



**Meeting Report for February 15, 2010
by Richard Bort and Denny Schneider**

Valley VOTE Board members, community leaders, and concerned citizens convened on February 15, 2010 at Galpin Ford to hear featured speaker **Joel Fox** bring us up to date on what is happening in Sacramento and other current state wide issues.

Joel Fox

Joel Fox is a consultant in public affairs and politics, editor of a political blog "Fox & Hounds" (www.foxandhoundsdaily.com) that comments on California business and political issues, and a member of the Valley VOTE Board. Fox also is president of the Small Business Action Committee, an organization founded in 2003 to battle for small business on important political issues and to create a business-friendly California. He is perhaps best known as the former president of the Howard Jarvis Taxpayers Association, from 1986 to 1998. Over the years, Joel Fox has been appointed to numerous commissions and task forces by Governor **Arnold Schwarzenegger**, former Assembly Speakers **Bob Hertzberg** and **Antonio Villaraigosa**, former Governor **Pete Wilson**, and County Supervisor **Mike Antonovich**.

Views on the top-of-the-ballot races in the June primary:

Governor – **Steve Poizner** and **Meg Whitman** are competing for the Republican nomination, while no Democrats have yet to formally toss their hats into the ring. Whitman has committed to spend up to \$150 million of her own fortune to win the job and she has reportedly spent some \$39 million already, saturating the radio and TV airwaves with her commercials. Meanwhile, Poizner "outed" the Whitman campaign for heavy-handedly sending Poizner an e-mail asking him to give up the race in exchange for united party support for Poizner to run for **Diane Feinstein's** Senate seat in 2012. This leads one to question why **Tom Campbell** suddenly dropped out of the race for governor when polls said he was in second position, behind Whitman but way ahead of Poizner. Hmmm....

The California Republican Party's convention is coming up in San Jose in March, and Whitman is still resisting calls by Republican leaders for her to debate Poizner there. In fact, the party leadership has threatened to bar Whitman from addressing the convention at all if she persists in her refusal to debate Poizner.

Meantime, **Jerry Brown** is quietly watching developments from the sidelines but is expected to announce his candidacy soon. We should then expect a deluge of maybe \$20 million or more of "independent expenditures;" so much for "Clean money" from public employee unions and "progressive groups," Fox said. He noted that the "progressive" (left wing) of the party doesn't want Brown as a candidate because his political positions often vacillate between the right and left, and often down the center of the political spectrum.

U.S. Senator – Republicans **Carly Fiorina**, **Tom Campbell**, and **Chuck DeVore** are vying for the Republican nomination to face Senator **Barbara Boxer** in November. Fox noted two interesting developments in this race. First, Tom Campbell suddenly dropped out of the gubernatorial race several weeks ago to join the race for Boxer's Senate seat. Then Fiorina ran the infamous "Demon Sheep" TV attack ad (www.youtube.com/watch?v=KRY7wBuCcBY), calling Campbell a "FCINO" (Fiscal Conservative in Name Only). This unusual video has gone viral with hundreds of thousands of views.

June 2010 Ballot Initiatives

Fox noted that there will be at a minimum five initiatives on the June 8th ballot, and he gave us a brief rundown on each of the five likely ones.

PROPOSITION 13 – The state recycles the proposition numbers, so the current Prop. 13 has nothing to do with the 1978 tax matter for which Howard Jarvis was so instrumental. The current Prop. 13 is non-controversial,

said Fox, because it would prohibit county tax assessors from reassessing new construction for seismically retrofitting a building.

PROPOSITION 14 – This is the most controversial of the five propositions because it calls for an open primary in which the top two vote-getters face a run-off in the next General Election. Fox recalled that this proposition was demanded by Republican State Senator Able Maldonado as a quid pro quo for his controversial scale-tipping vote to approve the state budget in February 2009. The open primary would apply to all statewide offices from the governor down, as well as elections for state Assembly and Senate and seats in both the House of Representatives and U.S. Senate. Maldonado's objective, according to Fox, is to seek more moderate politicians in government.

In the proposition's open primary scheme, candidates would be free to use their party's names or not. The state Democratic Party strongly opposes this proposition, according to Fox, because they fear they will lose their hegemony in the state legislature. Also, the small parties oppose this proposition out of fear they would be eliminated from the scene.

Fox noted that if the open primary is approved by voters, candidates will spend more in the aggregate for the Primary and General Elections than under the present closed primary system. But proponents argue that open primaries will result in election of a greater number of moderate politicians, and that would restore much needed functionality to the state's government.

PROPOSITION 15 – This proposition is an experiment in public financing for the campaigns for Secretary of State in 2014 and 2018. (Valley VOTE heard the details about this proposition at its January 18, 2010 meeting, and has since formally expressed its support for this proposition.)

PROPOSITION 16 – Presently, state law allows local governments to purchase blocks of electric power to resell to residents, and to construct municipal electricity generation facilities, which means that cities and counties can become competitors to private utilities. This proposition, if approved by voters, would require a two-thirds vote (instead of a simple majority) to enable a local public authority to take over electricity generation and distribution from an investor-owned utility. Pacific Gas & Electric is the primary (and so far, only) financial sponsor of this initiative.

PROPOSITION 17 – Fox is an official "endorser" of this proposition, which is funded by Mercury Insurance. Under current California law, an insurance company may offer a "persistency discount" to its own customers. "Persistency discounts" are discounts for those who have had virtually continuous auto insurance coverage. Under the terms of Proposition 103 (the 1998 insurance reform measure), however, auto insurers may not offer that same discount to new customers. Proposition 17 would give insurance companies the right to offer persistency discounts to customers of other insurers who have not let their policies lapse for more than 90 days in the previous five year period. [Opponents of this proposition argue that it threatens the financial condition of seniors, soldiers, and families facing financial hardship who may have allowed their auto insurance policies to lapse.]

Joel Fox briefly mentioned the several initiatives that have already qualified for the November 2010 ballot:

Water bond issue; Legalization of marijuana;

Legislative term limits; Redistricting of Congressional districts

Finally, Fox reported that only a few days ago the sponsor of the drive to hold a **Constitutional Convention**, the Bay Area Council, tossed in the towel due to a lack of funds. Therefore, there will be no voting on the question of whether to hold such a momentous event anytime soon. The Bay Area Council is a business-sponsored public-policy advocacy organization in the San Francisco Bay area.

Valley VOTE Committee Reports

DWP Electricity Rates – Joe Vitti

It's getting increasingly impossible to understand the LADWP's electric rates. Here's why that is, according to Joe Vitti, and he proposed a solution to the problem.

The DWP's residential electric rate structure consists of a base energy charge plus three different adjustment factors, one of which is ESA (Electric Subsidy Adjustment factor), which is charged at a fixed level; another is RCA (Reliability Cost Adjustment factor), which is extremely small; and the third factor, **ECAF (Energy Cost Adjustment Factor)**, is quite volatile. ECAF was introduced a number of years ago to help offset the DWP's increasing fuel costs due to the volatile market price for natural gas. Natural gas prices had tripled in a very short period of time, and the ECAF permitted the DWP to pass the increased fuel costs through to its

customers.

In the last year or so, however, natural gas prices have dropped significantly, to the pre-ECAF cost range, yet the ECAF has continued to rise. The reason for this counterintuitive trend is that the DWP now includes in the ECAF the cost of "Eligible Renewables" that have become an important part of the mix of power sources for the DWP.

With several additional categories of energy sources besides natural gas now comprising the ECAF, the composition of this cost adjustment factor is no longer transparent. The ECAF was intended to adjust for the cost of fuel to make electricity; **it was never intended to include any other costs such as those associated with renewable energy sources.**

According to "Connections," the DWP's insert in the latest DWP bill, 14% of the DWP's power source mix is "Eligible Renewables". This includes 6% from wind energy and 8% coming other sources including biomass, geothermal, small hydro, and solar. Joe recommended that the cost of these "Eligible Renewables" should be reported by the LA DWP to the ratepayers in the same way that coal, natural gas, large hydro, and nuclear power are provided, in pennies per kilowatt hour.

The ratepayers in the City of Los Angeles are entitled to a full accounting of why their DWP bill has been significantly increasing over the last few years. Providing this information, including the cost of all sources of power in a clear understandable way, will help.

Nuclear Power Report – Joe Vitti

Joe Vitti reminded the meeting attendees that in his State of the Union address on January 28th, **President Obama said, "To create more of these clean energy jobs, we need more production, more efficiency, more incentives. And that means building a new generation of safe, clean nuclear power plants in this country."**

Joe also noted that Bloomberg news has reported that the Department of Energy is looking to triple the amount of loan guarantees available for new nuclear reactors, from \$18.5 billion to more than \$54 billion.[EDITOR'S NOTE: On February 16, the day after Joe Vitti made his remarks before Valley VOTE, President Obama announced more than \$8 billion in federal loan guarantees for two new nuclear reactors in Georgia]

Joe also noted that the DWP owns approximately a **9% interest in the Palo Verde nuclear power plant in Arizona**, which is L.A.'s only source of nuclear power currently. He also noted that the plant was designed to house **five** reactors, of which only **three** have been built so far. Obviously, expansion of the Palo Verde nuclear power plant to the full complement would provide a substantial amount of additional power to the region. Joe strongly recommended that the LA DWP revisit the issue of nuclear power and support expansion of the Palo Verde Power Plant. If expanded, the additional power from Palo Verde could increase the contribution to the L.A. grid from clean low cost nuclear power from **9% to 15%**.

Housing – Vic Viereck

Through various programs, government is making "affordable housing" unaffordable to the tax-paying public:
1-The 20% of Community Redevelopment Agency tax increment revenue required for affordable housing creates need for unfunded services.

2-Housing density programs, such as SB 1818, limit the taxable value of property that generates more than proportionate demand for government services.

3-Rent control limits the taxable value of housing, limiting the amount of revenue available to fund services for their residents. It also limits the ability of owners to preserve the property while creating jobs and tax revenue.

LAWA – Denny Schneider

Van Nuys Airport

The City Council's Trade, Commerce, and Transportation Committee last week took a step toward eliminating the noisy Stage 2 aircraft from VNY. An ongoing "Part 161" study would allow for greater restrictions, but the FAA has approved few limits on aircraft. Just ask the folks running Burbank's Bob Hope.

LAX

The Northside Runway Safety Study conclusions are unknown as yet, except by the professors who were engaged to interpret a series of NASA operational simulations. Their draft report is due this coming Friday. [EDITOR'S NOTE: In its report released on Friday, February 19th the panel said, according to the L.A. Times, that the north runways at LAX are safe and should remain in their current configuration.] After a 30 day comment period an addendum to the report addressing open issues will be prepared.

Following release of the Safety Report Addendum in April LAWA will issue a new Notice of Preparation for an

LAX Master Plan EIR with the object of agreements this year or next.

LAWA continues the reconstruction of the Tom Bradley International Terminal (TBIT), the midfield taxiway, and Central Utilities Plant. The most significant change in TBIT is the addition of nine new gates to accommodate the huge A380 aircraft. Meanwhile, the passenger holding areas for the new gates are designed for about 300 passengers instead of the 800-1,000 potential passengers waiting to board one of these giant aircraft.

Hmmm....

Some maintenance projects have also been initiated, but repair of the upper roadway in the central terminal area, where roadway expansion joints were deemed "failed" in 2003 by CalTrans, has not started.

Transportation – Bart Reed

Bart Reed made three interesting points in his remarks:

1 -The northward extension of the Orange Line, a four-mile extension of the dedicated busway, from Warner Center to the Chatsworth Station, is getting underway because Metro (instead of the state) was willing and able to advance \$4.7 million to commence the project. Metro will seek reimbursement from the state when the fiscal crisis abates. The most critical part of this project is a lengthy bridge (called a "grade separation") that will overcross Lassen St. and the railroad line.

2-Metro staff is studying the construction of a parking structure across the street from the No. Hollywood terminal of the Red Line subway and Orange Line Busway, with an underground connection to the station.

3-Reed was critical of the mayor's proposal to sell 11 parking structures instead of creatively making them good revenue producers. He cited the city-owned parking structure serving the Hollywood/Highland entertainment complex, where parking revenues are meager. Reed suggested that LAWA establish a FlyAway terminal there and make parking available to FlyAway users to provide a strong revenue stream for the city.

Membership – Richard Leyner

Richard noted the passing of Michael Miller, a longtime friend and supporter of Valley VOTE.

Next Meeting

Valley VOTE will hold its next meeting at Galpin Ford on Monday, March 15, 2010 starting at 6:30PM. **City Attorney Carmen Trutanich** will be our featured speaker

Valley VOTE is a diverse coalition of San Fernando Valley residents, business people, educators, community activists, and organizations, committed to exploring and fostering the implementation of programs that empower the people of the San Fernando Valley and the City of Los Angeles, to improve local governance, education and public participation on policy matters.

For additional information about Valley VOTE, for an upcoming meeting agenda, or for previous meeting reports and press releases, we encourage you to go to the Valley VOTE website: www.ValleyVote.org.

Please forward this e-mail to interested individuals and organizations. If you would like to be removed from our distribution list please send a e-mail to javittisr@cs.com.