 25, 2012 – SUPPORT/SPONSOR

Author: Assembly Member Chris Norby
Status: Assembly Print. May be heard in committee February 25, 2012.
Hearing Date: TBD
Reviewed: CEO/Legislative Affairs

This 2011-2012 County-sponsored legislative proposal (AB 1542) has been reintroduced by Assembly Member Chris Norby.

Existing law, 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 (COLA).

This bill would provide, except as specified, that a person who first becomes a member of the Orange County Employees Retirement System on or after January 1, 2012, shall not be eligible to receive an annual cost-of-living increase, as specified, until at least 12 months from the date of that member's retirement and the member is only eligible to receive an adjustment based on the preceding 12 months.

The bill provides that the operation of these provisions is contingent upon the Orange County Board of Supervisors adopting a resolution making those provisions applicable in that county, as specified.

CEO/Legislative Affairs Comments

CEO/Legislative Affairs recommends the Honorable Board to take a support position on AB 1542. This amendment to the 1937 Act would require a 12-month delay regarding COLA benefits for future retirees of Orange County.

WASHINGTON LEGISLATIVE REPORT

WASHINGTON UPDATE

FAA Funding Extension

During the week of January 23, the House and Senate passed another short-term extension (H.R. 3800) that will keep the Federal Aviation Administration (FAA) running through February 17. The continuing resolution had been set to expire on January 31. This is the 23rd extension since the last reauthorization bill expired in 2007.

At less than three weeks in length, the temporary measure is also one of the shortest funding extensions for the agency. However, it is hoped that the short amount of time is all that is necessary for lawmakers to finally resolve their partisan differences and hammer out a final compromise on a long-term funding re-authorization. Leaders from both chambers have reportedly settled their differences on airline labor regulations, a major sticking point that led to an FAA funding lapse last summer. A compromise has been reached on rules for how airline workers can form unions, which had been holding up passage of a long-term bill. The biggest obstacles remaining concern Essential Air Service subsidies (subsidies for rural air services), slots at Ronald Reagan Washington National Airport and lithium battery transportation.

Debt Ceiling

The Senate, on January 26, voted 52-44 to allow a further increase in the federal debt limit. This Senate action permits the President to raise the nation's debt limit to \$16.39 trillion, up from the current ceiling of \$15.2 trillion. The \$1.2 trillion debt increase is expected to cover the nation's borrowing requirements until after the November election.

Earlier that week, the House had voted 239-176 to stop the President from raising the debt limit. Under the debt deal passed by Congress, the \$1.2 trillion hike could have only been stopped if both the House and the Senate rejected it.

Payroll Tax Cut

Negotiations to renew a payroll tax cut for 160 million workers and jobless benefits for millions more kicked off on Capitol Hill on January 31. Lawmakers face a February 29 deadline, when the short-term extension that passed in December expires. The challenge facing negotiators is the \$160+ billion cost to extend the tax cut, jobless benefits and Medicare payments through the end of the year, which includes \$10 billion a month cost of a 2 percentage point cut in Social Security payroll taxes, approximately \$45 billion cost of renewing jobless benefits for people out of work for more than half a

year, and \$20 billion a year cost of ensuring doctors are not hit with massive cuts to their Medicare payments, the so-called Medicare “doc fix.”

While both sides are optimistic an agreement can be reached, conferees seem a fair ways apart on what other provisions should go in their final product, with Republicans renewing their push for the Keystone XL oil sands pipeline and Democrats calling to include a slew of expired tax incentives. Additionally, conferees remain far apart over how to pay for the extension, which could result in lawmakers again being forced to make a mad dash toward a last-minute deal, as they did last year in agreements that staved off government shutdowns and raised the debt ceiling. Thus far, neither side has moved away from its preferred methods for paying for an extension. On February 1, the House approved one of the GOP’s favored offsets (HR 3835), an extension of a pay freeze on federal employees to 2013. Democrats have not embraced the proposal, and conferees from the party have said that they are still hopeful that a surtax on millionaires could be used to fund an extension of payroll tax relief.

The U.S. Congress Joint Economic Committee (JEC), chaired by Senator Bob Casey (D-PA), released a new report, on January 31, (“Keeping More Money in the Pockets of American Families: County-Level Data of Savings by Extending the Payroll Tax Cut”) detailing how much money would stay in the pocket of one- and two-earner families at a county-level based on median wage and salary income per worker if the payroll tax is extended through the end of 2012.

In Orange County, one worker earning the average median income of \$35,083 (from 2006-2010) would keep an additional \$585 this year. A family with two workers would retain \$1,169 if the payroll tax cut is extended through the end of the year. Below is a comparison of Orange County, neighboring counties, and the state. Savings in Orange County is greater due to a higher median income.

Projected Savings of Payroll Tax Extension

County	Median Pay	One Worker	Two-worker family
Orange	\$35,083	\$585	\$1,169
Los Angeles	\$28,874	\$481	\$962
Riverside	\$29,025	\$484	\$968
San Bernardino	\$29,232	\$487	\$974
San Diego	\$32,342	\$539	\$1,078
Ventura	\$33,401	\$557	\$1,113
California	\$31,245	\$521	\$1,042

ACTION ITEMS

None at this time.

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2. SUPPORT AND ADOPT RESOLUTION – AB 1455 (Harkey) High-Speed Rail
3. Receive and File Legislative Bulletin

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Reviewed: CEO/Legislative Affairs

This 2011-2012 County-sponsored legislative proposal (AB 1542) has been reintroduced by Assembly Member Chris Norby.

Existing law, 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 (COLA).

This bill would provide, except as specified, that a person who first becomes a member of the Orange County Employees Retirement System on or after January 1, 2012, shall not be eligible to receive an annual cost-of-living increase, as specified, until at least 12 months from the date of that member's retirement and the member is only eligible to receive an adjustment based on the preceding 12 months.

The bill provides that the operation of these provisions is contingent upon the Orange County Board of Supervisors adopting a resolution making those provisions applicable in that county, as specified.

CEO/Legislative Affairs Comments

CEO/Legislative Affairs recommends the Honorable Board to take a support position on AB 1542. This amendment to the 1937 Act would require a 12-month delay regarding COLA benefits for future retirees of Orange County.

AB 1455 (Harkey) High-Speed Rail – As Introduced on January 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 \$9.95 billion in general obligation bonds for high-speed rail and related 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 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.

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FAA Funding Extension

During the week of January 23, the House and Senate passed another short-term extension (H.R. 3800) that will keep the Federal Aviation Administration (FAA) running through February 17. The continuing resolution had been set to expire on January 31. This is the 23rd extension since the last reauthorization bill expired in 2007.

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

February 7, 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 Supervisor of the County of Orange, California does hereby support AB 1455.