




Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: FALL INTERGOVERNMENTAL
RELATIONS REPORT

DATE: November 17, 2023

Approved	Date
	11/17/23

RECOMMENDATION

- (a) Accept the Fall Intergovernmental Relations Report.
- (b) Reaffirm all City positions summarized in the 2023 Intergovernmental Relations Priority Federal Legislation Log.
- (c) Reaffirm all City positions summarized in the 2023 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:** Intergovernmental Relations Priority Federal Legislation Log and **Attachment B:** Intergovernmental Relations Priority State Legislation Log. Acceptance of this report continues the Administration’s advocacy efforts to advance City priorities.

From the period of June 30, 2023 through November 17, 2023, the Intergovernmental Relations team, which is part of the City Manager’s Office of Administration, Policy, and Intergovernmental Relations (IGR), 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 Assembly Bill (AB) 645, an Automated Speed Enforcement City-sponsored bill. Advanced two additional City of San José-sponsored bills in the state legislature.

- Conducted a legislative advocacy day in Sacramento, meeting with the City’s entire state delegation and the Governor’s Office to discuss the City’s priorities.
- Bifurcated the Legislative Program into distinct sections for the 2024 legislative session—one comprehensive document of state and federal priorities and one only focused on federal priorities, pending approval of the City Council.¹
- Instituted a standardized process and automated form to capture requests from outside agencies for letters of support on funding opportunities.
- Advocated for \$3.7 million in federal earmark funding that was included in draft appropriations bills (pending passage of Fiscal Year (FY) 2024 appropriations bills).
- In partnership with the County of Santa Clara’s IGR team, conducted monthly regional coordination meetings with local cities, utility agencies, open space authorities, and other partners.
- Issued or facilitated 28 letters of support or opposition for legislation and ballot measures, as well as funding and regulatory priorities aligned with the Legislative Program.
- Issued or facilitated 14 letters of support for City grant applications and partner grant applications that provide a benefit to the City.
- Tracked 395 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. The IGR team last reported to City Council on August 8, 2023 ([Item 3.3 23-994](#)).²

In December 2022, City Council approved the 2023-2024 Legislative Priorities and Legislative Program ([Item 2.9 22-1781](#))³ and the Fall Report ([Item 2.10 22-1782](#)).⁴ The following analysis is framed around the approved 2023-2024 Legislative Priorities:

- Address Homelessness and Enable Affordable Housing;
- Promote Safety and Vision Zero Initiatives;
- Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure;
- Drive Impactful Climate Action and Unlock San José’s 2030 Climate Smart Goals; and,
- Relentlessly advocate for regional policy solutions that result in equitable outcomes and prosperity for San José families.

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

¹ The 2024 Legislative Program is scheduled to be heard by City Council on November 28, 2023.

² [23-994 - Memorandum \(legistar.com\)](#)

³ [sanjose.legistar.com/View.ashx?M=F&ID=11473559&GUID=98968F2D-3F3D-4B4F-9EDC-CE1CD92DC09B](#)

⁴ [22-1782 - Memorandum \(legistar.com\)](#)

ANALYSIS

Budget

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

Federal Update

FY 2024 Budget

On September 30, 2023, Congress passed a 45-day continuing resolution to prevent a federal government shutdown. The legislation extended FY 2023 funding levels through November 17, 2023 and included \$16 billion in disaster relief funds, as well as a three-month extension for the Federal Aviation Administration (FAA). Notably the bill did not include any supplemental funding for Ukraine. Once Speaker Kevin McCarthy passed the continuing resolution, he was removed as speaker as of October 3, 2023. Following three weeks without a speaker, Representative Mike Johnson was elected Speaker of the United States House of Representatives on October 25, 2023. As the 56th Speaker of the House, Speaker Johnson is tasked with guiding the chamber as the next critical government funding deadline approaches. On November 17, 2023, President Biden signed a continuing resolution to extend government funding past the November 17, 2023, deadline set by the previous continuing resolution. Breaking from tradition, Speaker Mike Johnson unveiled a new type of continuing resolution, known as a “ladder continuing resolution.” The ladder continuing resolution provides two staggered deadlines for completing action on appropriations bills. The first deadline will extend Agriculture, Military Construction-Veterans Affairs, Energy and Water, and Transportation-Housing and Urban Development spending until January 19, 2024. The second deadline will extend the other eight appropriations bills until February 2, 2024. It also extends the Farm Bill through September 2024. If Congress is unable to eventually pass an omnibus package, a 1% spending cut across non-defense and defense discretionary spending is slated to take effect on April 30, 2024, as previously negotiated in June 2023 under the debt ceiling deal.

On October 25, 2023, President Biden submitted a \$56 billion supplemental funding request to Congress for childcare, disaster relief, and other urgent domestic needs. The request includes \$6 billion for the Affordable Connectivity Program to ensure households can continue to access this monthly broadband subsidy program, which is expected to run out of funding in April 2024. President Biden also submitted a \$106 billion funding request to assist Israel, Ukraine, Taiwan, and United States’ southern border operations. Given the current dynamics in the United States House of Representatives, it is unclear whether Congress will fully consider and pass the President Biden’s request.

FAA Reauthorization

On September 30, 2023, as part of a continuing resolution, Congress passed a bill extending the FAA’s authorization for three months, through December 31, 2023. The bill extends the FAA’s authority to collect taxes and fees on passengers, cargo, and fuel and spend revenue through the end of the year. Discussions are expected to reconvene in January to pass the five-year FAA Reauthorization bill, however, another short-term extension is likely. The current text for the final reauthorization bill provides long-term stability and funding for the FAA, authorizes the

safety work of the National Transportation Safety Board, addresses airport infrastructure needs, and includes provisions to improve and streamline FAA programs. Additionally, the bill is anticipated to regulate new airspace entrants such as drones and advanced air mobility vehicles. In the House version of the bill, Congresswoman Lofgren was able to secure an exemption for the County of Santa Clara to require use of unleaded fuel, which would benefit the Reid-Hillview Airport.

Lastly, on October 24, 2023, the Senate unanimously approved Michael Whitaker to serve as FAA Administrator. The FAA was without a permanent leader since last year.

State Update

The FY 2023-2024 state budget that passed in June 2023 included solutions to address the \$32 billion projected shortfall while maintaining over \$37 billion in General Fund reserves.⁵ However, the California Franchise Tax Board extended the resident tax filing deadline from April 18 to October 14, 2023, to align with the extension provided by the Internal Revenue Service. This deadline was later extended to November 16, 2023 for most tax filers and has delayed the collection of tax receipts. The effect of these delays may be seen in Governor Newsom's January 10, 2024 proposed budget that will be predicated on limited state revenue forecast data. The delay also has national consequences on the federal debt ceiling, with the \$1.7 trillion federal deficit growing in part due to extensions provided to California's businesses and high-income earners. IGR is working to set up a meeting with the California Department of Finance to get initial information on revenue projections.

Legislative Priorities

◆ Address Homelessness and Enable Affordable Housing

This section summarizes major policy developments and IGR activities related to the advocacy priority: Address Homelessness and Enable Affordable Housing.

Federal Update

Legislation

Mayor Matt Mahan signed a support letter through the Mayors and CEOs for Housing coalition for congressional companion bills Senate Bill 1557 and House Bill 3238 to expand and strengthen the Low-Income Housing Tax Credit. If passed, these bills could finance up to \$1.94 million additional affordable homes nationwide. While these bills have broad bipartisan support, previously introduced legislation has failed to pass. The IGR team previously supported these companion bills on behalf of the City.

⁵ On May 30, 2023, the IGR team released an information memorandum on the Governor's May Revision FY 2023-2024 budget that was released on May 12, 2023
<https://www.sanjoseca.gov/home/showpublisheddocument/98748/638210536714370000>

Mayor Matt Mahan also signed a support letter through the Big City Mayor's Coalition for The Housing for All Act of 2023 (Senate Bill 2701) sponsored by Senator Alex Padilla. This bill would increase funding for existing federal housing programs such as the Housing Choice Vouchers program and the National Housing Trust Fund.

IGR submitted a letter of support for congressional companion bills Senate Bill 1267 and House Bill 3776, The Family Stability and Opportunity Vouchers Act of 2023. This bipartisan legislation would create an additional 250,000 housing vouchers over five years for low-income families with young children.

State Update

Grant Opportunities

On July 27, 2023, the United States Department of Housing and Urban Development announced \$85 million in available funds for the Pathways to Removing Obstacles to Housing program. The IGR team shared various announcements and webinars on this grant with the Housing Department and shared the City's application with our federal lobbyists for review and feedback. The City applied for \$10 million, as approved by City Council on October 17, 2023, ([Item 8.1 23-1389](#)).⁶ An award announcement is expected in early 2024.

Legislation

Senate Bill (SB) 634 by Senator Becker is a two-year bill which would allow by-right emergency interim housing and California Environmental Quality Act (CEQA) exemption under certain circumstances. The IGR team continues to work with the author's office, bill sponsors, City departments, and Mayor Matt Mahan's Office to negotiate amendments to the bill. The IGR team coordinated multiple meetings and iterations of bill language review to ensure this legislation furthers the City's goals to provide shelter to unhoused residents. Current bill language seeks to provide opt in CEQA streamlining for emergency interim housing sites for communities statewide through a local ordinance. This bill would allow the City to adopt a permanent streamlining solution, without needing to rely on the Shelter Crisis Act, which is set to expire in 2025.

Mayor Matt Mahan's Office issued a request for signature letter to the Governor on AB 1469 (Kalra), which amended the Santa Clara Valley Water District Act to allow the agency to do more to assist unsheltered people living along creeks and streams, including providing housing. Governor Newsom signed this bill into law. The IGR team will partner with Santa Clara Valley Water District and City staff on successful implementation of this legislation.

The City issued multiple letters of support for AB 875 (Gabriel), which would require county courts to report more uniform eviction case filing data. The City of San José could use additional access to eviction data to better prevent eviction proceedings and serve residents at risk of displacement. This bill was vetoed by Governor Newsom, citing his concern about bills with significant cost implications being more appropriately addressed during the state budget process.

⁶ City of San José - File #: 23-1389 (legistar.com)

Governor Newsom championed and signed partner legislation SB 326 (Eggman) and AB 531 (Irwin), which will appear on the March 5, 2024 statewide ballot. SB 326 would update the Mental Health Services Act that was approved by voters as Proposition 63 in 2004. If passed by voters, SB 326 would expand fund uses to include substance use disorder treatment, require some expenditures on affordable housing, modify how funds are utilized and prioritized, and enhance outcome measures and oversight. AB 531 is a \$6.38 billion bond measure to build new behavioral health housing and treatment facilities statewide. If passed by voters, AB 531 is expected to generate more than 11,150 new behavioral health beds and supportive housing units and 26,700 outpatient treatment slots. The state Department of Housing and Community Development would be charged with the allocation of permanent supportive housing units using the existing HomeKey formula. Treatment bed allocation would be facilitated by the state Department of Health Care Services using the existing Behavioral Health Continuum Infrastructure formula. IGR engaged with Santa Clara County counterparts in the analysis of these ballot measures; the IGR team will include these in its recommendations to City Council ahead of the March 5, 2024 election.

The City submitted multiple letters of support for SB 567 (Durazo), which extends protections to renters against steep rent increases and evictions without cause. The original bill language would have lowered rent increase caps to 5%, but this was removed to pass the bill through the Legislature. The final version of this bill strengthens tenant eviction protections and allows cities and counties to help enforce existing rent increase caps, for which the City advocated. This bill was signed by the Governor and will take effect on April 1, 2024.

The IGR team also submitted multiple letters for support for AB 12 (Haney), which limits how much landlords can require for security deposits to one month's rent, with exceptions for small landlords. The current limit is two months' rent for unfurnished apartments or three months' rent for furnished apartments. This bill was signed by the Governor and will come into effect July 1, 2024.

The City also submitted a letter of support for SB 466 (Wahab), which sought to amend the Costa-Hawkins Rental Housing Act to allow expansion of rent stabilization in cities with pre-1995 rent stabilization ordinances, which includes the City of San José. This legislation failed to pass on the Senate floor and is now a two-year bill that may be considered in January 2024.

The IGR team previously coordinated a support letter for AB 1319 (Wicks), which successfully passed through the Legislature and was signed by the Governor. This bill makes clarifications and modifications to the Bay Area Housing Finance Authority statute and was driven by the Bay Area Housing Finance Authority's plan to put a regional housing bond before voters. This bill helps the Bay Area Housing Finance Authority collect and expend revenue and will therefore support the City's housing goals.

The IGR team is monitoring several bills related to homelessness and housing. A list of these bills is found in **Attachment C: Legislation Related to Legislative Priority: Address Homelessness and Enable Affordable Housing**.

◆ **Promote Safety and Vision Zero Initiatives**

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

Federal Update

Regulatory Advocacy

On July 25, 2023, the City's Department of Transportation (DOT), in consultation with the IGR team, submitted comments to the National Highway Traffic Safety Administration regarding a proposed regulatory change to the federal government's vehicle safety rating system. The proposed change would include an optional 'pedestrian crash worthiness test' within the New Care Assessment Program thereby providing customers with accurate information on the safety of vehicles to pedestrians. The DOT letter requested that the proposed changes go even further in providing information to customers regarding how vehicle designs are critical to saving lives and making streets safer for all.

Grants Pending

On July 10, 2023, the City's DOT applied for \$13 million from the federal Department of Transportation's Safe Streets and Roads for All grant program. The IGR team coordinated letters of support from the City's local, regional, and federal representatives and assisted in the development of the City's application. This funding would provide critical pedestrian safety improvements at four locations with the highest traffic fatality and injury incidents in San José.⁷ Announcement of grant awards are expected in late 2023.

On September 28, 2023, the City's DOT applied for \$2 million from the federal Department of Transportation's Reconnecting Communities and Neighborhoods grant program that would provide funding for the development of a Downtown San José I-280 Ramp Consolidation and Reconfiguration Study.⁸ The IGR team coordinated letters of support from the City's local, regional, and federal representatives and assisted in the City's application strategy. The IGR team coordinated a meeting between Mayor Matt Mahan and United States Secretary of Transportation Pete Buttigieg on August 23, 2023, to further advocate for grant programs.

On October 10, 2023, the City's DOT submitted two applications and the Airport Department submitted one application for the federal Department of Transportation's Strengthening Mobility and Revolutionizing Transportation grant program. One of DOT's applications would provide \$584,000 in funding to implement an artificial intelligence (AI) traffic safety pilot project at various locations throughout the city. The Video and AI Enabled Automated Traffic Data Collection, Safety Analytics, and Detection Pilot will help inform and advance the City's Vision Zero Action Plan by collecting better and richer data sets of signalized intersections. The second

⁷ This suite of high-impact safety improvements focuses on making roads safer for pedestrians and bicyclists and building protected intersections, crosswalks, and curb extensions at transit transfer points in historically underinvested neighborhoods.

⁸ This study would examine consolidating and re-configuring the 15 on and off-ramps along the two miles of I-280 bordering the southern end of downtown between Los Gatos and Coyote Creeks and rebuilding the high-speed ramp arterials into safe and complete streets.

City DOT application and the Airport Department application are discussed in the subsequent legislative priority sections. The IGR team coordinated letters of support from the City's federal representatives and engaged the City's federal lobbyist on application strategy.

State Update

Funding Advocacy

The IGR team coordinated a letter of support from Mayor Matt Mahan for the San José Police Department's Organized Retail Theft Prevention Program grant application to support its citywide response to retail theft. The City was awarded the total requested amount, \$8,459,349 ([Item 4.1 23-1420](#)⁹.)

Legislation

The City sponsored and successfully passed an automated speed enforcement bill, AB 645 (Friedman), that included co-author Assemblymembers Berman and Lee. The bill will authorize a pilot program for San José and five other cities to implement speed cameras to enforce speed limits in specified areas beginning in 2024, with a legislative sunset date of 2032.¹⁰ The IGR and DOT teams worked in close partnership with the legislative committee consultants on amendments to the bill and met with numerous legislative offices to address concerns. IGR also engaged Mayor Matt Mahan's Office and the City Council to facilitate over a dozen letters of support. This bill was signed by the Governor, and the IGR team will be working with DOT to facilitate implementation.

The City-sponsored SB 400 (Wahab), which would clarify that law enforcement agencies have the discretion to proactively share disclosable incidents of misconduct without a public records request. This bill passed the Legislature, however, due to a technical error in bill language, it was not signed by Governor Newsom. This is now a two-year bill and the IGR team will closely monitor updates after January 2024.

The City worked closely with Senator Blakespear in support of SB 8, given the City's historic effort to pass local gun safety legislation. This legislation would mandate a statewide gun liability insurance requirement modeled after San José's 2022 ordinance.¹¹ This legislation is now a two-year bill and the IGR team will work with the author's office on this legislation throughout 2024.

Senator Weiner sponsored SB 76 to allow licensed brick and mortar bars and restaurants to sell alcoholic beverages to patrons in off-premises entertainment zones. The bill would have allowed municipalities to determine the parameters of expanded "entertainment zones" outlined in the legislation. Supported by Mayor Matt Mahan's Office, this bill was subsequently limited to the City and County of San Francisco. The IGR team is currently working with City staff to assess whether a similar bill targeting San José would be beneficial to economic development.

⁹ [City of San José - File #: 23-1420 \(legistar.com\)](#)

¹⁰ A prior version of this bill died in the Assembly Appropriations Suspense File in the last legislative session.

¹¹ [Gun Harm Reduction Ordinance \(sanjoseca.gov\)](#)

The IGR team coordinated multiple letters of support for AB 28 (Gabriel), which passed the Legislature and was signed by the Governor. Starting July 1, 2024, this bill will impose an additional 11% excise tax on firearms, including precursor parts and ammunition, to fund gun violence prevention research and programming. The first \$75 million available in the fund, or as much of that amount is available, will fund the California Violence Intervention and Prevention Grant program.¹² Additional funding generated by this tax will be used to support youth mental health, gun violence restraining orders, education for firearm dealers and owners, gun violence research, and firearm homicide and assault investigations among other efforts that support victims of gun violence. The IGR team will monitor any funding opportunities available to cities as part of this new excise tax.

The IGR team is monitoring several bills related to safety and vision zero. A list of these bills is found in **Attachment D: Legislation Related to Legislative Priority: Promote Safety and Vision Zero Initiatives**.

◆ **Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure.

Federal Update

Regulatory Advocacy

On June 30, 2023, the IGR team submitted comments on behalf of DOT in response to a Request for Information from the federal Department of Transportation on the Equity Action Plan Update. The federal Department of Transportation sought comments on how equity work impacts organizations and communities, as well as input on how performance metrics and data advance transportation equity. DOT's comprehensive comments highlighted the challenges faced by San José when federal data is used without local context to measure transportation equity and how the distribution of corresponding grant funding could be impacted.

On September 29, 2023, the IGR team submitted comments on behalf of DOT to the Council on Environmental Quality's Bipartisan Permitting Reform Implementation Rule. The proposed regulations would change the procedural provisions for implementing the National Environmental Policy Act. The Council on Environmental Quality is proposing revisions to the National Environmental Policy Act to provide for an effective environmental review process that promotes better decision making, ensures public involvement, provides for an efficient process and regulatory certainty, and provides for sound decision making. The City's comments are generally supportive of the proposed changes that streamline the National Environmental Policy Act to reduce barriers to project delivery and efforts to align National Environmental Policy Act streamlining with CEQA reforms.

¹² This program is a critical funding stream used to support San José's next generation through the Youth Empowerment Alliance.

Grants Pending

On April 21, 2023, the City's DOT and project partners applied for \$10 million from the Federal Railroad Administration's Federal-State Partnership for Intercity Passenger Rail grant program for the Diridon Integrated Station project. The IGR team coordinated numerous letters of support from the City's local, state, and federal representatives and assisted in additional advocacy efforts in partnership with Caltrain for this application. This funding would be used to complete the business case study for the project and to initiate environmental review work. Grant awards are expected to be announced in December 2023.

The City DOT's second application for the federal Department of Transportation's Strengthening Mobility and Revolutionizing Transportation grant program was \$1.88 million for a smart streetlights pilot project throughout the downtown area. This project would install next generation cloud-based streetlight controllers, intelligent lighting management software, and a network communications system which would reduce streetlight outages and decrease energy consumption and maintenance needs. The IGR team coordinated letters of support from the City's federal representatives and engaged the City's federal lobbyists on an application strategy.

On August 29, 2023, the Public Works Department applied for \$650,000 from the Governor's Office of Planning and Research's Regional Resilience Planning and Implementation grant program. The funding would be used for the development of a Municipal Microgrids Roadmap and Grid Resiliency Strategy, which would plan for clean and reliable energy use and production at Citywide critical infrastructure and community-serving locations. The IGR team coordinated letters of support from the City's local and state representatives for this application. Grant awards are expected to be announced in late 2023.

Upcoming Grants

On September 6, 2023, the Federal Emergency Management Agency announced 483 eligible census tracts nationwide for federal support to increase resiliency to natural hazards and extreme weather worsened by climate change. Congress directed the Federal Emergency Management Agency to make these designations as part of the Community Disaster Resilience Zones Act of 2022. There were two census tracts identified in San José – one adjacent to Interstate 880 and another adjacent to Tully Road. There were only seven total census tracts identified in the Bay Area and 51 across California. An additional designation of zones will occur in fall 2024 based on updates to the National Risk Index. IGR will work closely with departments as funding opportunities are released for projects benefiting these areas.

The Airport Department plans to submit several grant applications in the coming months to advance infrastructure improvements and reduce climate impacts. These federal grant opportunities include the Airport Improvement Program funded by FAA reauthorization legislation, the Airport Terminals Program funded by the Infrastructure Investment and Jobs Act, and the Voluntary Airport Low Emissions Program. The IGR team will coordinate with the Airport Department to support these applications.

Legislation

The IGR team is monitoring several bills on behalf of departments that have recently been introduced in Congress. One bill, House Bill 5807, Making Imperiled Communities Resistant to Outages with Generation that is Resilient, Islandable, and Distributed Extension Act, or the MICROGRID Extension Act, introduced by Representative Panetta would extend energy credits to include microgrids.

The IGR team issued a letter of support for Senate Bill 2286, the Streamlining Federal Grant Act, sponsored by Senator Peters. The legislation aims to improve the effectiveness and performance of federal financial assistance programs that provide critical funding for cities. By simplifying the application and reporting requirements of federal grants, this bill would enable greater access and reduce barriers to transformative federal funding. The IGR team will continue to monitor this legislation and engage our federal delegation.

State Update

Funding Advocacy

On October 25, 2023, the Metropolitan Transportation Commission endorsed \$375 million in Transit and Intercity Rail Capital regional funding for the BART to Silicon Valley Extension Phase II project. This critical funding will greatly contribute to the project's full funding plan and brings the Santa Clara Valley Transportation Authority one step closer to securing the Full-Funding Federal Grant agreement from the Federal Transit Administration in 2024. On October 4, 2023, the Santa Clara Valley Transportation Authority announced a revised funding plan that includes a project cost increase of 31%, for a total of \$12.2 billion, as well as an adjusted project completion date of 2036. The increased project costs are anticipated to be covered equally between federal funding and existing local sales tax revenue. The IGR team and DOT will continue to work closely with the Santa Clara Valley Transportation Authority to secure federal funding.

Legislation

The IGR team coordinated support for several bills to advance the City's infrastructure goals throughout the legislative session. AB 1505 (Rodriguez), which would appropriate \$250 million to the California Residential Mitigation Program to implement the Seismic Retrofitting Program for Soft Story Multifamily Housing, was held in the Senate Appropriations Committee and is now a two-year bill. This investment would have improved safety for thousands of San José residents currently at risk of major earthquake damage.

SB 410 (Becker), also known as the Powering Up Californians Act, will require the California Public Utilities Commission to set reasonable average and maximum timelines to connect new customers and upgrade the service of existing customers to the electric grid. This bill also requires reporting by electrical corporations and authorizes specified annual cost-recovery, subject to a cap. This bill was signed by the Governor.

The IGR team is monitoring several bills related to building infrastructure and energy. A list of these bills can be found in **Attachment E: Legislation Related to Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure.**

◆ **Drive Impactful Climate Action and Unlock San José's 2030 Climate Smart Goals**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Drive Impactful Climate Action and Unlock San José's 2030 Climate Smart Goals.

Federal Update

Regulatory Advocacy

In September 2021, Governor Newsom signed legislation that banned the manufacture, sale, and use of firefighting foam containing per- and polyfluoroalkyl substances and added disposal requirements. While parts of the legislation went into effect in January 2022, key provisions were delayed until January 2024. On September 19, 2023, the FAA approved a polyfluoroalkyl substances-free fire suppressant, creating a source of firefighting foam to comply with the upcoming ban. However, questions remain regarding foam disposal and how to decontaminate firefighting equipment. The Airport Department is closely monitoring these developments and engaging the IGR team, trade associations, and the City's federal lobbyists on the best pathway to compliance.

On September 21, 2023, the IGR team signed onto a letter on behalf of Mayor Matt Mahan to the Environmental Protection Agency (EPA) Administrator requesting federal policy action to scale methane prevention and mitigation efforts. The joint letter was organized by Rocky Mountain Institute and Industrious Labs and focused on the importance of addressing methane-generating organic waste in landfills, a major source of methane emissions nationwide. While cities are leading the way, it is critical that the EPA accelerate and support local progress on food waste solutions and strengthen standards for landfills to better mitigate methane.

Grants Awarded

On September 14, 2023, the City was awarded a total of \$6.6 million in Inflation Reduction Act funding from the federal Department of Agriculture Forest Service Urban and Community Forestry grant program. DOT and the Parks, Recreation, and Neighborhood Services Department separately applied and were both awarded partial funding. DOT will use the \$5.6 million in grant funding to provide an inventory of public trees in disadvantaged community census tracts primarily located in East San José. A cost analysis will estimate the potential cost for the City to maintain public trees in place of adjacent property owners, and thousands of trees will be planted as a result. The Parks, Recreation, and Neighborhood Services Department will use the \$1 million in grant funding to make Alum Rock Park and Overfelt Gardens Park safer and more resilient through vegetation and forest management. While support letters were not requested as part of this grant, the IGR team advised departments throughout the application process and engaged the City's federal lobbyist on application strategy and feedback.

Grants Pending

On June 13, 2023, the City's DOT and Public Works Department independently applied for grant funding from the federal Department of Transportation's Charging and Fueling Infrastructure Grant Program.¹³ The City's DOT applied for \$1.5 million from the community program for three electric vehicle charging stations at three different City library locations. The Public Works Department applied for \$1.5 million from the corridor program for planning and permitting a charging facility for medium and heavy-duty vehicles at the City's Central Service Yard and purchasing up to five portable Level 3 electric vehicle chargers for fleet vehicle use during power outages or emergencies. The IGR team coordinated numerous letters of support from the City's local, state, and federal representatives for these applications. Awards are pending notification by late 2023.

On October 10, 2023, the Airport Department applied for \$2 million from the federal Department of Transportation's Strengthening Mobility and Revolutionizing Transportation grant program. This application proposed funding for electrification planning and the modernization of the Airport's Central Utility Plant, and the potential integration of a smart microgrid to meet future energy capacity demand. The IGR team coordinated letters of support from the City Council and engaged the City's federal lobbyist on application strategy. Awards are pending notification by early 2024.

Upcoming Grants

On June 28, 2023, the EPA released the Notice of Funding Opportunity for the \$7 billion Solar for All grant program, which was created through the Inflation Reduction Act's Greenhouse Gas Reduction Fund. This grant will provide funding to expand existing low-income solar programs as well as develop and implement new solar programs across the country. The EPA anticipates awarding 60 awards through this grant program, with awards calibrated to the number of households the solar program would serve. The California Infrastructure and Economic Development Bank submitted a Notice of Intent to apply, as did a consortium led by Los Angeles County that included seven community choice aggregators, including the City of San José.

On September 20, 2023, the EPA announced the availability of \$4.6 billion in competitive grants to fund programs and policies that reduce climate pollution, advance environmental justice, and enable clean energy solutions. The Climate Pollution Reduction Grants Program, the second largest funding program in the Inflation Reduction Act, will fund the climate action plans developed during the first phase of the Climate Pollution Reduction program. In July 2023, the County of Santa Clara was awarded \$1 million to develop the climate action plan, in consultation with City staff. The EPA anticipates awarding approximately 30 to 115 grants ranging between \$2 million to \$500 million and will prioritize measures that achieve the greatest amount of greenhouse gas emissions reductions. Notices of Intent and applications are due in spring 2024.

¹³ This grant program was established by the Infrastructure Investment and Jobs Act and includes two distinct funding categories: a community program to expand or fill gaps in access to charging infrastructure and a corridor program to buildout charging infrastructure along designated alternative fuel corridors.

Legislation

The IGR team is monitoring several bills, on behalf of departments, that have recently been introduced in Congress. Key bills include Senate Bill 1685, the SUPERSAFE Act, to establish a consortium of federal agencies on toxic substance exposure and safe chemical identification and Senate Bill 2654, the Water Efficiency, Conservation, and Sustainability Act, both introduced by Senator Padilla.

On October 4, 2023, the IGR team coordinated a meeting between City staff and tax experts from the City's federal lobbying firm to discuss eligibility, process, and timeline for acquiring clean energy tax credits from the Inflation Reduction Act. The City is actively exploring the potential benefits of investment and production tax credits for current and future City facilities. The Department of Energy is anticipated to make \$8.5 billion in tax rebates available to households through the High-Efficiency Electric Home Rebate Act and the Home Efficiency Rebates Program in early 2024. IGR will work with the Energy Department and the City Manager's Office of Communications to communicate these benefits to residents and local businesses.

State Update

Regulatory Advocacy

The California Water Resources Control Board proposed regulations on urban retail water suppliers, known as "Making Conservation a California Way of Life." These regulations formed out of 2018 state legislation and establish unique efficiency goals with local flexibility for each California urban retail water supplier beginning in 2025. Once implemented, these goals are expected to reduce urban water use by more than 400-thousand-acre feet (or the annual use of one million households) by 2030, helping California adapt to the water supply impacts of climate change. The California Water Resources Control Board held a public workshop on the proposed regulations on October 4, 2023 and solicited comments through October 17, 2023. The Environmental Services Department is closely monitoring the development of regulations in partnership with the Santa Clara Valley Water District.

Legislation

The City supported several bills to advance the City's climate goals throughout the legislative session. One key bill, SB 511 (Blakespear), would have required the California Air Resource Board to produce an inventory of greenhouse gas emissions every five years for each opt-in city or county along with a plan to achieve the maximum feasible reductions in emissions. This bill was passed unanimously by the Senate but was ultimately held in the Assembly Appropriations Committee. SB 511 is now a two-year bill that may be acted upon in early January 2024.

The IGR team continues to closely monitor and coordinate information sharing with partner agencies on four climate bond bills. All four bills – AB 1567 (Garcia), SB 867 (Allen), AB 305 (Villapudua), and SB 638 (Eggman) – passed out of their house of origin but had policy committee hearings postponed and became two-year bills. These climate bonds would generate billions of dollars for climate and infrastructure projects and are anticipated to be consolidated ahead of being placed on the November 5, 2024 ballot. The IGR team is closely monitoring the

negotiations around these four bills and will consider taking a position on these bills in the next legislative session.

The IGR team is monitoring several bills related to environmental issues. A list of these bills is found in **Attachment F: Legislation Related to Legislative Priority: Drive Impactful Climate Action and Unlock San José's 2030 Climate Smart Goals.**

◆ **Relentlessly advocate for regional policy solutions that result in equitable outcomes and prosperity for San José families**

This section summarizes major policy developments and IGR activities related to the advocacy priority: Relentlessly advocate for regional policy solutions that result in equitable outcomes and prosperity for San José families.

Federal Update

Regulatory Advocacy

The IGR team collaborated with the City's federal lobbyists, Information Technology Department, and Library Department to coordinate broadband advocacy meetings in Washington D.C. City staff traveled to Washington D.C. for a broadband conference and IGR staff worked to leverage this opportunity for additional advocacy and education of key stakeholders. Meetings were organized with staff from the offices of Representatives Panetta, Eshoo, and Lofgren in addition to the National League of Cities, the National Telecommunications and Information Administration, and the Federal Communications Commission. During meetings, City staff advocated for additional funding for the Affordable Connectivity Program, additional urban area last mile infrastructure including to mobile homes and within multi-family dwellings, further information and federal studies on wireless equipment radiofrequency health and safety, and raised awareness of San José's digital equity and empowerment program outcomes and successes. As previously noted, the President's Supplemental Budget request would provide an additional \$6 billion for the Affordable Connectivity Program.

CHIPS and Science Act

The CHIPS and Science Act was signed into law by President Biden on August 9, 2022, and is designed to significantly increase manufacturing of semiconductors in the United States and enhance national security. The IGR team continues to assist the City Manager's Office of Economic Development and Cultural Affairs with CHIPS and Science Act implementation. Acting as a convener, the IGR team is coordinating ongoing meetings with the City's state and federal lobbying teams and government agencies, Mayor Matt Mahan's Office, San José State University, and local semiconductor companies. The IGR team also coordinated multiple meetings between our federal lobbyists, the federal CHIPS office, and City staff to guide implementation and advocacy strategies. Through these meetings, IGR learned that the Federal CHIPS office is likely moving forward with other regions for a National Semiconductor Technology Center. However, City staff and the IGR team are actively exploring the opportunity for a Center of Excellence to be located in San José.

Legislation

Mayor Matt Mahan signed onto a letter of support for the Fentanyl Support Act Reauthorization Package. This bill would reauthorize elements of the Fentanyl Support Act and expand the federal response to the opioid crisis. This legislation would help provide coverage for mental and behavioral health treatment, expand telehealth, reauthorize Medicaid coverage for substance use disorders, improve testing capabilities for controlled substances, increase trauma-informed care for children, and revamp opioid monitoring and regulation.

State Update

Legislation

With the rise of fentanyl overdose deaths of California's youth, legislation confronting the fentanyl crisis was a priority for legislators during the 2023 session. The City supported AB 33 and SB 10, which take a public health approach to addressing fentanyl use. Both bills were signed by Governor Newsom.

The IGR team is monitoring several bills related to supporting families. A list of these bills is found in **Attachment G: Legislation Related to Legislative Priority: Relentlessly Advocate for Regional Policy Solutions that Result in Equitable Outcomes and Prosperity for San José Families.**

Other Legislative Updates

Federal Update

Federal Community Project Funding Requests

The IGR team advocates every year for community project funding requests, known as earmarks. With the House under Republican control, the Appropriations Committee significantly reduced the number of accounts available for earmarks, tightened restrictions on the remaining accounts, and reduced available funding. Despite these challenges, Representatives Eshoo, Khanna, and Panetta submitted seven projects on behalf of San José, totaling \$3.7 million. A list of the funding requests that are being championed by each member of Congress can be found in **Attachment H: FY 2024 Federal Community Project Funding (Earmark) Member Requests.** These requests are pending the final passage of a Federal Appropriations bill.

AI Regulations

On September 6, 2023, Governor Newsom signed an executive order regarding generative AI technology that included several provisions directing state government agencies to conduct a cybersecurity risk-analysis, generate procurement standards, craft employee training, engage legislative partners and academic institutions, and analyze opportunities for beneficial and harmful use of generative AI. The IGR team subsequently organized a meeting with the California Government Operations agency in Governor Newsom's Office and the City's Information Technology Department to discuss San José's leading work around generative AI use and regulation. California Government Operations agency staff subsequently invited City staff to present AI procurement protocols to the State and the IGR team will help facilitate a

sustained partnership so that San José's work can inform state generative AI initiatives and regulations. Senator Weiner also introduced a spot bill (SB 294) around safety and security standards for generative AI models. The IGR team will monitor any updates on this or similar legislation in 2024.

On October 30, 2023, President Biden signed an executive order on AI. The order placed much of the responsibility for determining best practices for AI training, testing, evaluation, and procurement for federal agencies on the National Institute of Standards and Technology. It directed the National Institute of Standards and Technology to draft guidance for federal agencies on how to purchase, use, and assess AI systems. The order also contains directives to boost the federal AI workforce. The White House will launch AI.gov as the central landing page for the government's AI activities. However, President Biden's executive order still leaves open a range of AI challenges, such as comprehensive industry standards, copyright infringement, and election misinformation. While federal AI legislation is still being contemplated, additional research and engagement is currently underway in Congress to better assess which legislation should move forward and which regulations may be most appropriate. IGR is actively monitoring these legislative efforts and engaging with our delegation on potential AI opportunities both in terms of funding and legislation.

Briefings with Members of Congress and Staff

Due to the tragic passing of Senator Dianne Feinstein on September 29, 2023, Governor Newsom appointed a new California Senator on October 1, 2023, Laphonza Butler. Senator Butler will serve until a new senator is elected through the November 2024 general election. The IGR team will seek to meet with the Senator Butler's office in early 2024 to discuss the City's priorities.

Since August 2023, the IGR team has engaged our federal delegation on a host of issues with a clear federal nexus, specifically on housing and homelessness, transportation, and CHIPS Act implementation. The IGR team conducted the following Congressional briefings:

- On August 28, 2023, Mark Dennin, Legislative Director for Congressman Panetta, visited City Hall where a cross-functional team from the Housing Department, Department of Transportation, Department of Parks, Recreation, and Neighborhood Services, and the City Manager's Office of Economic Development and Cultural Affairs briefed him on community project funding requests, continued collaboration on regional transportation projects, as well as CHIPS Act implementation.
- On September 8, 2023, the City of San José hosted Congressman Panetta for a roundtable on gun violence prevention on the anniversary of the signing of the federal Bipartisan Safer Communities Act. Representatives from the Department of Parks, Recreation, and Neighborhood Services and the San José Police Department joined Congressman Panetta, the Santa Clara County Sheriff, and nonprofits for this roundtable discussion.

- On September 8, 2023, Congressman Khanna toured the Mabury Emergency Interim Housing Site. Representatives from IGR, the Housing Department, and HomeFirst were in attendance to lead the tour and help address any questions.
- In addition, IGR conducted quarterly meetings with the District Directors for Representatives Khanna, Lofgren, and Panetta and a meeting is pending with Representative Eshoo's local team.

Title 42 and Migration

Issued during the onset of the COVID-19 pandemic, Title 42 allowed authorities to swiftly turn away migrants at the country's borders, ostensibly to prevent the spread of COVID-19. On May 11, 2023, Title 42 was lifted at the United States' southern border. As a result, border crossings from the southern border were expected to increase exponentially, though data has shown a decrease in border crossings since the end of the policy. On October 6, 2023, IGR and the City Manager's Office of Racial Equity met with the White House IGR team regarding the influx of migrants to our community and established a specific line of communication on this emerging issue. The IGR team is providing regular updates from state and federal agencies to the City's internal working group and will continue to monitor.

State Update

State District Specific Budget Requests

Given the state's projected budget deficit, it was anticipated that there would be limited, if any, funding available for District Specific Budget requests in the FY 2023-2024 budget. However, with IGR's advocacy, the final state budget included \$1.5 million for Lake Cunningham Water Quality and Shoreline Improvements and \$2 million for the City's Eviction Diversion Program, both of which are championed by Assemblymember Kalra. More details on these projects can be found in **Attachment I: FY 2024 State District Specific Budget (Earmark) Funded Projects**.

Insurance Reform

On September 21, 2023, the California Insurance Commissioner announced a package of executive actions aimed at improving insurance choices, particularly for residents in high wildfire risk communities, and protecting residents from climate threats while addressing the long-term sustainability of the state's insurance market. These actions represent the largest insurance reform since voters passed Proposition 103 decades ago. These actions aim to address problems arising from decisions by several major insurance companies, representing approximately 50% of the California homeowner's insurance market, to pause issuing new policies or renewing policies to existing California customers. These actions will also allow insurance companies to increase rates to maintain financial stability.

Website Domain Legislation

AB 1637 (Irwin) was signed by Governor Newsom on October 9, 2023 and requires a local agency to utilize or redirect public-facing websites to a ".gov" or ".ca.gov" domain. This bill also requires a local agency to ensure that each email address provided to employees utilizes a ".gov"

or “.ca.gov” domain name no later than January 1, 2029. By adding to the duties of local officials, the bill would impose a state-mandated local program. Furthermore, it requires the state to reimburse local agencies for any costs mandated by this bill, as determined by the Commission on State Mandates. IGR is collaborating with the Information Technology Department and City Manager’s Office of Communications to address any issues that may arise in the leadup to full implementation of this legislation Citywide.

Briefings with Members of the State Legislature and Staff

Throughout the month of August 2023, IGR met with each District Director from San José’s state delegation. This outreach ensured that engagement not only takes place in Sacramento, but also locally in San José, to broaden IGR’s impact.

On November 6, 2023, the City’s IGR team conducted a legislative advocacy day in Sacramento. The IGR team met with the City’s statewide delegation, cardroom stakeholders, and partners on currently sponsored and potential future sponsored legislation. The purpose of the meetings was to discuss the City’s legislative and funding priorities for the next legislative session, hear about the respective offices’ priorities, and strategize on advocacy moving forward.

Additional Ballot Measures

In February 2023, the Taxpayer Protection and Government Accountability Act, ballot initiative 21-0042, qualified for the November 2024 election. In late September 2023, the Legislature and Governor Newsom filed an emergency petition with the California Supreme Court to remove the initiative from the November 2024 ballot, alleging it unlawfully revises the state constitution and would cripple essential government functions. Shortly after, the League of California Cities filed an amicus letter in support of the legal challenge. Mayor Matt Mahan also signed a joint amicus letter to the California Supreme Court from the Big City Mayors coalition. Furthermore, on September 14, 2023, the Legislature passed Assembly Constitutional Amendment (ACA) 13 from Assemblymember Ward. ACA 13 would change the voting requirement for certain state ballot initiatives that appear on the ballot after January 1, 2024. This measure was in direct response to the Taxpayer Protection and Government Accountability Act and would increase the required voter threshold for passage to two-thirds of the electorate. ACA 13 will appear on the November 2024 election ballot alongside the Taxpayer Protection and Government Accountability Act.

On September 14, 2023, the Legislature passed ACA 1 by Assemblymember Aguilar-Curry. ACA 1 would make it easier for local governments to pass propositions that permit the levying of various types of taxes to fund public infrastructure, affordable housing, or permanent supportive housing through reduced voter thresholds. The California constitution currently requires a local government to receive two-thirds approval to impose a special tax, whereas this measure reduces that threshold to 55%. IGR issued a letter of support in coordination with the Housing Department and sent another letter on September 5, 2023, in coordination with the Environmental Services Department. This letter sought an amendment to clarify that stormwater

management is a protected service alongside sewer, water, and refuse collection. The amendment was ultimately not included; however, the IGR team is working with the City's state lobbyist on potential clean-up changes to ACA 1.

Cardrooms

Late in the 2023 session, Senator Newsom gut-and-amended SB 549 which allows 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 would allow tribal entities to lodge lawsuits at cardrooms thereby potentially crippling their operations and putting them out of business. The City of San José issued a letter of opposition to this legislation and the state lobbying team quickly met with various legislators to voice the City's concerns. In addition, the IGR team has been partnering with the City's two cardrooms in a coordinated advocacy strategy. This bill passed out of the Assembly Judiciary Committee on July 5, 2023, but failed to get any additional traction, however, further action in 2024 is expected. IGR will continue to advocate against other measures that would challenge the ability for San José cardrooms to operate.

On September 12, 2023, the California Department of Justice released new proposed regulations on blackjack-style games and rotation of dealer and player positions that have the potential to impact City revenue. Implementation of the new regulations may raise uncertainty about the specific games that are being played at the cardrooms, potentially confusing players and therefore decreasing revenue at the cardrooms. These factors collectively suggest that the cardroom tax revenue for the City is likely to decrease as a result of these changes. IGR is coordinating with City Attorney's Office and Police Department on these regulations and is conducting outreach to San José's cardrooms.

Regional Update

Regional Legislative Coordinators Convening

In April 2023, in partnership with the County of Santa Clara, the IGR team started a monthly convening of legislative policy staff from various cities, utility agencies, open space authorities and other partners across the county. This group meets monthly virtually and quarterly in-person. The City of San José and the County of Santa Clara are co-chairs for the convening and developing agendas and discussion items for the group centered around shared advocacy goals.

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

This memorandum was coordinated with the City's state and federal legislative advocates; the City Attorney's Office; the City Manager's Budget Office; the City Manager's Office of Economic Development and Cultural Affairs; the City Manager's Office of Emergency Management; the City Manager's Office of Racial Equity; and Departments of Airport; Energy; Environmental Services; Finance; Housing; Information Technology; Library; Parks, Recreation, and Neighborhood Services; Planning, Building, and Code Enforcement; San José Police; Public Works; and Transportation.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 28, 2023 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, Chief Intergovernmental Relations Officer, at zane.barnes@sanjoseca.gov.

ATTACHMENTS

Attachment A: Intergovernmental Relations Priority Federal Legislation Log

Attachment B: Intergovernmental Relations Priority State Legislation Log

Attachment C: Legislation Related to Legislative Priority: Address Homelessness and Enable Affordable Housing

Attachment D: Legislation Related to Legislative Priority: Promote Safety and Vision Zero Initiatives

Attachment E: Legislation Related to Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure

Attachment F: Legislation Related to Legislative Priority: Drive Impactful Climate Action and Unlock San José's 2030 Climate Smart Goals

Attachment G: Legislation Related to Legislative Priority: Relentlessly Advocate for Regional Policy Solutions that Result in Equitable Outcomes and Prosperity for San José Families

Attachment H: FY 2024 Federal Community Project Funding (Earmark) Member Requests

Attachment I: FY 2024 State District Specific Budget (Earmark) Funded Projects