



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: Fall Intergovernmental
Relations Report

DATE: December 13, 2024

Approved

Date:

12/13/24

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept the Fall Intergovernmental Relations Report.
- (b) Reaffirm all City positions summarized in the 2023-2024 Intergovernmental Relations Priority Federal Legislation Log.
- (c) Reaffirm all City positions summarized in the 2023-2024 Intergovernmental Relations Priority State Legislation Log.

SUMMARY AND OUTCOME

The Fall Intergovernmental Relations Report provides an update on the City's top legislative priorities and outlines legislative positions for the City Council to reaffirm. All legislative positions are outlined in **Attachment A: 2023-2024 Intergovernmental Relations Priority Federal Legislation Log** and **Attachment B: 2023-2024 Intergovernmental Relations Priority State Legislation Log**. Acceptance of this report continues the Administration's advocacy efforts to advance City priorities.

From August 3, 2024 through December 6, 2024, the Intergovernmental Relations (IGR) team, which is part of the City Manager's Office of Administration, Policy, and Intergovernmental Relations, took the following actions to further the City's legislative priorities in coordination with partner departments and outside agencies.

- Secured the successful passage and enactment of Senate Bill (SB) 969 (Wiener), a City-sponsored bill that will provide the City with greater flexibility in activating downtown and other designated entertainment zones.
- Conducted a legislative advocacy day in Sacramento on October 28, 2024, meeting with the City's state delegation to discuss the City's priorities for the upcoming legislative session.

- Engaged in significant advocacy in partnership with the City's cardrooms against SB 549 (Newman).
- Engaged in strategy and coordination meetings with the Santa Clara Valley Transportation Authority (VTA) and conducted briefings with the City's federal delegation to continue the advancement of the BART Silicon Valley Phase II project towards a Full Funding Grant Agreement in 2025.
- Advocated for \$5.5 million in federal earmark funding that was included in draft appropriations bills (pending passage of Fiscal Year (FY) 2025 appropriations bills).
- In partnership with the County of Santa Clara's Office of Intergovernmental Relations team, conducted monthly regional coordination meetings with local cities, utility agencies, open space authorities, and other partners.
- Issued or facilitated 34 letters of support or opposition for legislation, as well as funding and regulatory priorities aligned with the Legislative Program, for a total of 331 position letters for the 2023-2024 Legislative Session.
- Issued or facilitated 16 letters of support for City grant applications and partner grant applications that benefit the City.
- Tracked 355 pieces of federal and state legislation.

BACKGROUND

The Administration provides regular updates on legislative and regulatory advocacy efforts to ensure the City Council is informed of actions taken throughout the year related to federal and state legislative advocacy. IGR last reported to the City Council on August 27, 2024 ([Item 3.4 24-197084](#)¹).

At the November 28, 2023 meeting, the City Council approved the 2024 Legislative Program and Legislative Priorities ([Item 3.4 23-1630](#)²). IGR will be presenting the proposed City of San José 2025 Legislative Program, which includes the legislative priorities, during a separate item at the City Council meeting on January 14, 2025.

The following analysis is framed around the approved 2024 Legislative Priorities:

- Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Affordable Housing Supply;
- Enhance Community Safety and Promote Vision Zero Initiatives;
- Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families;

¹ <https://sanjoseca.primegov.com/Portal/viewer?id=0&type=7&uid=e7ae7556-8865-4536-b248-de3511d3adcc>

² <https://sanjose.legistar.com/View.ashx?M=F&ID=12466603&GUID=A7958A22-878F-4BEB-8C60-C5D835139231>

- Catalyze Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods; and
- Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Advance San José's Climate Smart Goals.

The analysis section of this memorandum is organized by the following subject areas: Budget, Legislative Priorities, and Other Legislative Updates.

ANALYSIS

Budget

This section provides an update on the processes and timelines for the federal and state budget.

Federal Update

Federal Budget

On September 25, 2024, Congress passed a continuing resolution to extend federal spending and avert a government shutdown through December 20, 2024. Congress is expected to pass another continuing resolution through March 2025 before it adjourns the 118th Congressional term. The House of Representatives FY 2025 Transportation, Housing, and Urban Development appropriations bill includes \$5.5 million in potential funding for City projects that IGR championed through outreach efforts with the City's federal delegation. These projects include:

- \$2,000,000 for Alum Rock Business Corridor Revitalization Project (Congressmembers Khanna and Lofgren);
- \$2,000,000 for Cahalan Park Recreation Upgrades (Congressman Panetta);
- \$1,000,000 for Yerba Buena Bridge Reconstruction (Congressman Panetta);
- \$250,000 for sideshow and street racing deterrence in Evergreen and East San José (Congressman Panetta); and
- \$250,000 for Happy Hollow Park Microgrid (Congresswoman Eshoo).

The debt ceiling is scheduled to be reinstated on January 1, 2025. The ceiling, which represents the maximum amount of money the federal government can borrow to pay its bills, was suspended on June 3, 2023 through the Fiscal Responsibility Act of 2023. While certain "extraordinary measures" can be taken to extend the timeframe for raising the debt ceiling, without a new debt suspension or limit increase, the federal government will default on its loan obligations. IGR will closely monitor developments and any potential impacts on federal funding.

State Budget

In anticipation of the Governor's proposed 2025-2026 budget to be released by January 10, 2025, IGR plans to issue a letter to the Governor's Office on behalf of the Mayor outlining the City's budget priorities for the upcoming fiscal year. The letter will communicate the City's primary priorities, including funding for 2026 FIFA World Cup events that will take place in San José; ongoing funding for the Homeless Housing, Assistance, and Prevention program; budget allocations to help San José address soft story retrofit; operations funding for Homekey+; and the reinstatement of funding to the Office of the Governor's California Volunteers "neighbor to neighbor" grant program. While early projections indicated a sizable deficit for the 2025-2026 budget, the Legislative Analyst's Office issued a report on November 20, 2024³ that showed the deficit was reduced to approximately \$2 billion due to substantial revenue increases. Although the budget appears to be roughly balanced, the Legislative Analyst's Office communicated that the state has no capacity for new spending commitments.

On November 7, 2024, Governor Newsom announced a special legislative session with the goal of safeguarding California values and fundamental rights ahead of the change in the presidential administration. The special session responds to President-elect Trump's recent public statements and proposals, and actions taken during his first presidential term. This special session will focus on bolstering California's legal resources to protect civil rights and reproductive freedom, climate action, and immigrant families. The Governor is working with lawmakers to create a new litigation fund of up to \$25 million to support the state's legal resources to defend state policies from federal intrusion. In addition, there is a Senate proposal to include an additional \$10 million to city attorneys and county counsels to assist in the legal challenges they will also undertake. The special session commenced on December 2, 2024, the same day as the swearing-in of newly elected legislators.

Legislative Priorities

- ◆ **Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Affordable Housing Supply**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Affordable Housing Supply.

Federal Update

Funding Advocacy

IGR continues to work with the City's federal delegation to advocate for increased funding to expand the Housing Choice Voucher program. Unfortunately, recent mandates from the Department of Housing and Urban Development regarding the

³ <https://lao.ca.gov/reports/2024/4939/2025-26-Fiscal-Outlook-112024.pdf>

calculation of Housing Choice Voucher subsidies may disproportionately impact the City's most vulnerable residents with some receiving a reduced subsidy. The City's desire to mitigate impacts that may occur as a result of reduced funds. We anticipate the need for additional advocacy during the upcoming 119th Congressional term for this program. With Republicans in control of the White House and Congress in 2025, funding for this critical program could be cut. Additionally, IGR continues to look for opportunities to expand the federal Low-Income Housing Tax Credit program.

As the 119th Congress prepares to take on tax reform through budget reconciliation, there may be an opportunity to include expansion of the Low-Income Housing Tax Credit program. IGR will continue to advocate for housing vouchers and tax credits and will monitor changes that could impact the City and its residents.

Legislation

IGR continues to monitor several bills that would advance the City's priorities around tenant protections, anti-displacement, and greater funding for the Housing Choice Voucher program. The Fair Housing Improvement Act (S.1267) and its companion bill in the House of Representatives, the Family Stability and Opportunity Vouchers Act (H.R. 3776), were introduced earlier in the legislative session; however, neither of these bills have passed their respective houses. These bills would create an additional 250,000 housing vouchers over five years for low-income families with young children. IGR will continue to engage with members of the City's federal delegation to advocate that these bills be reintroduced in the next legislative session.

State Update

Funding Advocacy

On October 29, 2024, Governor Newsom announced funding awards for Round 5 of the Homeless Housing, Assistance, and Prevention program. The City was awarded \$28.8 million and the County of Santa Clara was awarded \$56.77 million. This funding announcement came with new measures related to accountability, transparency, and compliance.⁴ In coordination with the Housing Department and the City's state lobbyist, IGR will continue to engage the City's state delegation and the Governor's Office on the importance of maintaining this critically important funding.

On September 19, 2024, Governor Newsom announced the launch of the new Homekey+ program that will support the development of permanent supportive housing for veterans and those experiencing mental health or substance abuse challenges. Homekey+ is funded through the passage of Proposition 1 from the March 2024 primary election. Proposition 1 authorized \$6.4 billion in bond funding to develop and expand behavioral health treatment, residential care settings, and permanent supportive

⁴ The measures include monthly fiscal progress reports, new regional performance metrics, and expanded enforcement authority provided to the California Attorney General and Housing and Community Development Department to enforce corrective action plans.

housing. In collaboration with the California Department of Veterans Affairs, \$2.2 billion of this funding will be administered by the California Department of Housing and Community Development for the Homekey+ program. However, the ongoing costs associated with operating Homekey+ sites are a growing concern. In the upcoming legislative session, IGR will advocate for additional resources to support sustained and ongoing operations for these new sites.

Legislation

During the IGR Spring 2024 Report discussion, the City Council directed IGR to take a support-if-amended position on Assembly Bill (AB) 3035 (Pellerin). This bill, signed into law on September 24, 2024, streamlines certain housing developments for agricultural workers in Santa Clara and Santa Cruz counties. Before its passage, IGR successfully incorporated an amendment to the bill that exempts industrial land. The City remains supportive of efforts to build more housing for agricultural workers. However, there are unresolved concerns with the bill regarding the lack of a minimum density requirement and the radius to which the bill applies, which based on the bill's definition of agricultural land, would covers most parcels in the City and could limit the City's ability to make land use decisions on those parcels. To honor the intent of City Council's direction, IGR is working with the City Attorney's Office and the City's Planning, Building, and Code Enforcement Department as well as the County of Santa Clara on a memorandum of understanding that aims to address these concerns. On September 30, 2024, IGR met with stakeholders to discuss the content and scope of the memorandum of understanding and will be continuing these discussions

IGR supported AB 2347 (Kalra), which the Governor signed into law on September 24, 2024. The bill enacts various procedural changes to landlord-tenant law to extend the time a tenant must respond to an eviction notice, from five days to 10 days. This bill provides much-needed extra time for tenants facing eviction to obtain the resources and support needed to defend themselves against displacement.

On September 19, 2024, the Governor signed AB 1893 (Wicks), which makes various changes to the builder's remedy component of the Housing Accountability Act, including, among other modifications, reducing the amount of affordable housing required for a development to utilize the builder's remedy. On August 14, 2024, IGR and staff from the City Attorney's Office and Planning, Building, and Code Enforcement Department met with the author's office to discuss significant concerns the City had with this bill. In the City staff assessment, the major challenges associated with the builder's remedy were not addressed in this bill, including the need for clarity on the builder's remedy process and the ability of cities to enforce existing minimum zoning and general plan density requirements on projects utilizing the builder's remedy. IGR is actively working with the League of California Cities to align on advocacy and strategy for the upcoming legislative session to address shared concerns and a potential legislative solution.

Additional bills related to homelessness and affordable housing that IGR monitored during the 2023-2024 Legislative sessions are in **Attachment C: Legislation Related to Legislative Priority: Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Affordable Housing Supply.**

◆ **Enhance Community Safety and Promote Vision Zero Initiatives**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Enhance Community Safety and Promote Vision Zero Initiatives.

Federal Update

Regulatory Advocacy

IGR has been participating in monthly community-driven meetings concerning train horn noise, and how to mitigate the impacts of associated noise pollution, through federal regulations. This is an enduring issue that IGR has been working on along with the City's Department of Transportation (DOT), the Mayor's Office, representatives from the County of Santa Clara, VTA, and state and federal elected offices.⁵ In November 2024, Congressmembers Lofgren and Eshoo sent a letter to the Federal Railroad Administration that was cosigned by City's DOT Director and was closely coordinated with the County of Santa Clara. The letter authors requested that the Federal Railroad Administration conduct new studies and potentially revise regulations regarding how train horns are used as a safety measure in light of recent research on the health impacts of noise. IGR will continue to engage on this issue and seek a response from the Federal Railroad Administration.

Pending Grants

In September 2024, DOT applied to the federal Department of Transportation's Reconnecting Communities Pilot Grant Program Cycle 2. The City previously applied to Cycle 1 in September 2023 for \$2 million to develop a Downtown San José I-280 Ramp Consolidation and Reconfiguration Study, but unfortunately, it was not awarded despite receiving a high score. Given this, DOT resubmitted the application for the same project. The elevated I-280 freeway forms an east-west wall, cutting off downtown to neighborhoods just south of downtown. This community-driven planning study would focus on bridging those neighborhoods to high-resource downtown areas, including City Hall and San José State University. IGR facilitated feedback from the City's federal lobbyist and coordinated numerous letters of support from local and state representatives on the application submission. Awards are anticipated in early 2025, but the timing may be delayed due to the change in the presidential administration.

⁵ While the City has existing quiet zones at certain railroad crossings, including the Warm Springs Quiet Zone, train operators have the discretion to sound a train horn and frequently exercise that discretion whenever they view a potential hazard near the track. This noise occurs at all hours of the night and negatively impacts the health and well-being of the City's communities who are seeking relief.

Legislation

In November 2024, IGR issued a letter of support for the Local 9-8-8 Response Act (S. 3444). This legislation would expedite the process of connecting callers with the nearest call center by routing the call by geographic location rather than area code and result in a caller receiving appropriate care from a mental health professional as quickly and as safely as possible while still protecting user privacy. This legislation would enhance the reach and effectiveness of the 9-8-8 program and ensure call centers quickly connect callers to a range of mental health services and a full continuum of care. This legislation is currently stalled in the Senate; IGR will monitor any potential reintroduction of this legislation in the next legislative session.

State Update

Legislation

IGR issued letters of support for multiple bills addressing retail theft, including AB 2943 (Zbur) that was signed into law in November 2025 and allows prosecutors to add the value of different thefts committed over time or across jurisdictions; SB 982 (Wahab), signed into law by the Governor in August 2024, extends the criminality of organized real theft indefinitely; and AB 1990 (Carrillo), which died in the Assembly Public Safety Committee, would have authorized peace officers to charge a misdemeanor shoplifting offense not committed in the officer's presence with probable cause; and SB 982 (Wahab). With the corresponding passage of Proposition 36 in the November 8, 2024 election⁶, the City awaits further changes in how certain theft and drug crimes can be charged. Proposition 36 rolled back Proposition 47 changes approved by voters a decade ago and will allow felony charges for possessing certain drugs, including fentanyl, as well as felony charges for theft under \$950 with two prior theft convictions. IGR will work with the Police Department as further guidance is released by the state and County of Santa Clara on implementing the public safety reform policies.

Additional bills related to safety and Vision Zero that IGR monitored during the 2023-2024 Legislative sessions are in **Attachment D: Legislation Related to Legislative Priority: Enhance Community Safety and Promote Vision Zero Initiatives.**

◆ **Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families.

⁶ <https://sanjoseca.primegov.com/Portal/viewer?id=0&type=7&uid=af327271-c3fe-495a-af8d-6d0262c140a1>

Federal Update

Funding Advocacy

On August 19, 2024, IGR sent a letter to the Senate Committee on Health, Education, Labor, and Pensions leadership regarding legislation to reauthorize the Workforce Innovation and Opportunities Act. First signed into law in 2014, the Workforce Innovation and Opportunities Act is the primary legislation that funds and authorizes the United States workforce development system. The House passed its version of the reauthorization bill in April 2024. The letter that IGR sent raised numerous concerns the City has with the already passed House version of the reauthorization bill and urged the committee to consider these issues. Since then, the Senate released its version of the bill, which aligns with an agreement made between leadership in both chambers, with the goal of attaching it to a must-pass spending bill. However, the Workforce Innovation and Opportunities Act reauthorization legislation currently being discussed still contains provisions, that if passed, could result in the City receiving reduced funding and having less autonomy over the City's work2future and San José Works programs. On December 3, 2024, IGR met with Senator Padilla's staff to discuss these concerns. IGR will continue to actively engage with the City Manager's Office of Economic Development and Cultural Affairs on these issues and engage the City's federal delegation to communicate the City's concerns.

Legislation

IGR continues to monitor developments related to the Affordable Connectivity Program that provided a subsidy to low-income households to pay for internet access. Due to congressional inaction, the program lapsed and subsidies for families ended in May 2024.⁷ IGR worked collaboratively with the City's Information Technology and Library Departments to coordinate broadband advocacy meetings and raise awareness of San José's digital equity and empowerment program outcomes and successes. Despite bipartisan support to reauthorize the Affordable Connectivity Program, the issue remains stalled in Congress. IGR will continue to monitor these efforts.

In November 2024, IGR issued a letter of support for the Supporting Help for Immigrants through Education and Legal Development Act (S.412). This legislation would authorize the United States Attorney General to provide grants to states, local municipalities, and organizations to support the recruitment, training, and development of staff and infrastructure needed to support the due process rights of individuals facing deportation. This legislation passed the Senate in July 2024, but the House has not taken action on this bill.

⁷ The Affordable Connectivity Program helped the City bridge the digital divide and increase broadband connectivity among the City's most vulnerable communities, particularly among low-income residents. The program provided a monthly subsidy that supplemented the cost of internet connectivity for over 100,000 San José residents.

State Update

Pending Grants

In September 2024, the City's Library Department and Joint Venture Silicon Valley submitted an application for the National Telecommunications and Information Administration's Internet for All funding program. The bipartisan Digital Equity Act of 2021 made \$1.25 billion available for digital equity competitive grants. The joint application requested \$11.8 million in funding, \$5 million of which would be for the Library Department. If awarded, the Library would be sub-granted to hire a Librarian II who will develop digital skills curricula, including AI, for City and public use, as well as other resources to support Digital Empowerment programs and the San Jose Access Centers Award announcements are expected between January and April 2025.

Legislation

Several bills were introduced during the legislative session that would regulate or provide safeguards on artificial intelligence at the state level. Such legislation is critical in absence of federal regulations. The City supported several artificial intelligence-related bills, including SB 1047 (Wiener), which would have established safety standards for development of the largest and most powerful artificial intelligence systems and required safety testing and cybersecurity features prior to deployment; SB 892 (Padilla) would have required the California Department of Technology to develop and adopt regulations to create an automated decision tool procurement standard; and SB 933 (Wahab) and AB 1831 (Berman) which both clarify criminal statutes related to artificial intelligence-generated child pornography. While SB 1047 and SB 892 passed the Legislature, the Governor ultimately vetoed them. In the Governor's veto message for SB 1047, he agreed with the need for regulations but expressed concerns with the regulatory approach of the legislation, especially its focus on large-scale artificial intelligence systems. The Governor signed AB 1831 in September 2024, while SB 933 died in Assembly Appropriations.

IGR issued multiple letters of support for SB 1142 (Menjivar) that was signed into law in September 2024. This bill helps mitigate the impacts of utility disconnections for residents, builds on previous legislation to address disconnections, and seeks to codify safeguards to ensure Californians can keep their electricity on during financially difficult times. Specifically, this bill requires utilities to restore services, for residential customers who have had power services terminated for nonpayment, upon entering an amortization agreement and requires utilities to reconnect power services for residential customers within 24 hours of payment.

Additional bills IGR monitored during the 2023-2024 Legislative sessions related to advancing educational and employment opportunities are in **Attachment E**: Legislation Related to Legislative Priority: Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families.

◆ **Catalyze Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Catalyze Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods.

Federal Update

Funding Advocacy

On September 6, 2024, IGR hosted the first of recurring monthly meetings with the Bay Area Host Committee.⁸ These meetings focus on addressing the regional needs for major events taking place in the South Bay in 2026 through coordinated advocacy. IGR continues to advocate for funding resources in preparation for these events, including Super Bowl 60, NCAA men’s basketball regional games, and the FIFA World Cup. Collectively, these events are expected to bring hundreds of millions of dollars in economic activation to the region, in addition to other opportunities, such as showcasing San José as an inclusive and vibrant destination for visitors. This advocacy is being done in strong collaboration with the Bay Area Host Committee, the City Manager’s Office of Economic Development and Cultural Affairs, and the City’s state and federal lobbyists. IGR continues to monitor federal budget negotiations as it relates to funding for the 11 U.S. FIFA World Cup host regions and will coordinate joint advocacy efforts with the Bay Area Host Committee.

The Inflation Reduction Act created two programs to be administered through state energy offices to encourage home energy retrofits: the Home Efficiency Rebates program to fund whole-house energy efficiency retrofits and the Home Electrification and Appliance Rebates program to help low-moderate income households “go electric” through qualified appliance rebates.⁹ On November 12, 2024, Governor Newsom announced that single-family homeowners could apply for the Home Electrification and Appliance Rebates program, with rebates of up to \$8,000 for certain upgrades, depending on household income. IGR will work closely with the City’s Energy Department and the City Manager’s Office of Communications to ensure program benefits are communicated to the City’s residents and businesses. However, given the

⁸ The Bay Area Host Committee was founded in 2022 with the mission of uniting the Bay Area through sports. They are the lead organization coordinating planning related to Super Bowl 60 and the 2026 FIFA World Cup. Super Bowl 60 and 6 FIFA World Cup matches will be at Levi’s Stadium in Santa Clara in 2026.

⁹ The Home Efficiency Rebates program will provide rebates for whole-house energy efficiency retrofits that achieve certain thresholds of energy savings and enhanced rebates will be available for low-income households. In August 2024, the California Energy Commission submitted its funding program to the United States Department of Energy for approval. The Home Electrification and Appliance Rebates program will provide point-of-sale consumer rebates to low- and moderate-income households for qualified electrification projects for their homes.

upcoming change in the presidential administration and the makeup of Congress, it is anticipated that funding for Inflation Reduction Act programs may be at risk.

Legislation

In November 2024, IGR issued a letter of support for the Transportation Assistance for Olympic and World Cup Cities Act (S. 4814). This legislation would provide funding resources to cities through grant funding for projects that improve regional transportation during Olympic and World Cup games. Through the months of June and July 2026, 104 FIFA World Cup matches will be played in North America, with six matches taking place at Levi's Stadium in Santa Clara. This legislation would impact the City as it prepares for a massive influx of foreign and domestic travelers for the games and associated events. This legislation is currently stalled in the Senate but IGR will advocate for the reintroduction of this legislation in the 119th Congressional term.

State Update

Regulatory Advocacy

The City Manager's Office received direction from City Council to provide recommendations on modifying the City's existing Abandoned Shopping Cart ordinance to enable to the City to remove abandoned shopping carts and return them to retailers at a faster rate while ensuring full cost recovery. The accumulation of abandoned shopping carts significantly contributed to the size and scale of encampments and associated debris. State law determines the process by which a city can impound shopping carts, assess fines, and recover costs and the law has not been amended since 1998. IGR engaged the City's state lobbyist to convene discussions with the League of California Cities on November 6, 2024 and the California Grocers Association on November 21, 2024 to pursue a potential legislative remedy. IGR will continue to provide support to the policy team in the City Manager's Office should state legislation be required.

Funding Advocacy

In addition to federal advocacy, IGR is engaged with the Bay Area Host Committee on state funding resources for the multiple sporting events occurring in the region in 2025 and 2026. On October 31, 2024, IGR met staff from the City of Los Angeles Mayor's Office to align priorities and joint advocacy in the next legislative session. IGR will also work with the California Governor's Office of Emergency Services to access grant funding that was allocated in previous budgets to cover costs related to hosting matches for the 2026 FIFA World Cup. IGR will conduct a joint advocacy day with the Bay Area Host Committee in spring 2025 to communicate the importance of these events to the region.

Legislation

IGR's sponsored bill, SB 969 (Wiener), was signed into law by the Governor on September 28, 2024. The bill allows licensed brick-and-mortar bars and restaurants to

sell alcoholic beverages in off-premises entertainment zones. IGR and staff from the City Manager's Office of Economic Development and Cultural Affairs were highly engaged with the author's office and members of the City's state delegation to advocate for the bill's passage. IGR testified in support of the bill at both the Assembly and Senate Committees on Governmental Organization, in addition to engaging in several advocacy efforts that included meetings and support letters. SB 969 allows cities to determine the parameters of these entertainment zones, enabling brick-and-mortar establishments and their business districts to reap the economic benefits of outdoor activation.¹⁰

IGR supported SB 1103 (Menjivar) that was signed into law on September 30, 2024. This bill increases tenant protections for certain small businesses and nonprofits and extends notice requirements for lease terminations or rent increases to qualified commercial tenants and nonprofits. Additionally, SB 1103 enhances equity by adding translation requirements to leasing and other tenancy documents for tenants who do not communicate in English as a primary language.

Additional bills IGR monitored during the 2023-2024 Legislative sessions related to downtown and equitable community investments are in **Attachment F: Legislation Related to Legislative Priority: Catalyze Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods.**

◆ **Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Advance San José's Climate Smart Goals**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Advance San José's Climate Smart Goals.

Federal Update

Funding Advocacy

The Infrastructure Investment and Jobs Act passed in November 2021 authorized federal surface transportation programs that will expire on September 30, 2026. Surface transportation legislation is typically authorized every few years and provides federal funding for infrastructure projects, including roads, bridges, waterways, and mass transit. A major challenge for the next surface transportation package is that the Highway Trust Fund is projected to be exhausted by 2028, and creative solutions will be required to maintain funding availability. IGR will monitor developments and, through the

¹⁰ Currently, outdoor events require a third-party vendor for alcohol sales, directly competing with nearby businesses.

City's federal lobbyist, identify opportunities to advocate for funding that benefit City infrastructure projects.

On August 2, 2024, following intense advocacy by the City and VTA, the Federal Transit Administration accepted the BART Silicon Valley Phase II project and made a historic commitment of \$5.1 billion for the project contingent on a Full Funding Grant Agreement. IGR, the Mayor's Office, and DOT have been in close coordination with VTA on next steps to secure the Full Funding Grant Agreement. Additionally, VTA continues to work towards identifying solutions to close the remaining \$700 million funding gap. Following the funding commitment announcement, IGR and DOT have conducted transportation briefings with the City's congressional and state delegations to share project updates. This coordination will be especially important with the change in the presidential administration. With the Mayor recently appointed as Vice Chair of the VTA Board of Directors, the City will continue to be a vocal partner and staunch advocate for the project.

Grants Pending

The City's Airport Department and DOT each applied for a Stage 1: Planning and Prototyping grant from the federal Department of Transportation Strengthening Mobility and Revolutionizing Transportation grant. The Airport Department requested \$2 million for the modernization of the airport's Central Utility Plant and integration of a smart microgrid to meet future energy capacity demand and advance its sustainability goals. The Airport Department anticipates significant energy needs due to electric vehicle charging and equipment, electric buses, electric vertical take-off and landing, and future electric aircraft. DOT's application is also for \$2 million that may be used for the potential San José Diridon to Airport Connector project. IGR facilitated feedback on the applications from the City's federal lobbyist and coordinated letters of support from the City's federal representatives. Stage 1 awards are anticipated in early 2025, and future Stage 2 funding is anticipated to advance projects awarded in Stage 1.

The City resubmitted two applications for the Federal Highway Administration's Charging and Fueling Infrastructure discretionary grant program in August 2024 for electric vehicle infrastructure. This is the second round of funding for this grant, and \$521 million was reserved for reconsidering previously unselected applications that were rated highly in the first round. The City's first resubmitted application is for \$1.5 million in corridor grant funding to fund the planning, design, and implementation phases of the City's Fleet and Emergency Charging Infrastructure Project. The project, located in central and east San José, seeks to integrate medium and heavy-duty fleet charging with communitywide emergency preparedness. The second resubmitted application is for \$1.2 million in community grant funding to fund the planning, design, and implementation phases of Level 2 chargers at three East San José libraries for six new charging ports. Additionally, in partnership with Silicon Valley Clean Energy, the City applied for the second round of funding for \$12 million to fund approximately 200

Level 2 and direct current fast charging ports¹¹ at public facilities, such as community centers, parks, and libraries in primarily disadvantaged communities. IGR facilitated feedback on the applications from the City's federal lobbyist and coordinated letters of support from the City's congressional delegation, including Senator Padilla. In November 2024, IGR also joined a sign-on letter from the Electrification Coalition advocating for funding to be awarded prior to the presidential transition in January 2025.

The City's Municipal Water System, through the Environmental Services Department, applied for the federal Bureau of Reclamation's WaterSmart Water and Energy Efficiency grant program for the Advanced Metering Infrastructure Project. The application is for \$5 million to help fund full meter replacement of all 27,000 Municipal Water System meters and upgrade meter reading technology, which provides drinking water to over 140,000 City residents. Project benefits include enhancing water conservation efforts, reducing water loss, and improving operational efficiency and regulatory compliance. IGR facilitated feedback on the application from the City's federal lobbyist and coordinated letters of support from City and federal representatives.

In November 2024, DOT applied for \$40 million from the Federal Highway Administration Low Carbon Transportation Materials grant. The application would fund the build-out of a program for a Citywide implementation framework to transition to more sustainable construction materials with significantly lower greenhouse gas emissions, especially in the area of road repaving. The City has been a pioneer in the low-carbon sector and has implemented various low-carbon transportation materials and technologies, including reclaimed asphalt pavement, rubberized hot mix asphalt, and cold in-place recycling technology. This grant would further the City's goal to reduce greenhouse gas emissions by 80% below 1990 levels by 2050 and achieve communitywide carbon neutrality by 2030. IGR facilitated letters of support from City and federal representatives.

In December 2024, DOT resubmitted a grant application for the Department of Transportation's Rebuilding American Infrastructure with Sustainability and Equity grant program, previously submitted in February 2024. The Department of Transportation reserved a portion of the FY 2025 grant funding for highly rated applications that were not selected for FY 2024. The request for \$11 million for the King Road Transit First Complete Streets Project would complete the design and environmental phases of the project, located along King Road from Mabury Road to Capitol Expressway.¹² IGR facilitated feedback from the City's federal lobbyist and coordinated numerous letters of

¹¹ Direct current fast chargers are a type of electric vehicle charging station that can quickly charge a vehicle's battery.

¹² The prior submission, while not awarded, was highly ranked. The project will prioritize transit, biking, and walking by investing in active and sustainable transportation infrastructure and creating safer and more sustainable transportation options on a Vision Zero high-priority corridor.

support from local, state, and federal representatives on the application submission. Awards are anticipated in early 2025.

Legislation

In December 2024, IGR issued a letter of support for the Weather Alert Response and Notification Act (H.R. 2892). This bipartisan legislation would direct the Government Accountability Office to study the effectiveness of local alerting systems in disseminating timely and relevant information during weather-related emergencies. This study would evaluate various communication platforms and a set of best practices for such alerts would be established. This would benefit cities in preparing and responding to increasingly frequent extreme weather events.

State Update

Regulatory Advocacy

The Advanced Clean Fleets regulation was approved in April 2023 by the California Air Resources Board, authorized by an executive order from the Governor, to accelerate a large-scale transition to zero-emission medium- and heavy-duty vehicles to reduce tailpipe emissions.¹³ While the City strongly supports fleet electrification and efforts are already underway to phase in zero-emission vehicles, the compliance timeline established through Advanced Clean Fleets regulation is extraordinarily challenging. It does not adequately consider the market's readiness or cost effectiveness for medium- and heavy-duty zero-emission vehicles. IGR and the Public Works Department engaged the League of California Cities and the California Air Resources Board to discuss these challenges and explore available waivers. However, legislation may be required to adjust the compliance framework for the availability and affordability of these specialized vehicles.

Legislation

Earlier this year, SB 1031 (Wiener) was introduced to authorize the Metropolitan Transportation Commission to place a regional transportation revenue measure on the ballot in all nine Bay Area counties.¹⁴ IGR, the Mayor's Office, and DOT engaged in significant discussions with the author's office, the City's state delegation, partner agencies, and regional entities on concerns with the measure, such as the impact on existing local sales tax renewal efforts and ensuring a fair return to source. By mid-year,

¹³ This regulation took effect on January 1, 2024, requiring fleet operators to phase zero-emission vehicles into their fleets by requiring and increasing the percentage of vehicle acquisitions to be zero-emission, with escalating compliance deadlines until all fleet purchases are zero-emission vehicles by 2030.

¹⁴ The regional measure would have generated at least \$1 billion annually through various taxing mechanisms to create a sustainable funding source for transit operations and transformation in the Bay Area. The legislation also directed the state to conduct a study on enhanced coordination and potential consolidation models among the 27 Bay Area transit agencies.

the bill's authors withdrew the legislation due to fundamental regional disagreements, but indicated that the legislation would be reintroduced in 2025. To build regional consensus and a general framework for the bill, the Metropolitan Transportation Commission established a Transportation Revenue Measure Select Committee that commenced in the summer 2024. Mayor Mahan was appointed to the Commission. The Transportation Revenue Measure Select Committee's recommendations were presented to the Metropolitan Transportation Commission on December 9, 2024¹⁵. On November 7, 2024, VTA submitted a letter to Metropolitan Transportation Commission indicating its intent to explore a parallel, separate 30-year half-cent sales tax measure for Santa Clara County, with hopes to provide a reasonable regional contribution for transit transformation. IGR, DOT, and the Mayor's Office engaged in several individual meetings with the offices of Senators Wahab, Cortese, and Wiener to discuss the City's priorities and concerns. At the December 3, 2024 City Council meeting, an informational update on the regional transportation measure was provided by Mayor Mahan¹⁶. IGR anticipates that a regional transportation bill will be introduced early in the next legislative session with the goal of placing a funding measure on the November 2026 ballot.

IGR facilitated multiple letters of support for SB 960 (Weiner) that was signed into law in September 2024. The legislation, which DOT assisted in crafting, requires all transportation projects funded or overseen by the California Department of Transportation to provide comfortable, convenient, and connected complete streets and transit priority facilities. This bill requires the California Department of Transportation to commit to specific, measurable targets to incorporate complete street facilities, including pedestrian and bicycle facilities.

Additional bills that IGR monitored during the 2023-2024 Legislative sessions related to infrastructure and environmental issues are in **Attachment G: Legislation Related to Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Advance San José's Climate Smart Goals**.

Other Legislative Updates

Federal Update

Federal Community Project Funding Requests

Each year, IGR advocates for community project funding requests, known as earmarks. With Republicans in leadership, the House of Representatives Appropriations Committee has continued to reduce the number of accounts available for earmarks,

¹⁵https://mtc.ca.gov/sites/default/files/meetings/agendas/6164_A_Metropolitan_Transportation_Commission_24_12_09_MTC_SAFE_0.pdf

¹⁶<https://sanjose.legistar.com/View.ashx?M=F&ID=13566610&GUID=C9684C1A-D18D-4B2A-B867-0A9CB36B7E57>

tighten restrictions on the remaining accounts, and reduce available funding. Despite these challenges, IGR plans to submit earmark requests for inclusion in the FY 2026 budget when budget negotiations commence.

For the FY 2025 budget, there are currently five active funding requests totaling \$5.5 million that were submitted by Representatives Eshoo, Khanna, Lofgren, and Panetta on behalf of the City. If a continuing resolution is passed and the current Appropriations bills stay intact, these requests will remain active. A list of the funding requests that are still active can be found in **Attachment H: FY 2025 Federal Community Project Funding (Earmark) Member Requests**.

Engagement with Members of Congress and Staff

Since August 2024, IGR has engaged the City's federal delegation on a variety of issues outlined below.

- On September 5, 2024, IGR and DOT met with staff from Congressman Khanna's Office to discuss the City's transportation priorities and key projects.
- On September 19, 2024, IGR, DOT, and the Mayor's Office met with staff from Senator Padilla's Office to discuss the City's key transportation projects and the Mexican American Community Services Agency youth center rehabilitation project. IGR also had a follow-up meeting regarding the rehabilitation project on November 17, 2024.
- On October 24, 2024, IGR and DOT toured Diridon Station with staff from Senator Padilla's Office.
- On November 6, 2024, IGR met with the Bay Area Host Committee and staff from Congresswoman Lofgren's Office to discuss the City's preparations for 2026 major sporting events.
- On October 9, 2024, IGR and DOT met with staff from Congresswoman Lofgren's Office to discuss the City's transportation priorities and key projects.
- IGR conducted the following engagement with Congressman Panetta or his staff:
 - On August 23, 2024, IGR met with staff to discuss the City's progress on the Lake Cunningham project, issues related to Workforce Innovation and Opportunities Act reauthorization, and the state of the federal budget related to Affordable Connectivity Program and Low-Income Housing Tax Credit program.
 - On August 29, 2024, IGR coordinated a tour of the Yerba Buena Bridge project for Congressman Panetta by the Parks, Recreation, and Neighborhood Services Department.
 - On September 6, 2024, IGR and DOT met with staff to discuss the City's transportation priorities and key projects.
 - On October 10, 2024, IGR and DOT provided a tour for Congressman Panetta on traffic and pedestrian improvements on Monterey Boulevard.
 - On October 21, 2024, IGR, DOT, the City Manager's Office of Racial and Social Equity, the Housing Department, and the Police Department met with staff to discuss the City's priorities and strategies.

- On November 8, 2024, IGR and the City Manager's Office of Economic Development and Cultural Affairs met with staff from Congressman Khanna's Office to discuss the City's CHIPS Act application.
- On November 25, 2024, IGR and DOT met with staff from Congresswoman Lofgren's Office to provide an update on BART Silicon Valley Phase II in light of the changes expected with the change in presidential administration.

IGR also plans to meet with the City's new California Senator and newly elected representative from the 16th Congressional District in early 2025 to discuss the City's priorities.

State Update

State District-Specific Budget Requests

Due to the state's projected budget deficit for 2025-2026, limited funding, if any, is anticipated for district-specific budget requests in the 2025-2026 budget or subsequent trailer bills. Despite these challenges, IGR will identify priority projects and propose them to the City's delegation for inclusion in the budget if funding is identified.

Engagement with Members of the State Legislature and Staff

Since August 2024, IGR has engaged the City's state delegation on various issues, including the following meetings:

- On September 17, 2024, IGR and DOT met with Senator Wahab to provide a briefing on the City's transportation projects and priorities.
- On October 7, 2024, IGR and the Housing Department met with staff from Senator Cortese's Office to provide a briefing on housing.
- On October 8, 2024, IGR and DOT met with staff Senator Cortese's Office to provide a briefing on the City's transportation projects and priorities.
- On October 28, 2024, IGR conducted its annual legislative advocacy day in Sacramento.
- On November 25, 2024, IGR met with then Assemblymember-elect Ahrens' Office to discuss the City's priorities and explore legislative proposals. In addition, IGR plans to meet with Assemblymember Ahrens in early 2025 to discuss the City's priorities.

November 2024 Election

At the August 27, 2024 meeting, the City Council adopted support positions on Proposition 3 (marriage equality), Proposition 4 (climate bond), and Proposition 5 (local government financing voter approval) for the November 7, 2024 general election;

Proposition 3 passed by a vote of 62.6% to 37.4%, Proposition 4 passed by a vote of 59.8% to 40.2%, and Proposition 5 failed by a vote of 55% to 45%¹⁷.

The passage of Proposition 3 removes language passed by the 2008 Proposition 8 prohibiting same-sex marriage from California's Constitution and expressly affirms that the right to marry is a fundamental right.

The passage of Proposition 4 allows the state to borrow \$10 billion in funding through a state-issued bond for projects to address and prepare for climate change. The bond will be allocated as follows:

- \$3.8 billion for safe drinking water, drought, flood, and water resilience programs;
- \$1.5 billion for wildfire and forest resilience programs;
- \$1.2 billion for coastal resilience programs;
- \$1.2 billion for biodiversity protection;
- \$850 million for clean air programs;
- \$700 million for park creation and outdoor access programs;
- \$450 million for extreme heat mitigation programs; and
- \$300 million for climate smart, sustainable, and resilient farms, ranches, and working lands.

A significant portion of the Proposition 4 funding will be distributed through grants that communities and organizations could apply for, and disadvantaged communities will be prioritized for funding. IGR will track funding opportunities and engage departments to pursue funding.

Cardrooms

Late in the 2023 session, SB 549 (Newman) was gut-and-amended allowing a separate tribal nation to use California courts to challenge how California interprets state gaming law. Known as the Private Attorney General's Provision, this legislation allows tribal entities to lodge lawsuits against cardrooms, thereby potentially crippling their operations and ability to operate. The City issued multiple letters of opposition to this legislation, conducted multiple advocacy visits to Sacramento throughout the legislative session, and engaged in extensive coordination with the City's two cardrooms, Bay 101 and Casino M8trix, in a coordinated advocacy strategy.¹⁸ Despite these strong

¹⁷ <https://electionresults.sos.ca.gov/returns/ballot-measures>. Proposition 5 would have made it easier for local governments to pass bond measures to fund public infrastructure and affordable housing projects by reducing the voter threshold from a two-thirds supermajority to 55 percent. The failure of this measure is significant, as the reduced voter threshold would have created unprecedented opportunities to advance generational projects that do not have a dedicated funding source or are not fully funded.

¹⁸ On May 29, 2024, IGR, in concert with cardrooms around the state, met with legislators in Sacramento to advocate against this bill. On July 2, 2024, City Councilmember Jimenez provided testimony against the bill at the Assembly Government Organizational Committee. At every opportunity, IGR highlighted the substantial revenue generated by the cardrooms for the City, while both cardrooms underscored the impact they have as a large employer.

advocacy efforts, SB 549 was passed by the Legislature and signed into law by the Governor on September 28, 2024. IGR continues to coordinate with the City's cardrooms to discuss anticipated legal challenges to the ability of San José cardrooms to operate.

Civil Prosecutors Coalition

In February 2024, the City joined the newly formed Civil Prosecutors Coalition, comprised of city attorneys from the cities of San José, San Francisco, Oakland, and San Diego and county counsel from the counties of Santa Clara, Los Angeles, and San Diego. This group aims to align on legislative and policy goals and combine advocacy forces on shared priorities.¹⁹ IGR supports the City Attorney's Office in this endeavor and participates in the monthly strategy meetings and advocacy trips to Sacramento.

Regional Update

Regional Legislative Coordinators Convening

In partnership with the County of Santa Clara, IGR continues to lead a regular monthly convening of legislative policy staff from various cities, utility agencies, open space authorities, and other governmental partners across the county.²⁰

EVALUATION AND FOLLOW-UP

The Administration will continue to advance the City's Legislative Program and will bring legislation forward for the City Council's consideration based on the appropriate legislative position adoption process. The Administration will continue to report on all City legislative positions on a regular basis.

COORDINATION

The Administration coordinated this memorandum with the City Attorney's Office, City Manager's Budget Office, City Manager's Office of Economic Development and Cultural Affairs, City Manager's Office of Emergency Management, City Manager's Office of Racial and Social Equity, and Departments of Airport, Energy, Environmental Services, Finance, Fire, Housing, Information Technology, Library, Planning, Building, and Code Enforcement, Parks, Recreation, and Neighborhood Services, Police, Public Works, and Transportation.

¹⁹ This coalition represents many of the largest city attorney and county counsel offices in California, representing over 40 percent of California's population and millions of residents throughout those jurisdictions.

²⁰ This group meets virtually on a monthly basis and quarterly in-person. The City and the County of Santa Clara are co-chairs for the convening and develop agendas and discussion items for the group centered around shared advocacy goals.

HONORABLE MAYOR AND CITY COUNCIL

December 13, 2024

Subject: Fall Intergovernmental Relations Report

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the January 14, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



SARAH ZÁRATE
Director, City Manager's Office of
Administration, Policy, and
Intergovernmental Relations

For questions, please contact Zane Barnes, Deputy Director and Chief Intergovernmental Relations Officer, at zane.barnes@sanjoseca.gov.

ATTACHMENTS

- Attachment A: 2023-2024 Intergovernmental Relations Priority Federal Legislation Log
- Attachment B: 2023-2024 Intergovernmental Relations Priority State Legislation Log
- Attachment C: Legislation Related to Legislative Priority: Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Affordable Housing Supply

- Attachment D: Legislation Related to Legislative Priority: Enhance Community Safety and Promote Vision Zero Initiatives
- Attachment E: Legislation Related to Legislative Priority: Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families
- Attachment F: Legislation Related to Legislative Priority: Catalyze Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods
- Attachment G: Legislation Related to Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Advance San José's Climate Smart Goals
- Attachment H: FY 2025 Federal Community Project Funding (Earmark) Member Requests