



U.S. MAYOR

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CDBG Threatened in Congress

By Eugene T. Lowe

The Senate began debate July 23 on the FY14 Transportation-HUD (THUD) spending bill. The measure provides \$3.150 billion for Community Development Block Grant (CDBG) formula grants and \$1.0 billion for HOME Investment Partnerships (HOME) program. As of July 25, several amendments are likely to be proposed that would cut both programs. There are also other amendments that are harmful to CDBG and HOME.

Senator Tom Coburn (OK) plans to offer an amendment that would cut CDBG from the \$3.150 billion approved by the Senate Appropriations Committee to \$2.79 billion. Senator Jeff Flake (AZ) will offer an amendment to cut HOME from \$1 billion as

approved by the Senate Appropriations Committee to \$950 million. In addition to the cuts, Senator Coburn also plans to offer an amendment that would require HUD to submit a report to Congress on legislative options to modernize and improve targeting of the CDBG allocation formulas. Senator Flake will offer an amendment that would require a study on the effectiveness of the HOME program.

House Appropriations

The House Appropriations Committee also has approved FY 14 funding for HUD programs that bill will be considered by

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SMITH APPOINTS STANDING COMMITTEE CHAIRS See Story on Page 3

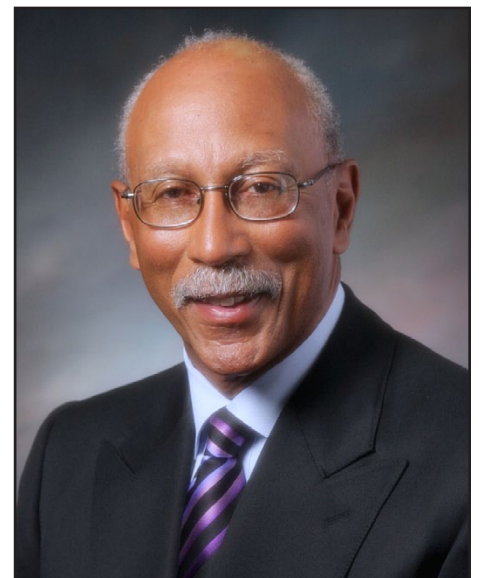
Detroit Mayor Bing's Statement Regarding Bankruptcy Filing

Detroit Mayor David Bing made the following statement today regarding the city's filing for municipal bankruptcy under Chapter 9 of the U.S. Bankruptcy Code:

"Today's bankruptcy filing is an unfortunate event in our city's history. While it has never been my desire that the city file for bankruptcy, I understand why Kevyn found it necessary to do so.

"I said when I entered office four years ago that our city was in a financial crisis. I also said we cannot simply cut our way out of this situation.

"This action will hopefully be the foundation for the fiscal turn-around of our city. Our citizens have suffered long enough and deserve better. I want to say to the people of Detroit that although we are moving into uncharted waters, Detroit has a history of fighting back during tough times. Hopefully, this is the beginning of a better path forward for our city and our people."



Detroit Mayor David Bing



**July 24, 2013
Washington, DC**

In Johannesburg, South Africa, I joined with other organizational staff executives as we continue to discuss and learn how to make our cities safer. In cities throughout the world, the police authority is not at the local/city level; rather, public safety and police is handled by the regional or national government.

Former Barcelona Mayor Jon Clos, a founder of Metropolis, and I became associated when I visited him in Barcelona several years ago when he was Mayor of Barcelona. He has long advocated the metro/city approach that comes from what Barcelona accomplished as a region in hosting the 1992 Olympics. It was Mayor Clos, while he was President, who signed the memorandum of understanding we have with the Metropolis organization.

In 2010, Mayor Clos was appointed to serve as Executive Director of the United Nations Human Settlements Program, UN-HABITAT. With that title, he is also the Under Secretary of the United Nations. UN-HABITAT heretofore was primarily involved in housing. As Executive Director, Dr. Clos is bringing other issues such as public safety within and under his jurisdiction. As a former mayor, he knows cities and recognizes the needs of cities across the globe. Earlier this year, Los Angeles Mayor Antonio Villaraigosa, Houston Mayor Annise Parker and I participated in the first special session of the Global Network on Safer Cities (GNSC), Chaired by Dr. Clos and former mayor of Mexico City, Marcelo Ebrard. It was in New York City at the first-ever meeting on public safety that a resolution was adopted calling for the establishment of a UN trust fund to directly fund cities who need assistance to make their individual city safer. And the New York meeting

ended calling for the second meeting in Johannesburg this past week.

During the Johannesburg meeting, I had the opportunity to speak with the Metropolis Secretary General Alain Le Saux. I also had a joint meeting with Mr. Le Saux and Mr. Joseph Roig, the Secretary General of United Cities and Local Governments. UCLG is the very large organization of international cities and localities. Mr. Roig and I have known each other for years. He was a founding member of Metropolis in 1985, prior to becoming the Secretary General of Metropolis in 1999.

As mayor of Barcelona, Dr. Jon Clos addressed our 71st Annual Meeting in Denver. Mr. Joseph Roig accompanied Mayor Clos and both, privately and publicly have been strong supporters of the United States Conference of Mayors.

The U.S.A. cities have so much to learn and share with the cities throughout the world. It is unfortunate that our federal government has never provided resources for the U.S.A. mayors to be a part of our global democracy. Other nations such as Canada, France, and China understand how important cities are to the economics of their nations. They provide resources for international work on behalf of their own cities to establish organizations within their countries. Meantime, we will do the best we can to continue to foster international relations. Recently it is more about trade and business development and less about cultural exchanges.

Municipal Bonds and CDBG – Congress and the Administration

CDBG

Our keystone Federal/City Community Development Block Grant was slashed by the House, and now we must have strong support from the White House and the Senate.

The Administration and the Senate need to be reminded of just how important CDBG is as we bring our cities back from the '08 meltdown and great recession.

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Smith Appoints Standing Committee Chairs

Conference of Mayors President Mesa Mayor Scott Smith has made the following appointments of USCM Standing Committee Chairs.

Children, Health and Human Services

James J. Schmitt, Green Bay, Chair

Community Development and Housing

Setti D. Warren, Newton, Chair

Criminal and Social Justice

Annise Parker, Houston, Chair

Energy

Shane Bemis, Gresham, Chair

Environment

Greg Stanton, Phoenix, Chair

International Affairs

Jean Quan, Oakland, Chair

Jobs, Education and the Workforce

Frank C. Ortis, Pembroke Pines, Chair

Membership

Brian C. Wahler, Piscataway, Chair

Metro Economies

Greg Fischer, Louisville, Chair

Tourism, Arts, Parks, Entertainment and Sports

Mitchell J. Landrieu, New Orleans, Chair

Transportation and Communications

Kasim Reed, Atlanta, Chair



**Green Bay Mayor
James J. Schmitt**



**Newton Mayor Setti
D. Warren**



**Houston Mayor
Annise Parker**



**Gresham Mayor
Shane Bemis**



**Phoenix Mayor
Greg Stanton**



**Oakland Mayor
Jean Quan**



**Pembroke Pines
Mayor Frank C. Ortis**



**Piscataway Mayor
Brian C. Wahler**



**Louisville Mayor
Greg Fischer**

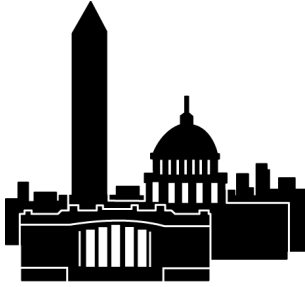


**New Orleans Mayor
Mitchell J. Landrieu**



**Atlanta Mayor
Kasim Reed**





By Larry Jones

Conference of Mayors President Smith Expresses Opposition to Proposed Rule Changes for Money Market Mutual Funds

Conference of Mayors President Mesa Mayor Scott Smith, in a July 17 letter to Securities and Exchange Commission Chair Mary Jo White, expressed opposition to proposed changes in the Net Asset Value (NAV) rules for Money Market Mutual Funds (MMMF). Smith said, "While the Conference [of Mayors] is supportive of changes that will strengthen the market and improve the quality of securities, some of the changes being discussed would undermine the value and utility of MMMFs as well as the municipal bond market." He went on to urge the SEC "not to make changes to the NAV or any further regulatory changes that would disrupt the existing structure and

characteristics of the MMMFs and limit choices for state and local governments, businesses and other investors."

One of the modifications being discussed is changing the stable net asset value, which is the hallmark of MMMFs, to a floating net asset value. This runs contrary to current practice for many state and local governments that have specific policies and statutes in place that mandate investing in financial products with stable values. Money Market Mutual Funds are the investment they use to ensure compliance with these policies and statutes. And state and local government look to MMMF as an integral part of their cash management practice because

they are highly regulated, have minimal risk and are easily booked. Forcing funds to float their value would likely eliminate the market for those products by forcing investors, including state and local governments, to divest their MMMF holdings as well as discourage others from using these funds.

Money Market Mutual Funds are heavily invested in municipal bonds. In the fourth quarter of 2012 they were the largest investor in short-term municipal bonds with \$322 billion in short-term municipal debt securities, which accounts for 76 percent of all outstanding short-term municipal debt.

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sion. Twelve million people are still unemployed and without jobs. These funds provide jobs and economic development in our cities.

Muni Bonds

We continue our coalition of more than 60 organizations to stop the Administration's proposed 28 percent cap on our municipal bonds. At the Clinton Global Initiative in June, mayors present in Chicago had the opportunity to voice our deep concern about our municipal bonds to Secretary of Treasury Jack Lew. The Administration's response is that there are other bonds, other initiatives to offset the

28 percent cap. Most financial observers and many mayors do not buy the administration's response. We must, and we will, use all our political resources to take our muni bonds off the table because infrastructure development, maintenance, rebuilding and repairs of existing infrastructure, according to many experts, puts existing infrastructure in many places worn-out and dangerous.

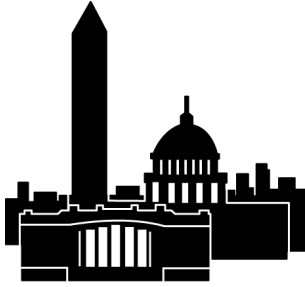
We will need your continued help on letting your Members and Senators and contacts within The Administration know that they should not mess with our bonds.

President Scott Smith/Park City Leadership Meeting

Conference President Mesa Mayor Scott Smith has called our Summer Leadership Meeting to be in Park City Utah

August 1 - 3. Mayors are registering and we will go there to have a true retreat to develop a 2013 strategy to push our priorities forward. In addition to our concerns about CDBG and muni bonds there are other issues to be discussed for an action agenda: workforce development, violence in our cities, unfunded mandates, pensions, climate change, immigration and marketplace fairness.

Mayor Smith needs you. If you have not registered, please do so now. I look forward to seeing many of you soon in Park City as we recharge, renew and develop an action agenda to do our best as we advocate for the mayors and cities of our great nation.



Both Chambers Reject National Preparedness Grant Program Proposal

By Laura DeKoven Waxman

The week of July 15 saw considerable action on public safety appropriations as both the House and Senate appropriations committees report out FY 2014 Commerce/Justice/Science spending bills and the Senate committee complete work on its Homeland Security spending bill. The full House had passed its version of the Homeland Security bill in June. The House CJS bill would eliminate the COPS program; the Senate bill would provide an increase in funds for hiring grants and fully fund the President's \$150 million school safety proposal. Both Homeland Security bills reject the Administration's grant reform proposal, which would consolidate the various homeland security grant programs into a new state-centric National Preparedness Grant Program.

The Senate version of the Commerce/Justice/Science spending bill would provide \$52.3 billion, about \$4.9 billion more than the House bill and \$250 mil-

House Would Eliminate COPS Program; Senate Would Increase Its Funding

lion more than the President requested. It also would represent a \$2.2 billion increase in discretionary spending over the FY 2013 pre-sequestration level and an increase of \$5.2 billion over the current post-sequestration level. The House committee reported the bill out July 17 by a voice vote; it had passed out of subcommittee the week before. Over in the Senate, the subcommittee reported it out July 16 on a voice vote; the full committee reported it out July 18 on a vote of 21-9.

The Senate Homeland Security spending bill would provide \$39.1 billion in discretionary spending, about \$200 million more than the House version, but \$493 million less than is available this year. It also would provide \$5.6 billion in mandatory spending on disaster relief, the same amount as the House bill. The bill was reported out of subcommittee July 16 on a 9-2 vote and out of full committee on the 18th.

The Senate bill does not include the provision contained in the House bill that would prohibit the Department of Homeland Security from implementing immigration enforcement memos, including one that would provide temporary legal status to young illegal immigrants brought to the country as children.

Regarding the proposed National Preparedness Grant Program, the House bill denied the proposal due to "the lack of the necessary details that are required for a new program" and instructed DHS to work with the authorizing committees "to clearly define the Federal role and reassess the most effective delivery

of support and resources to sustain and improve homeland security capabilities prior to submitting a budget request for such a program." The Senate bill similarly did not include the proposal because it "lacked detail" and further prohibited FEMA from "implementation of grant reform until Congressional action on the matter has occurred." The Conference of Mayors has helped to spearhead a joint effort challenging the proposal by 13 national groups representing local elected officials, emergency managers, police chiefs, sheriffs, and the major fire service organizations.

The Senate bill includes individual appropriations for the various homeland security grant programs. The House version would provide a single amount (\$1,264,825) for the various programs and instruct the Secretary to allocate these funds "according to threat, vulnerability, and consequence to assist high-risk urban areas, states, local and tribal governments, and other homeland security partners in preventing, preparing for, protecting against, and responding to acts of terrorism." Within this it does earmark \$50 million for Operation Stonegarden.

The table on Page 6 shows funding levels for key programs in both bills in thousands of dollars. Note that FY 2013 levels shown are the amounts enacted and do not reflect the amount cut through sequestration.

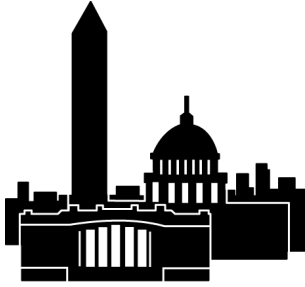
FUNDING LEVELS FOR KEY PROGRAMS

Program	FY 2013 Enacted	FY 2014 Requested by the President	FY 2014 Adopted by House Appropriations Committee	FY 2014 Adopted by Senate Appropriations Committee
DEPARTMENT OF JUSTICE				
Community Oriented Policing Services	217,887	439,500	0	393,500
COPS Hiring Grants	(165,000)	(257,000)	0	(201,000)
Comprehensive School Safety Programs	0	(150,000)	0	(150,000)
State/Local Law Enforcement Assistance	1,116,774	1,005,000	1,065,000	1,137,000
Byrne JAG	(370,000)	(395,000*)	(465,000**)	(385,000***)
Byrne Criminal Justice Innovation	(10,000)	(35,000)	0	(21,000)
Byrne Competitive Grants	(15,000)	(15,000)	(10,000)	(17,000)
NICS Improvement Grants	(17,662)	(55,000)	(55,000)	(65,000)
Violent Gang and Gun Crime Reduction	(5,000)	(5,000)	0	(17,000)
Drug Courts	(40,230)	(44,000)	(41,000)	(40,000)
Human Trafficking Victims	(11,000)	(10,000)	(13,500)	(15,000)
Bulletproof Vests	(20,000)	(22,000)	0	(22,500)
Second Chance Act/Offender Reentry	(63,000)	(119,000)	(55,000)	(70,500)
DNA Backlog/Crime Lab Improvement	(124,000)	(100,000)	(125,000)	(125,000)
State Criminal Alien Assistance Program	(220,000)	0	(165,000)	(190,000)
DEPARTMENT OF HOMELAND SECURITY				
National Preparedness Grant Program	0	1,043,200	0	0
State Homeland Security Grant Program	345,143		1,264,825 (50,000)	
Operation Stonegarden	46,539			46,600
Urban Area Security Initiative	499,716			614,152
Non-profit Organization Security	9,987			13,000
Public Transportation Security Assistance	97,371			100,640
Amtrak Security	(9,987)			(10,000)
Port Security	97,371			100,640
Training, Exercises, Technical Assistance	234,863	166,568	235,174	233,568
Assistance to Firefighters	337,500	337,500	337,550	337,550
SAFER	337,500	337,500	337,550	337,550
Emergency Management Performance	349,538	350,000	350,000	350,000
Pre-Disaster Mitigation	24,967	0	30,155	25,000
Disaster Relief Fund	18,494,859	6,220,908	6,220,908	6,220,908
Flood Hazard Mapping Risk Analysis	95,203	84,361	95,202	95,203
National Flood Insurance Fund	171,000	176,300	176,300	176,300

*Includes \$36.5 million earmarked for specific programs.

**Includes \$96.5 million earmarked for specific programs, including \$75 million for a school safety initiative.

*** Includes \$34 million earmarked for specific programs.



Clean, Safe Drinking Water Programs Hardest Hit

By Judy Sheahan

The House Interior, Environment, and Related Agencies Appropriations Subcommittee passed on July 23 an appropriations bill that would dramatically cut the Environmental Protection Agency's Budget by \$2.8 billion (34 percent) to \$5.5 billion. Hardest hit are the programs that fund the State Revolving Funds (SRFs) for Clean Water and Safe Drinking

House Appropriations Subcommittee Passes Huge Cuts at EPA

Water. The Clean Water SRF would be cut by 83 percent from 1.44 billion (FY 2013) to \$250 million and the Safe Drinking Water would be cut by 61 percent from \$899 million to \$350 million.

House Interior, Environment, and Related Agencies Appropriations Subcommittee Chairman Mike Simpson (ID) said in the past that he supports EPA's Clean Water and Drinking Water revolving funds but the way they have been funded is unsustainable and in need of an overhaul.

In a statement, House Appropriations Chair Hal Rogers (KY) said, "This is a difficult budget year, and this bill reflects the extraordinarily hard choices needed to maintain critical investments and services for local communities. In order to do more with less, the legislation seeks to protect vital programs that directly affect the safety and well-being of Americans,

while dramatically scaling back lower-priority, or 'nice-to-have' programs; by holding back overly zealous and unnecessary environmental regulations, this bill can have a positive effect on our economy and will help encourage job growth."

The legislation, according to the statement, includes provisions to rein in various problematic, costly, and potentially job-killing regulatory actions by the Administration. Some of these provisions include: language related to the "stream buffer rule"; changes to the definition of "navigable waters" under the Clean Water Act; "new source" performance standards; "silviculture" regulations; changes to the definition of "fill material;" and new financial assurance requirements for hard rock mining.

The full committee is expected to vote on the bill on July 31.

House Passes \$30 Billion Energy-Water Appropriations Bill

By Debra DeHaney-Howard

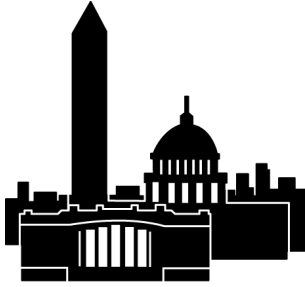
The U.S. House of Representatives on July 10 passed by a 227 to 198 vote a \$30 billion Energy and Water Development Appropriations bill to fund the Department of Energy (DOE), the Army Corps of Engineers, Bureau of Reclamation, and other independent agencies for fiscal year (FY) 2014. The legislation (H.R. 2609) is \$2.9 billion below the FY 2013 enacted level and \$4.1 billion below President Obama's budget request.

While the legislation provides funding for a number of programs, it also consolidates the Energy Department's Office of Electricity Delivery and Energy Reliability and the Office of Energy Efficiency and Renewable Energy (EERE) and funds the programs at \$958.1 million. This represents a reduction of \$995.5 million or 60 percent below the FY 2013 enacted level, and \$1.99 billion or 67.5 percent below the President's budget request.

During the floor debate, several amendments to restore funding for EERE,

which is the program that administered the Energy Efficiency and Conservation Block Grant program, failed.

Programs that received an increase in funding under the bill include the Fossil Energy R&D programs, which saw an increase of \$9.42 million or 2.2 percent above the Administration's budget request but \$104 million below FY 2013 enacted level. While the Senate is unlikely to approve the House bill, President Obama has threatened to veto the legislation.



By Laura DeKoven Waxman

With Senate passage of bipartisan comprehensive immigration reform legislation June 27, action has shifted to the House, which thus far has been considering bills on specific segments of the immigration system rather than comprehensive legislation. Conference of Mayors President Mesa Mayor Scott Smith applauded the Senate's passage of the comprehensive bill and urged the House to "follow the Senate's strong lead and adopt comprehensive, bipartisan immigration reform legislation this year," calling it "the right thing to do for our families, our cities, our economy, and our country."

The Senate passed the bill on a 68-32 vote, with all Democrats and 14 Republicans voting in favor of the compromise measure. The bill, which is consistent with Conference policy, would further strengthen border security, create an employer verification system, reform the legal immigration system, and allow the 11 million people residing in the country illegally to get right with the law and earn a pathway to citizenship.

Action in the House is quite uncertain. House Speaker John Boehner (OH) said July 12 that he "hopes" the House will deal with immigration bills before it turns its attention to the federal debt ceiling, which now is expected to be in October or November. Thus far, he has indicated that he will follow the so-called "Hastert Rule," which means that he won't bring legislation to the floor which is not supported by a majority of the majority. According to several recent polls, the Senate bill enjoys broad public support and some believe that if a vote on the Senate-passed bill were allowed on the House

Immigration Reform Moves to House

floor it could pass with most Democrats and some Republicans supporting it.

At this point it appears that the House will continue to consider the various bills which deal with components of the immigration system and not a comprehensive measure. The House Judiciary and Homeland Security Committees so far have reported out five bills:

system; gradually phase-in mandatory E-Verify participation; require re-verification of certain workers who have not been verified under E-verify, including federal, state, and local government employees; encourage state enforcement by allowing states to retain fines from employer violations; grant employers safe harbor

Conference of Mayors President Mesa Mayor Scott Smith applauded the Senate's passage of the comprehensive bill and urged the House to "follow the Senate's strong lead and adopt comprehensive, bipartisan immigration reform legislation this year," calling it "the right thing to do for our families, our cities, our economy, and our country."

- The Border Security Results Act (H.R. 1417) would require the Secretary of Homeland Security to develop a comprehensive strategy to gain and maintain operational control of the borders, report every 180 days on the state of that operational control, and achieve situational awareness of the borders within two years.
- Strengthen and Fortify Enforcement (SAFE) Act (H.R. 2278) would allow states and localities the ability to enforce federal and state immigration laws, so long as they are consistent with federal laws, withholds grants from sanctuary cities, and facilitate and expedite removal of criminal aliens.
- Legal Workforce Act (H.R. 1772) would replace the paper-based employer verification system with an E-Verify

from prosecution when an incorrect eligibility confirmation occurs while using the system in good faith; and preempt state or local laws and policies, including any criminal or civil fine or penalty structure, relating to the hiring, continued employment, or status verification for employment of unauthorized aliens.

- Agricultural Guest Worker Act (H.R. 1773) would establish an H-2C nonimmigrant visa for workers who reside in a foreign country, have no intention of abandoning that country, and desire to come temporarily to the U.S. to perform agricultural labor or services. Employers would have to petition the Department of Agriculture for H-2c workers before they are admitted to

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IMMIGRATION

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the U.S., not be required to provide housing or travel reimbursement, and have be required to pay the greater of the prevailing industry wage or state minimum wage.

- Skills Visa Act (H.R. 2131) would allocate 55,000 Green cards to foreign-born graduates of U.S. universities with degrees in science, technology, engineering, or math fields, allocate an additional 10,000 visas for spouses and minor children, increase H1-B visas and repeal employment based

per-country caps, establish an Entrepreneur Visa program which would make 10,000 visas available to those who attract investment and create more than three jobs, and strengthen the Investor Visa program.

The House Judiciary Committee held a hearing July 23 to address the immigration status of illegal immigrants who were brought to the U.S. as children. Majority Leader Eric Cantor and Judiciary Committee Chairman Robert Goodlatte, both of Virginia, are currently drafting the "Kids Act" which is modeled on the DREAM Act and would allow those young people brought to the U.S. illegally by their fami-

lies to remain in the country. Goodlatte made it clear in the hearing that the bill would only deal with the immigration status of the children, not their parents. With passage of the Senate bill with its earned path to citizenship, many supporters of comprehensive immigration reform are now saying that providing legalized status to young people is a good first step, but legalizing only them is not enough. There are no indications thus far that the House Judiciary Committee will consider legislation that would either legalize the status or provide an earned path to citizenship for persons in the country illegally who came as adults.

CDBG

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the full House in the near future. In the House, CDBG is cut by 47 percent from \$3.08 billion in FY13 to \$1.6 billion in FY14. CDBG was funded at \$3.9 billion in FY10. HOME is cut from \$950 million (FY13) to \$700 million (FY14). HOME was funded at \$1.82 billion in FY10.

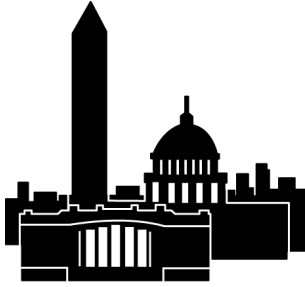
As U.S. Mayor goes to print, the CDBG Coalition, which consists of national interest groups representing local elected officials including the Conference of Mayors, community development practitioners, non-profit organizations, and development organizations are urging the Senate to pass the Appropriations Committee bill and support funding CDBG and HOME at \$3.125 billion and \$1 billion, respectively.



Mayor Brainard Welcomes GEICO to Carmel



Left to right, GEICO Indianapolis Director Gary McKenzie, Carmel Mayor Jim Brainard, Berkshire Hathaway Chairman and CEO Warren Buffett, GEICO Chairman and CEO Tony Nicely and Indiana Governor Mike Pence and the GEICO Gecko cut the ribbon to mark the official opening of GEICO's Indianapolis office in Carmel July 22. Photo by GEICO.



Large Coalition Urges Support for Tax-Exempt Bonds in Senate's Tax Reform Package

By Larry Jones

A broad coalition of 54 organizations sent a letter to Senators on July 24 asking them to urge leaders of the Senate Finance Committee to maintain the federal tax exemption on municipal bonds interest in any comprehensive tax reform package. The letter was sent in response to a June 27 letter from Senate Finance Committee Chairman Max Baucus (MT) and Ranking Member Orrin Hatch (UT), who asked Senators to submit their tax-exempt priorities for the tax reform package by July 26. The letter asked Senators to assume that the Finance Committee was starting with a "blank slate," meaning none of the existing tax exemptions are automatically included in the comprehensive tax reform package being developed; and Senators were asked to justify any recommendations they wish to add back.

In the letter, organizations reminded Senators that the federal tax exemption on municipal bond interest has been around since its inclusion in the nation's original tax code in 1913. The letter points out that this provision of the tax code is fundamental because it reinforces the basic compact of reciprocal tax immunity and respect that exist between the federal, state and local governments. "For over 100 years our federal system has respected this essential principle: the federal government does not tax state and local bond interest, while federal borrowing is exempt from state and local taxes" the letter states.

The Conference of Mayors is concerned about the blank slate approach to tax reform because proposals have been introduced to cap the tax exemp-

tion on municipal bonds interest at 28 percent and fully eliminate the exemption altogether. If either of these proposals is approved, it will significantly drive up state and local government borrowing costs on critical infrastructure such as schools, hospitals, water and sewer projects, roads and highways, public power projects and mass transit. The letter cites a study released by the Conference of Mayors, National League of Cities and the National Association of Counties earlier this year that shows that if the 28 percent cap had been in place over the last decade, it would have cost state and local governments an additional \$173 billion. And if the exemption had been fully eliminated, it would have cost them \$495 billion.

In addition to the Conference of Mayors, a diverse coalition of organizations representing state and local governments, housing, transportation, water and sewer, public power, labor unions, airports and many others have teamed up to protect the tax-exempt status of municipal bonds. The coalition has adopted the name "Don't Mess With Our Bonds Coalition" and is chaired by Conference Executive

Director Tom Cochran. Representatives of the coalition have been meeting with staff of Senate Finance Committee and House Ways and Means Committee to educate them on the impact of the 28 percent cap and full elimination of the tax exemption on municipal bond interest.

There is bipartisan support in both houses for maintain the tax-exemption on municipal bond interest. In the Senate, Senators Mark Begich (AK), Maria Cantwell (WA), Barbara Boxer (CA), Pat Roberts and many others have expressed support for continuing this important financing tool. In the House, Representatives Dutch Ruppersburger (MD) and Randy Hultgren (IL) circulated a letter signed by a strong bipartisan group of 138 members expressing support for tax-exempt bonds. However, representatives of the coalition have been told to continue to ask state and local officials and other stakeholders to contact their congressional delegation to make sure they support this effort.

The Conference of Mayors is concerned about the blank slate approach to tax reform because proposals have been introduced to cap the tax exemption on municipal bonds interest at 28 percent and fully eliminate the exemption altogether.

Mayors Water Council Holds Regional Meeting

San Francisco Public Utilities Commission Sets New Standard for Achieving Public Benefits Through Capital Investments

By Rich Anderson

Water Council Co-Chair Indianapolis Mayor Greg Ballard along with host city San Francisco Mayor Ed Lee welcomed participants to the Mayors Water Council (MWC) meeting July 10-11. In welcoming mayors to the meeting, Lee said the MWC provides a forum for mayors, city water professionals and private sector experts to share information on how cities are dealing with their water challenges. "Water is a critical infrastructure we need to pay attention to," he said. As a former head of public utilities, Lee brings enormous infrastructure develop-

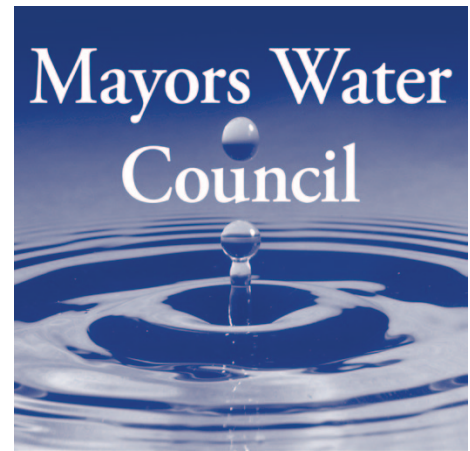
ment and operations experience to the mayor's office.

Lee remarked that the growth and economic vitality of our cities relies on resilient and efficient water and clean water infrastructure that delivers high quality, affordable water. He stressed that making the sometimes huge investments necessary to build and operate water infrastructure provides an opportunity for cities to target how those investments are made; and how they can be used to transform neighborhoods and create more jobs.

He said those necessary investments provide an opportunity to educate the public about the need to understand and support public water investment. Lee stated, "We are on a mandate to educate our public because without that, that absolute necessity for the public to fund these infrastructure projects...if they are not educated about it they are going to start to look at other things."

San Francisco Public Utilities Commission (SFPUC) General Manager Harlan Kelly was joined by several colleagues in sharing the big picture and nuts and bolts of how they are revitalizing their 100-year old water infrastructure, and simultaneously targeting the investment to amplify local and regional economic multipliers.

Two policies in particular play a key role in defining how these investments



are to be targeted. The SFPUC adopted a resolution on January 11, 2011 committing to the goal "...of developing an inclusive and comprehensive community benefits program...shared across all communities." The policy statement contains 10 specific outcomes the SFPUC intends to achieve, a set of specific guidelines for SFPUC staff to follow, and an Environmental Justice Policy that is carefully constructed and ambitious. A second policy, effective as of March 25, 2011, is the "Mandatory Local Hiring Ordinance" issued by the San Francisco Office of Economic and Workforce Development. This policy directs mandatory local hiring increases over time in conjunction with the \$27 billion in expected public works projects over the next 10 years. Currently, the MWC reports that Bureau of Economic Analysis information indicates that each additional dollar invested in public water systems generates roughly \$9 in local and national multipliers. The SFPUC model should exceed that multiplier, and concentrate it where local leaders think it can do the most good over time.

Integrated Planning and Community Affordability

Monrovia Mayor Mary Ann Lutz led a panel discussion reviewing city experience with EPA's Integrated Planning and Permitting (IPP) policy and the on-going dialogue on affordability. Lutz indicated that for California cities combined sewer overflows (CSOs) are less of a cost issue than the EPA water quality standards for total maximum daily loads (TMDLs), but the integrated planning policy can and should accom-



Left to right, Water Council Co-chair Indianapolis Mayor Greg Ballard, USCM staff member Rich Anderson, Hallandale Beach Mayor Joy Cooper, and host city San Francisco Mayor Ed Lee.

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moderate affordability concerns.

Monrovia's fate, to some degree, is tied up with the Los Angeles County MS4 permit that regulates stormwater management. Lutz stated that some 84 cities are involved because the county flood district conveys the stormwater. A previous permit specified controls for 3 TMDLs, but the new permit will involve 33 TMDLs, and the county estimated that the 20-year cost to comply with the TMDLs is likely to be between \$17 and \$120 billion. Monrovia, a city of 38,000 people with a \$35 million annual budget would have to spend between \$2 and \$5 million a year to build and operate the infrastructure to meet the TMDLs. The first of such, a trash TMDL (designed to prevent street and other litter from entering sewer systems), will cost the city \$1.5 million to install 800 separate storm drain enclosures. The city is transferring capital reserves from the potable water fund to pay for the TMDL, not, as Lutz emphasized, a good idea or one that could be repeated without robbing Peter to pay Paul.

Lutz stated, "There is nobody I know that wants to have dirty water. There is nobody I know who wants to kill the fish



USCM Past President Akron Mayor Donald L. Plusquellic outlines the steps his city took to comply with Combined Sewer Overflow mandates.



At left, Monrovia Mayor Mary Ann Lutz speaks with California State Water Resources Control Board Member Steve Moore regarding California water issues.

in the ocean. That's not the issue. The issue is how do we do this?"

Conference of Mayors Past President Akron Mayor Donald L. Plusquellic stated that Akron has been dealing with the CSO issue for over two decades, before the CSO/SSO rule was adopted by EPA, and now has a consent agreement to implement an approved control plan. Akron took an early and proactive position on correcting their overflows by establishing a plan in conjunction with Ohio EPA, and the city included capital investments to implement the plan, but the federal EPA and Department of Justice (DOJ) officials objected by way of an enforcement action.

Plusquellic remarked that federal officials continue to send letters to the city and state their intent to work with the city to remedy the sewer overflow problem. A recent meeting of EPA and Akron officials was held to hear the city propose an amendment to their control plan to store more overflows at less cost, a way to save \$10 million in project cost. Akron was asking the EPA to be flexible where the city could increase the volume of stormwater managed but save ratepayers unnecessary costs. Akron officials state that a senior EPA official remarked, "What's in it for us?" Akron officials, however, expecting enthusiastic support for smart design and cost-effective investment indicated the EPA reaction was (paraphrased), we

will approve this if you spend any savings from this new design on other projects. Plusquellic stated that EPA shops without a price tag and this is costly to ratepayers who EPA should be trying to help out.

Susan Bodine, an Attorney with Barnes & Thornburg, specializes in representing cities in CSO/SSO and other regulatory matters, talked about the potential for EPA's IPP policy framework to bring flexibility to cities if it is used properly, and if EPA agrees to seriously consider exercising flexibility. She also stated that a more effective way to deal with overflow issues and other water quality regulations is to accomplish compliance through a permit rather than an enforcement action. The permit model is very much more flexible than consent decrees for cities, and it provides some protection from third party law suits as long as the city is making progress on permit compliance.

Bodine stressed that EPA is willing to open consent decrees for cities that take the initiative to modify their plans. She cited the Atlanta initiative to reopen their unattainable consent decree, and the successful effort of Indianapolis to change their plan. Any effort, she said, requires that a city provide better engineering, monitoring and economic information. She said that cities should not expect their efforts to be welcomed by regulators, but since EPA has embraced the IPP model cities can petition for relief.

EPA Region 9 Deputy Administrator Strauss Tells Mayors Intergovernmental Partnership Works

By Environmental Staff

Hallandale Beach Mayor Joy Cooper introduced Alexis Strauss, EPA Region 9 Deputy Administrator as a luncheon speaker July 11 at the Mayors Water Council (MWC) meeting in San Francisco. Alexis Strauss is responsible for the Pacific Southwest Region, (Arizona, California, Hawaii, Nevada, three Pacific Island territories, and 148 Tribal nations). Strauss joined EPA 35 years ago, and has worked in the hazardous waste and water programs; she is the recipient of a Presidential Rank Award, and various EPA management awards.

Strauss began her remarks by emphasizing that EPA encourages and tries to incentivize a more sustainable infrastructure; and, is working with state and local entities to figure out how to go about doing that and making it affordable? Strauss reconfirmed EPA's mission to improve the nation's water quality, and better management of sewer and stormwater overflows is part of the mission. She indicated that cities are "...choosing

different elements of green infrastructure tools to reduce storm water flows," and they "...are demonstrating how these tools are having corollary benefits like extending the life of water infrastructure; reducing energy costs; and, reducing extreme flood events.

EPA Region 9 has a longstanding working relationship with small and medium size utilities on efforts to make their utilities more energy and water efficient. Sometimes this work involves participation of the Department of Energy and other federal agencies. She cited the City of Los Angeles (LA) as another example of intergovernmental cooperation under the Urban Waters program. EPA's concern is to protect coastal waters from run-off and POTW discharges. LA initiated projects to infiltrate storm flows into the ground before the storm flows carry pollutants to the coast. The city also will exert controls on permeability in new and redeveloped areas.

She suggested that you can successfully bring together federal, state and local agencies around a place to deal with

water challenges. Strauss cited recent successes in cities that mix green with engineered infrastructure to control sewer and stormwater overflows, (for example: Philadelphia, Milwaukee, Cincinnati, and others).

Strauss emphasized the Cincinnati case, "... a modified settlement agreement, as a prime example of how a city can use the Integrated Planning (IP) framework to take advantage of some of the flexibility and to prioritize use of limited funding." She stated that the alternate plan recently approved is expected to save \$150 million off of the original deep tunnel project, and it also creates a green corridor to convey stormwater runoff to avoid flooding. Strauss indicated that these types of partnerships work well for the cities involved and for improved water quality.

One of the most interesting comments Strauss made was that cities can take the initiative and propose controls that mix green and engineered infrastructure to their state regulators before EPA gets involved.

Make Your Plans Now
to attend the
82nd Winter Meeting of
The U.S. Conference of Mayors
Washington (DC)
January 22-24, 2014
Registration Available Fall 2013



Conference of Mayors Participates in International Convening of City Leaders in South Africa

By Lina Garcia

World mayors, who care about their cities and its people, gathered in Johannesburg July 16-19 to participate in the Metropolis Annual Meeting, titled "Caring Cities."

U.S. Conference of Mayors CEO and Executive Director Tom Cochran, who serves as a member of the Metropolis Board of Directors, participated in a panel discussion along with Metropolis Secretary General Alain Le Saux and Johannesburg Mayor Parks Tau to talk about a variety of issues affecting cities worldwide including: urban safety strategies, gender violence and urban design.

During his remarks, Cochran stated, "I am very honored to be here representing the mayors of America to discuss how to make our world cities safer and more livable for our future generations." He added, "Mayors in America are working on ways to invest in our young people on the front end before they go to jail,



Left to right, Josep Roig, Secretary General of Barcelona-based United Cities and Local Governments (UCLG); USCM CEO and Executive Director Tom Cochran; and Metropolis Secretary General Alain Le Saux discuss further strengthening the partnership between USCM and UCLG.

through increased education and social support systems. In America, a mayor's

role is not only to arrest criminals but to also wipe their tears, clothe them, and provide young people with opportunities to create a healthy future."

Tau said, "In my city, working to make our communities safer is an integral part of our city's growth strategy. When building safer cities, you have to focus largely on prevention. Locally, we have 130 wards and we've allocated ten police officers into every ward. But we've made our strategy about building partnerships and relationships between police officers and people in their neighborhoods. We've also used modern technology as a resource for people to advise local police of criminal activity and help support our city safety strategies."

During the conference, Cochran met with Josep Roig, Secretary General of Barcelona-based United Cities and Local Governments (UCLG), and Le Saux to discuss further strengthening the partnership between the Conference of May-



At left, USCM CEO and Executive Director Tom Cochran with Johannesburg Mayor Parks Tau discuss gender and youth violence prevention strategies in cities around the world during Metropolis Annual Meeting in Johannesburg.

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METROPOLIS

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ors and UCLG.

The theme of the Conference, called "Caring Cities," was to support cities that strive to offer a high quality of life, demonstrate a sense of humanity and exchange and deliver solutions that meet the needs of their citizens.

The conference took place during the week of former President Tata Nelson Mandela's 95th birthday, in order to simultaneously honor and celebrate the freedom and opportunities that Mandela has made possible for the people of South Africa and persons around the world.

More than 250 participants from 85 cities worldwide participated in the conference including mayors, former mayors, governors, United Nations representatives, and senior officials from NGO's around the globe.

Metropolis is the World Association of Major Metropolises and the leading international organization that gathers cities and metropolitan regions with more than a million inhabitants. Created in 1985, the Metropolis Association is represented by more than 120 members from around the world and operates as an international forum for exploring issues and concerns common to all big cities and metropolitan regions. Metropolis also manages the Metropolitan Section of UCLG.

Calendar of Events

(Updated 07/25/13)

2013



August 1-3

Summer Leadership Officers Meeting (USCM Executive Committee, Advisory Board and Chairs Only), Park City. Contact: Carol Edwards cedwards@usmayors.org / 202-293-7330. Sponsorship: Geri Powell gpowell@usmayors.org / 202-861-6774. Registration Open

September 11-15

Empowerment Week, Birmingham

September 12 Mayors' Day: Coalition of Cities Against Racism. Contact: Tom McClimon mcclimon@usmayors.org / 202-861-6729. Registration Available Soon

2014

January 22-24

82nd Conference of Mayors Winter Meeting, Washington (DC). Contact: Carol Edwards cedwards@usmayors.org / 202-293-7330. Sponsorship: Geri Powell gpowell@usmayors.org / 202-861-6774. Registration Available Fall 2013

June 20-23

82nd Annual Conference of Mayors, Dallas. Contact: Carol Edwards cedwards@usmayors.org / 202-293-7330. Sponsorship: Geri Powell gpowell@usmayors.org / 202-861-6774. Registration Available Spring 2014

For updates or changes, check our web site at **usmayors.org**



Prescription DRUG ABUSE

Prevention Recognition Program



Get the attention you deserve.

The U.S. Conference of Mayors and Purdue Pharma LP are sponsoring the "Prescription Drug Abuse Prevention Recognition Program," to honor outstanding initiatives that address prescription drug misuse and abuse in America's cities.

AWARDS WILL BE MADE IN TWO CATEGORIES:

Large City

Population greater than 100,000

First Place - \$10,000

Second Place - \$5,000

Small City

Population of 100,000 or smaller

First Place - \$10,000

Second Place - \$5,000

IMPORTANT DATES:

Launch of Online Application:
July 2013

Application Deadline:
August 30th, 2013

Announcement of Winners:
January 2014

Learn more about the Drug Abuse Prevention Recognition Program at **www.usmayors.org/drugawareness**

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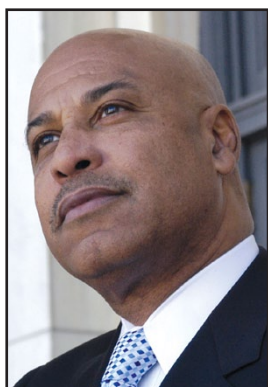
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Michael Ratti, Regional Director-Public Sector-North Region, Sprint



Orlando Saez, Chief Operating Officer, City Scan



Jean Cantrell, Senior Director-State Government Relations, Philips



Lynn Cutler, Senior Policy Advisor, Holland & Knight LLP



The United States Conference of Mayors thanks Immediate Past Co-chair David Cobb, Vice President, HDR, Inc., the outgoing 2012-2013 Business Council Steering Committee Co-chair, for his guidance and support during the past year.

2013 Mayors Business Council Members

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Aclara	Hudson News	<i>Red Bull North America</i>
Akerman Urban Strategies, LLC	IBM	Safeguard Properties
Alvarez & Marsal	<i>Integrated Energy Solutions, LLC</i>	Science Applications International Corporation (SAIC)
American Airlines	Intellistreets	Sensus
American Beverage Association	International Council of Shopping Centers	Service Employees International Union, CTW, CLC (SEIU)
American Chemistry Council	International Franchise Association	Shaw Environmental & Infrastructure Inc.
American Institute of Architects*	<i>INTUIT</i>	Siemens Corporation
American Management Services, Inc.	IPS Group, Inc.	<i>Smart Cities Council</i>
American Petroleum Institute	<i>It Girls</i>	Sodexo, Inc.
American Society of Civil Engineers	Itron, Inc.	Southwest Airlines
American Water*	<i>Jefferies LLC</i>	Sprint
AT&T*	JPMorgan Chase & Co.	Starbucks Coffee Company
AutoReturn	Keolis Transit America	Target Corporation
Bank of America	KHAFRA Engineering Consultants	The Scotts Miracle-Gro Company
Black & Veatch Corporation	Kronos	The Sherwin-Williams Company
Carton Council	Las Vegas Convention and Visitors Authority	Thomson Reuters
Catamaran	Linebarger Goggan Blair & Sampson, LLP	Tremco Incorporated
CGI Communications	Lion	U.S. Green Building Council
CH2M HILL*	Mars Incorporated	U.S. Chamber of Commerce
Chester Engineers, Inc.	Microsoft Corporation	Unisys Corporation
<i>Cigna</i>	Morgan Stanley	United Healthcare
Cisco Systems, Inc.	Mortgage Bankers Association	United Water*
CITELUM US Inc.	Motorola	Urban Air Initiative
Citi Community Development	Mueller Water Products, Inc.	URS
CityScan, Inc.	MWH, Inc.	Veolia Water North America*
Colonial Life	National Apartment Association	Verizon Communications
Comcast	National Association of Realtors	Visa, Inc.
<i>Delos Living, LLC</i>	National Urban League	Walgreen Co.
Duke Energy	Pacific Gas & Electric Company	Wallace Bajjali Development Partners, LP
Duncan Solutions	Parsons Brinckerhoff	Walmart
DuPont	Parsons Corporation*	Waste Management, Inc.*
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General Electric	Pearson Foundation	Wells Fargo
General Motors Company	Pepco Holdings, Inc. (PHI)	Yelp
Google, Inc.	Pfizer, Inc.	
Great West	Philips	
HDR	<i>Power Survey Company</i>	Charter Members (*)
Holland & Knight LLP	<i>Premier Magnesia LLC</i>	Platinum Members (bold)
Home Away	Purdue Pharma L.P.	<i>New Members (italicized)</i>

Allentown Secures Pension Plan, Brightens Financial Outlook with Water, Sewer Concession Lease

Allentown employees are split between two pension systems: the Pennsylvania Municipal Retirement System (PMRS) for all but a very small minority of non-uniformed staff, and the city's single-employer plan, which covers police, fire, and the handful of non-uniformed personnel in the Officers and Employees category.

Allentown's pension landscape is totally lopsided. For the 510 employees in PMRS, the city's 2013 contribution – its Minimum Municipal Obligation (MMO) – is \$1.6 million. The 2013 MMO for the 319 employees in the city's plan, \$16.3 million, is ten times higher. Added to this is \$2.3 million in pension obligation debt service payments on bonds issued in 1996. The city's retirement plan has more than 500 retirees but only about 280 contributing members.

City officials knew they were confronting an absurd and unsustainable situation that would only get worse with time. The unfunded liability represented a \$200 million-plus legally binding full faith and credit general obligation debt of the city. The projected growth of this unfunded liability put the MMO on a trajectory that would quickly drain over 30 percent of the General Fund budget. It was understood that if action was not taken, Allentown's finances would soon be crippled for decades to come. It was also understood that the problem was too big for the city to tax, save, borrow, or invest its way to a solution. For example, it would require a nearly 100 percent real estate tax increase to simply keep pace with the growing MMO payments, and Allentown already had the highest tax rate in the

region. According to Mayor Ed Pawlowski, taking this approach would constitute "irresponsible fiscal mismanagement and lead to insidious consequences."

Following much research and evaluation, officials determined that the most prudent, cost-effective financing tool capable of generating the nearly \$200 million needed to wipe out Allentown's debilitating unfunded pension liability would be a concession lease, and it was decided to capitalize on the equity Allentown had built up in its water and sewer operations. Recruiting the best talent available from across the country, the city began a 15-month transparent process of qualifying, evaluating, and negotiating to create a bid document – the actual concession lease agreement – that pre-qualified bidders would competitively bid on.

In late April, the city received what it considered to be three very strong bids and, on May 2, the mayor signed a 50-year concession lease agreement with the Lehigh County Authority (LCA) which allowed LCA to operate Allentown's water and sewer system in exchange for a \$220 million upfront payment, plus a \$500,000 annual payment beginning in year four of the lease. The upfront payment allows the city to immediately fully fund its pension plan, eliminate certain debt and, most importantly, put Allentown on a firm financial footing well into the future. On the day the lease agreement was signed, the lead story in Moody's U.S. Public Finance Weekly Credit Outlook was titled "Long-Term Lease of Water and Sewer Enterprise Is a Credit Positive for Allentown (PA)."



Allentown Mayor Ed Pawlowski

Pawlowski believes that using the concession lease as a financing tool was a bold but necessary move, with the very survival of the city at stake. "The concession lease agreement that was developed over the past 15 months provides for strong protection to the city and the system's ratepayers while also allowing LCA to do what it does best: provide clean, safe drinking water and environmentally compliant sewer services to the residents of the Lehigh Valley and now Allentown. I couldn't ask for anything more."

Additional information on Allentown's concession lease agreement is available from Garret Strathearn, Director of Finance, at (610) 437-8788 or GarretH.Strathearn@allentownpa.gov.

Mayors are invited to submit the "Best Practices" of their cities to U.S. MAYOR. Contact Public Affairs at 202-293-7330 or send e-mail to usmayor@usmayors.org

