



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: Spring Intergovernmental
Relations Report

DATE: April 7, 2025

Approved

Date:

4/16/25

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept the 2025 Spring Intergovernmental Relations Report.
- (b) Reaffirm all City positions summarized in the 2025-2026 Intergovernmental Relations Priority Federal Legislation Log.
- (c) Reaffirm all City positions summarized in the 2025-2026 Intergovernmental Relations Priority State Legislation Log.

SUMMARY AND OUTCOME

The Spring 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: 2025-2026 Intergovernmental Relations Priority Federal Legislation Log** and **Attachment B: 2025-2026 Intergovernmental Relations Priority State Legislation Log**. Acceptance of this report continues the Administration's advocacy efforts to advance City priorities.

From December 7, 2024 through April 7, 2025, the Intergovernmental Relations (IGR) team, which is part of the City Manager's Office of Administration, Policy, and Intergovernmental Relations, took the following major actions to further the City's legislative priorities in coordination with partner departments and outside agencies.

- Participated in a legislative advocacy day on January 22, 2025 with the Civil Prosecutors Coalition regarding shared priorities for the legislative session, as discussed further in this memorandum.
- Conducted a legislative advocacy day on March 17, 2025, with the Director of the City's Housing Department, focused on advancing the City's legislative goals related to housing production and reducing unsheltered homelessness.

- Continued engagement with the City's cardrooms regarding legal challenges to the cardrooms' ability to operate as a result of Senate Bill (SB) 549 (Newman) and new proposed regulations from the California Bureau of Gambling Control.
- Engaged in strategy and coordination meetings with the Santa Clara Valley Transportation Authority (VTA) and conducted briefings with the City's state and federal delegation to continue the advancement of the BART Silicon Valley Phase II project towards a Full Funding Grant Agreement.
- Submitted state and federal earmark funding requests for consideration to the City's delegation.
- Conducted monthly regional coordination meetings with local cities, utility agencies, open space authorities, and other partners in partnership with the County of Santa Clara's Office of Intergovernmental Relations team.
- Issued or facilitated 17 letters of support or opposition for legislation, as well as funding and regulatory priorities aligned with the Legislative Program.
- Issued or facilitated 13 letters of support for City grant applications and partner grant applications that benefit the City.
- Tracked 238 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 January 14, 2025 ([Item 3.5 25-012](#)¹).

At the January 14, 2025 meeting, the City Council approved the 2025 Legislative Program and Legislative Priorities ([Item 3.4 25-011](#)²).

The following analysis is framed around the approved 2025 Legislative Priorities:

- Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Opportunities for Affordable Housing;
- Enhance Community Safety Initiatives and Realize Vision Zero;
- Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families;
- Drive Downtown Revitalization and Cultivate Equitable Investment in our Neighborhoods; and
- Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Accelerate San José's Climate Smart Goals.

¹ <https://sanjose.legistar.com/View.ashx?M=F&ID=13639086&GUID=1F8BBC9D-B4E5-4F76-85C1-F4C5AAF0E1F6>

² <https://sanjose.legistar.com/View.ashx?M=F&ID=13639085&GUID=222C8B01-0513-47BB-9B11-789556945FA6>

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. On March 15, 2025, Congress passed another continuing resolution through September 30, 2025. As a result of the year-long continuation resolution, the \$5.5 million in funding requests for five City projects that were included in the House of Representatives (House) Fiscal Year (FY) 2025 Transportation, Housing, and Urban Development appropriations bill are no longer active. President Trump has yet to release a proposed FY 2026 budget, however IGR has submitted earmark requests for inclusion in the FY 2026 budget, which can be found in **Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests**.

On February 25, 2025, the House passed a budget reconciliation framework³ that instructs committees to raise spending for the President's priorities, which includes defense, energy, and immigration/border security, while calling for cuts in domestic spending to pay for the increases. The House framework also includes an extension of the Tax Cuts and Jobs Act of 2017 and extends the federal debt ceiling. The budget reconciliation framework is currently being considered in the Senate, where Senators are contemplating a different version of the framework with a lower figure for spending cuts.

During initial budget reconciliation discussions in early 2025, the Republican leadership discussed a number of potential revenue generators for the federal government, including reducing or removing the tax-exempt status of municipal bonds. Tax-exempt bonds have proven to be an efficient and effective financing tool that has reduced borrowing costs for cities and states and enabled the completion of once-in-a-generation infrastructure projects. In February 2025, IGR issued a letter to congressional leadership, along with the National League of Cities, urging the protection of the tax-exempt status of municipal bonds. In March 2025, the Mayor's Office further supported this tax exemption, signing on to a joint letter from the U.S. Conference of

³ <https://www.congress.gov/bill/119th-congress/house-concurrent-resolution/14>

Mayors to congressional leadership outlining the group's priorities for budget reconciliation. In addition, the letter included requests to address the housing crisis, preserve funding for the Community Development Block Grant program, protect Direct Pay energy credits, restore the child tax credit, and protect Medicaid benefits.

The debt ceiling was reinstated on January 2, 2025 at \$36.1 trillion. 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. In late March 2025, the Bipartisan Policy Center announced that the default is likely to occur between July and October 2025.⁴ The budget reconciliation frameworks currently under consideration in the House and Senate would raise the debt limit through 2027.

State Budget

On January 10, 2025, Governor Newsom released the proposed 2025-2026 budget, as provided to the City Council through an Informational Memorandum on February 4, 2025.⁵ The proposed budget of \$322.2 billion includes a surplus of \$363 million. On December 20, 2024, IGR facilitated a letter from the Mayor's Office outlining the City's state budget priorities for the upcoming fiscal year. The priorities included Homeless Housing, Assistance and Prevention Program funding; funding to implement CARE Court, Proposition 1 and Proposition 36 reforms; funding for 2026 FIFA World Cup events; operations funding for Homekey+; support for Soft Story Retrofit Program; and continued funding for the Youth Service Corps. IGR will facilitate another letter refreshing the budget priorities ahead of the Governor's May budget revision.

Governor Newsom convened a special legislative session on December 2, 2024, which was expanded on January 13, 2025 to provide funding for wildfire recovery in Los Angeles. On January 23, 2025, Governor Newsom signed two bills that provided over \$2.5 billion to expedite initial fire response and recovery efforts, \$4 million to expedite rebuilding, and \$1 million to rebuild fire-damaged school facilities. On February 7, 2025, Governor Newsom signed two bills to provide \$25 million for the California Department of Justice to pursue potential litigation against the federal government, and \$25 million in grants to nonprofit organizations for legal services to immigrants at risk of detention, deportation, and family separation, as well as services for other vulnerable groups – including LGBTQ+ individuals, survivors of domestic violence, workers facing wage theft, and tenants facing evictions.

⁴ <https://bipartisanpolicy.org/debt-limit/>

⁵ <https://www.sanjoseca.gov/home/showpublisheddocument/117726/638744412157970000>

Legislative Priorities

◆ Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Opportunities for Affordable Housing

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

Federal Update

Funding Advocacy

While the continuing resolution funds the federal government through the remainder of the fiscal year, it also led to budget cuts and adjustments to key programs that may impact the City and its residents. Specifically, the bill cut \$3.29 billion to the U.S. Department of Housing and Urban Development's Community Development Fund. IGR is currently assessing what impacts this may have on Community Development Block Grant program funding and will continue to engage with the City's federal delegation to advocate against any additional funding cuts.

Legislation

IGR is monitoring the Build Housing with Care Act (H.R. 646), which would establish a new competitive grant program administered by the U.S. Department of Housing and Urban Development to facilitate the development of affordable housing co-located with childcare facilities. This bill is currently in the House Ways and Means Committee. Should this bill advance, IGR will look to engage with the City's federal delegation.

IGR is also monitoring the More Homes on the Market Act (H.R. 1340), which would increase the number of homes on the market by incentivizing homeowners to sell their properties by raising the capital gains tax exclusion on the sale of a home from \$250,000 to \$500,000 for single tax filers, and from \$500,000 to \$1 million for joint tax filers. The bill is currently in the House Ways and Means Committee.

State Update

Funding Advocacy

IGR continues to advocate for ongoing and flexible funding to support the City's homelessness response efforts. Central to this effort is advocating for the inclusion of \$1 billion per year of flexible and ongoing Homeless Housing, Assistance and Prevention Program funding into the FY 2025-2026 state budget. Unfortunately, this program was not included in the Governor's January budget proposal. IGR will continue to work in close collaboration with the City's Housing Department and the City's state delegation over the next few months to advocate for this funding in anticipation of challenging budget negotiations.

Additionally, IGR has been working closely with the City's Housing Department to avail state low-income housing tax credits for the production of interim housing. This would represent a novel approach to financing interim housing, and it would allow the City to scale its interim housing portfolio to relocate more unhoused residents indoors and into dignified shelters. IGR has had several discussions with Senator Wahab, Chair of the Senate Housing Committee, and will continue to underscore the significance of this approach and how it could advance the City's efforts to end unsheltered homelessness.

Legislation

IGR is monitoring SB 262 (Wahab), which would expand the examples of pro-housing local policies to include creating or operating low-barrier navigation centers or other non-congregate shelters that meet minimum health and safety standards. This bill would align pro-housing policies to ensure that this work is captured in any subsequent assessment of the City's status as a pro-housing jurisdiction.

IGR is closely monitoring SB 16 (Blakespear), which would require a cost-sharing model for the operations of interim housing between cities and counties. Additionally, this bill would establish Round 7 of the Homeless Housing, Assistance and Prevention Program into the state budget, which would achieve a key objective in the City's state advocacy priorities. This bill has not yet been scheduled for a hearing.

IGR is also monitoring the reintroduction of Assembly Bill (AB) 736 (Wicks), the Affordable Housing Bond Act of 2026, which, if approved by voters, would authorize the state to issue bonds in the amount of \$10 billion to finance affordable housing programs such as the Multifamily Housing Program, the CalHome Program, and the Joe Serna Jr. Farmworker Housing Grant Program. The City has supported previous iterations of this bill which did not pass. IGR, in close collaboration with the City's Housing Department, continues to have discussions with Assemblymember Wicks on areas in which the bill can better align on unsheltered homelessness. On March 17, 2025, IGR and the Director of the City's Housing Department met with Assemblymember Wicks to discuss potential amendments to the bill to allow for flexible funding that can be leveraged for interim housing.

Additional bills related to homelessness and affordable housing that IGR is monitoring during the 2025-2026 Legislative session are in **Attachment D** Legislation Related to Legislative Priority: Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Opportunities for Affordable Housing.

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

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

Federal Update

Funding Advocacy

The City has several federal grant agreements from prior years, both executed and unexecuted, that have not yet been obligated. For the City's Department of Transportation (DOT), these grant agreements total approximately \$50 million, including over \$21 million in combined U.S. Department of Transportation Safe Streets for All grant program to fund improvements at key safety intersections and for the City's new automated speed enforcement program. This grant funding is critical to increasing pedestrian and bicyclist safety and realizing Vision Zero. Due to the change in Presidential administration, there is significant uncertainty regarding the federal government's ability to fund grant obligations. IGR has worked closely with departments to expedite funding agreements and advocate to the federal administering agencies in consultation with the City's federal lobbyist.

Legislation

In April 2025, IGR issued letters of support for the HALT Fentanyl Act (H.R. 27) and the Combating Illicit Xylazine Act (H.R. 1266). H.R. 27 would permanently place fentanyl-related substances as a class into Schedule I of the Controlled Substances Act and ensure law enforcement has the necessary tools to keep fentanyl off city streets. This bill passed the House and is currently in the Senate Judiciary Committee. H.R. 1266 would place xylazine into Schedule III of the Controlled Substance Act while protecting access for veterinarians. This bill would enable the Drug Enforcement Agency to track the manufacturing of xylazine, also known as 'tranq,' to ensure it is not diverted to illicit drug markets, where it is commonly mixed with fentanyl. This bill has been double referred to the House Judiciary Committee and the House Energy and Commerce Committee.

State Update

Funding Advocacy

In January 2025, DOT applied for the California Department of Transportation's Sustainable Transportation Planning Grant for Better Bike Plan 2025. The application is for \$400,000 and would update the City's Council-adopted bicycle master plan to expand bike lanes and corresponding infrastructure throughout the City. This funding would further the City's goals of increasing safety and providing greater transportation options for residents and visitors. IGR facilitated letters of support for the application from local and state representatives.

Legislation

The City is sponsoring AB 476 (Gonzalez, M.) to address the rampant and widespread issue of copper theft. The bill expands the information that junk dealers and recyclers must collect before purchasing nonferrous metals (such as copper and aluminum) and requires sellers of copper to obtain a state-issued license unless they hold specific trade

or contractor credentials. Additionally, the bill would prohibit the possession of additional types of scrap metal from public infrastructure without proof of legal ownership. The City has hundreds of streetlights out at any given time due to theft of copper wires, causing public safety concerns due to inadequate lighting and exposed utilities, and creating significant labor and materials costs for DOT to repair and replace. The League of California Cities is a co-sponsor of this legislation. IGR will work closely with the author's office to advance this bill through the Legislature. The bill is scheduled for a hearing at the Assembly Business and Professions Committee on April 22, 2025.

The City is closely monitoring AB 382 (Berman), which would establish a speed limit of 20 miles per hour in a school zone, including when a school speed limit sign states that "children are present" and when a school speed limit sign states specific hours. The bill would create a state-mandated local program and is a reintroduction of a similar bill that died in the previous legislative session. IGR, in coordination with the City's state lobbyist, has facilitated meetings with the author's office and DOT to seek clarifications. The bill is scheduled for a hearing in the Assembly Transportation Committee on April 21, 2025.

On February 11, 2025, Senate President Pro Tempore McGuire and a coalition of state Senators introduced a package of bills addressing the state's wildfire response and recovery. Fire prevention proposals include transitioning all 3,000 seasonal CalFire firefighters to full-time, permanent status; advancing new policies that require fire-safe landscaping, setbacks, and inspections in high fire hazard zones; and enhancing fire safety insurance credits. Wildfire recovery proposals include speeding up residential rebuilds, providing property tax relief, protecting consumers from price gouging, expanding insurance protections for small businesses, and strengthening penalties against looting of damaged homes. IGR is monitoring these bills in coordination with Fire and Emergency Management while initial bill hearings are held.

Additional bills related to safety and Vision Zero that IGR is monitoring during the 2025-2026 Legislative sessions are in **Attachment E: Legislation Related to Legislative Priority: Enhance Community Safety and Realize 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.

Federal Update

Regulatory Advocacy

On March 26, 2025, the U.S. Supreme Court heard a challenge to the Universal Service Fund (USF), which could impact several digital equity programs if the current funding mechanism is ruled unconstitutional. The Telecommunications Act of 1996 directed the Federal Communications Commission to ensure access to telecommunications services for all Americans, particularly schools, libraries, and rural areas. In response, the Federal Communications Commission established and administers the Universal Service Fund, which supports programs that promote universal connectivity. The Universal Service Fund is funded by mandatory contributions from telecommunications providers, who often pass these costs on to consumers as a line item on phone bills. The Universal Service Fund helps fund critical programs for low-income individuals, educational institutions, libraries, and underserved communities. A decision from the U.S. Supreme Court is expected in the summer of 2025.

Following the change in Presidential administration, IGR has closely monitored changes in federal immigration policy that could have an impact on City residents. President Trump has issued eleven executive orders on immigration since January, including directives challenging birthright citizenship, suspending the U.S. Refugee Admissions Program, and prohibiting the use of federal funds that would provide benefits to undocumented immigrants.⁶ Additionally, the Administration is encouraging cooperation and data sharing among federal departments to identify undocumented immigrants and potentially target them for enforcement actions by the U.S. Immigration and Customs Enforcement. This includes a recent memorandum of understanding between the U.S. Department of Housing and Urban Development and the U.S. Department of Homeland Security. Additionally, the Internal Revenue Service and Department of Homeland Security have agreed to share information to assist immigration authorities in locating individuals targeted for deportation. In accordance with the approved 2025 Legislative Program, IGR has been working in close collaboration with the City Manager's Office of Racial and Social Equity on advocacy relative to state legislation that could support City residents who may be impacted by these developments at the federal level. IGR will also continue to engage the City's federal delegation on these issues.

Funding Advocacy

IGR continues to advocate for the reauthorization of 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, including locally, the City's work2future programs. Work2future serves 2,000 clients annually, most of whom are unstably housed with multiple barriers to employment. IGR continues to closely monitor ongoing discussions

⁶ <https://www.hklaw.com/en/general-pages/trumps-2025-executive-orders-chart>

in Congress on new regulations that would reduce program flexibility and constrain work2future's ability to serve harder-to-serve clients who need intensive case management, job development, and supportive services. IGR, in coordination with City Manager's Office of Economic Development and Cultural Affairs, will continue to engage the City's federal delegation on the importance of this funding for work2future.

Legislation

IGR is monitoring the Child Care Workforce and Facilities Act (S. 169), which would provide competitive grants to train childcare workers and build or renovate childcare facilities. This bill was introduced in the previous Congress but did not move forward. The bill is currently in the Senate Committee on Health, Education, Labor, and Pensions, and IGR will engage the City's federal delegation should it progress.

State Update

Legislation

IGR is actively monitoring AB 353 (Boerner), which would require every California internet service provider to offer affordable home internet that meets minimum speed requirements to eligible households for purchase. Access to affordable home internet is challenging for low-income residents following the lapse of the federal Affordable Connectivity Program in 2025.

IGR is closely monitoring several bills that would add requirements for data centers. AB 222 (Bauer-Kahan) would require a data center to estimate and track its energy usage; AB 93 (Papan) would require a data center to estimate its water usage when applying for a permit to operate; and SB 57 (Padilla) would require the California Public Utilities Commission to establish a special tariff for transmission and distribution service to data centers. As artificial intelligence systems develop and expand, in addition to more data centers being built to support their operations, there will be increased scrutiny on the land use and utility demands the data centers have and any potential impact on the surrounding communities.

IGR is closely monitoring the state legislature for bills that uphold existing City policies and provide relief to City residents impacted by the federal administration's executive orders related to immigration and that retreat from equity-centered policies. Among these bills, AB 49 (Muratsuchi) aims to safeguard school sites from federal immigration enforcement actions by requiring, among other things, a signed judicial warrant to carry out the enforcement action, and permission from the school's superintendent to access the school site. AB 421 (Solache) would restrict information sharing by state and local law enforcement to federal immigration authorities when information being sought is for an enforcement action within a one-mile radius of a childcare or daycare facility, a religious institution, a hospital, or a medical office. SB 48 (Gonzalez) would prohibit school personnel from granting federal immigration authorities access to a school site without a valid judicial warrant or court order. AB 1025 (Pellerin) would create a legal

process that allows a parent to designate another adult to take care of their child(ren) if they are subject to an adverse immigration action such as deportation or detention thereby preserving a pathway for family reunification. IGR will continue to work with the City Manager's Office of Racial and Social Equity to evaluate these and related bills that may impact City residents.

Additional bills IGR is monitoring during the 2025-2026 Legislative sessions related to advancing educational and employment opportunities are in **Attachment F: Legislation Related to Legislative Priority: Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families.**

◆ **Drive Downtown Revitalization and Cultivate Equitable Investment in Our Neighborhoods**

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

Federal Update

Funding Advocacy

IGR continues to meet with the Bay Area Host Committee monthly to align on federal priorities in the lead-up to the major sporting events coming to the South Bay in 2026, including Super Bowl 60, NCAA Men's March Madness, and the 2026 FIFA World Cup.⁷ These meetings focus on addressing the regional needs for these events through coordinated advocacy. IGR continues to advocate for funding resources to prepare for these events, including supporting a joint ask of \$625 million in all 11 U.S. FIFA World Cup host regions. While this funding request has a challenging path to passage, it could possibly be included in a forthcoming disaster funding bill or in budget reconciliation. This advocacy is being done in strong collaboration with the City's partners at 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 will continue to monitor federal budget negotiations as it relates to funding for the host regions and will coordinate advocacy efforts with the Bay Area Host Committee.

⁷ 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.

Legislation

IGR is closely monitoring the reintroduction of the Revitalizing Downtowns and Main Streets Act, which would use a new tax credit program to encourage the conversion of existing vacant and underutilized commercial properties into new housing.⁸ IGR will continue to monitor this bill and look for ways to engage the City's federal delegation should it move forward.

State Update

Funding Advocacy

IGR continues to engage with the Bay Area Host Committee on state funding resources for the major sporting events as well, including supporting their budget ask of \$50 million per host region to be included in the FY 2025-2026 state budget. IGR will be conducting additional funding advocacy in Sacramento with the City's state delegation and the Governor's Office as budget negotiations develop.

Pending Grants

In March 2026, the Public Works Department applied for the Bay Area Regional Energy Network's Decarbonization Showcase. IGR coordinated local letters of support for this application. Selected projects will demonstrate practical solutions to reduce or eliminate emissions from public buildings through upgrades to energy efficiency, distributed energy resources, electrification, demand response, and other types of energy-related measures. If successful, the Public Work Department's application for the Roosevelt Community Center would further the City's carbon reduction goals by upgrading one of the community center's major appliances from a gas to an electric model, and it would build upon the recent Extreme Heat and Community Resilience Program state grant funding⁹ provided for the community center.

Legislation

The City is sponsoring SB 753 (Cortese), which seeks to address the widespread issue of abandoned shopping carts. Specifically, this bill would modernize state law to allow cities to proactively return abandoned shopping carts, appropriately recover costs, and work collaboratively with retailers on a more effective solution. Shopping carts have been increasingly burdensome in recent years as they block public right-of-way, and contribute to environmental pollution and flooding by littering parks and obstructing waterways. Current law, dating back to the 1990s, does not allow cities to return carts directly to retailers and severely restricts the number and the amount of fines that can be issued to retailers. IGR is working closely with the author's office to advance this

⁸ This bill aims to address two challenges being faced across the county: vacant office buildings in downtowns and the ongoing housing shortage. The press release from the bill authors can be found here: <https://gomez.house.gov/news/documentsingle.aspx?DocumentID=3346>

⁹ The City was awarded \$341,000 to develop and deliver home cooling and resiliency toolkits, install residential heat pump HVAC systems, and upgrade Roosevelt Community Center with heat resiliency measures.

legislation. This bill is expected to be heard in the Senate Local Government Committee.

IGR is monitoring SB 456 (Ashby), which would exempt muralists from obtaining a contractor's license when commissioned for public and private art projects. This bill would give the City greater flexibility when commissioning new murals throughout the City. IGR has had discussions with the League of California Cities, which sponsors the bill.

IGR is closely monitoring SB 569 (Blakespear), which would improve coordination between the California Department of Transportation (Caltrans) and local agencies to resolve homeless encampments located on Caltrans right-of-ways. IGR and the City's state lobbyist are working closely with the author's office to advocate for the inclusion of a cost recovery model that would allow cities to seek reimbursement for clearing encampments on Caltrans properties. Mayor Mahan and the City of San Diego support this bill and IGR will continue to monitor it as it progresses through the Legislature.

IGR is working in close collaboration with the City Manager's Office of Economic Development and Cultural Affairs to engage Assemblymember Haney on bills that aim to drive downtown revitalization statewide. This bill package includes:

- AB 342 (Haney) seeks to expand serving hours for vendors licensed to sell alcohol to 4:00 AM to drive pedestrian activation.
- AB 507 (Haney) incentivizes office-to-housing conversions.
- AB 564 (Haney) repeals a prescribed tax increase on cannabis retailers.

On March 12, 2025, IGR and City Manager's Office of Economic Development and Cultural Affairs staff met with Assemblymember Haney's office to discuss the bills included in the downtown revitalization bill package. This bill package could help drive activations in the City's downtown, and IGR will continue to engage Assemblymember Haney while advocating for the City's interests.

Additional bills related to downtown and equitable community investments that IGR is monitoring during the 2025-2026 Legislative sessions are in **Attachment G: Legislation Related to Legislative Priority: Drive Downtown Revitalization and Cultivate Equitable Investment in Our Neighborhoods**.

♦ **Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Accelerate 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 Accelerate San José's Climate Smart Goals.

Federal Update

Funding Advocacy

The Infrastructure Investment and Jobs Act that passed in November 2021 authorized federal surface transportation programs that are expiring 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. DOT drafted a set of funding priorities for the next surface transportation reauthorization that will be submitted to the House Transportation and Infrastructure Highways and Transit Subcommittee in April 2025.

In March 2025, IGR facilitated a letter of support from the Mayor's Office for a \$10 million request for Congressionally Directed Spending from the Santa Clara Valley Water District for the Andersen Dam Seismic Retrofit Project. This project is a critical seismic safety, water supply, flood protection, groundwater recharge, and environmental enhancement project. The funding would be used for the Stage 2 Diversion System, which is a critical component of the project that will safely manage water during construction and ensure flood protection during work on the dam embankment removal and reconstruction. Once complete, the diversion system will enable the rapid drawdown of the reservoir in an emergency, thereby protecting homes and businesses.

IGR, the Mayor's Office, and DOT continue to closely coordinate with VTA on the next steps to secure the Full Funding Grant Agreement of \$5.1 billion for the BART Silicon Valley Phase II project. This coordination is especially important with the change in Presidential administration. IGR and VTA have held bi-weekly meetings to coordinate advocacy efforts, in addition to a broader strategy workshop held on February 18, 2025. Additionally, VTA continues to work towards identifying solutions to close the remaining funding gap. This includes a request for \$100 million in Senate Bill 1 funds, the Road Repair and Accountability Act signed into law in April 2017, that will be under consideration by the California Transportation Commission in summer 2025. Additionally, IGR and DOT continue to provide regular updates to the City's state and federal delegations to share project updates, including a federal briefing on February 21, 2025. With the Mayor serving as Vice Chair of the VTA Board of Directors, in addition to Councilmembers Candelas, Cohen, Foley, and Kamei serving on the VTA Board of Directors, the City will continue to be a vocal partner and staunch advocate for keeping the project on track.

Grants Awarded

On January 6, 2025, the City and Silicon Valley Clean Energy were awarded \$12 million from the Federal Highway Administration's Charging and Fueling Infrastructure discretionary grant program for electric vehicle infrastructure. The project will install 237 electric vehicle charging ports across the South Bay within the Silicon Valley Clean

Energy service area, including 120 electric vehicle charging ports that will be installed at 12 City-owned public libraries, community centers, and parks. The project will serve many communities throughout the region, including parks, a public health clinic, community centers, public parking lots, and municipal fleet facilities. IGR facilitated feedback on the application from the City's federal lobbyist and coordinated letters of support from the City's congressional delegation, including Senator Padilla. Due to the change in Presidential administration and subsequent Executive Orders¹⁰ the status of this grant award is uncertain. IGR has engaged the City's federal lobbyist to advocate for this grant funding to be released.

Grants Pending

In January 2025, DOT submitted an application for the Department of Transportation's Better Utilizing Investments to Leverage Development (BUILD) grant program, which replaced the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program. The application was for \$12.9 million that would provide for the design and environmental phases of the Airport Connector project. IGR facilitated feedback on the application from the City's federal lobbyist. Award announcements are anticipated by early summer.

In November 2024, 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. As discussed above, there is significant uncertainty regarding the federal government's ability to obligate grant agreements, and the status of this grant award remains unclear.

In November 2024, DOT applied for \$39.6 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 road repaving. 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 local and federal representatives. As discussed above, there is significant uncertainty regarding the status of this grant program.

¹⁰ <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>

Legislation

In March 2025, IGR issued letters of support for the Wildfire Intelligence Collaboration and Coordination Act (S. 453) and the Modernizing Wildfire Safety and Prevention Act (H.R. 1923). S. 453 would establish a national Wildfire National Intelligence Center to streamline federal response and create a whole-of-government approach to combat wildfires by facilitating coordination and information sharing across federal, state, and local agencies. This bill is currently in the Senate Committee on Agriculture, Nutrition, and Forestry. H.R. 1923 would modernize existing fire prevention efforts by establishing the Joint Office of Fire Environment center to improve fire response times with updated technology, establish an academy, and grant programs to train and hire more firefighters and establish a nationwide real-time air quality monitoring and alert system. This bill is currently in the House Committee on Forestry and Horticulture.

State Update

Funding Advocacy

In early March 2025, the California Joint Committee on Climate Change Policies initiated a discussion on reauthorizing the state's cap-and-trade program, which is set to expire in 2030. The ensuing discussions will determine how the state regulates and prices greenhouse gas emissions and how the corresponding revenue in the Greenhouse Gas Reduction Fund is allocated. IGR has engaged City departments on potential funding priorities and, on February 20, 2025, held an informational meeting with the state Legislative Analyst's Office. IGR will continue to track developments and any reauthorization legislation that is introduced.

Regulatory Advocacy

The Advanced Clean Fleets regulation was approved in April 2023 by the California Air Resources Board (CARB) to accelerate a large-scale transition to zero-emission medium- and heavy-duty vehicles to reduce tailpipe emissions.¹¹ On January 13, 2024, CARB withdrew the state's request for a Clean Air Act waiver for its Advanced Clean Fleet (ACF) regulation that was submitted in November 2023. However, this withdrawal does not currently impact state and local government fleets that are still subject to the ACF regulation as a waiver is not required for government fleets. While the City strongly supports fleet electrification and efforts are already underway to phase in zero-emission vehicles, the compliance timeline established through ACF regulation is extraordinarily challenging. IGR and the Public Works Department engaged the League of California Cities and CARB to discuss these challenges and explore available waivers. The Public Works Department had submitted an initial exemption request for 15 vehicles in

¹¹ 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. CARB was authorized by an executive order from the Governor.

November 2024 and is currently awaiting determination. In parallel, Public Works Department is in communication with CARB to submit a separate vehicle exemption list in August 2025 for this current year's anticipated procurements. Additionally, in February 2025, SB 496 (Hurtado) was introduced that would establish an Appeals Advisory Committee for the ACF regulation to review appeals of denied requests. IGR is monitoring this legislation and any further developments at the state and federal levels.

Legislation

In January 2025, SB 63 (Wiener and Arreguin) was introduced to authorize a regional transportation revenue measure to be placed on the 2026 ballot to address the looming fiscal cliff for various transit operators. The bill currently applies to the counties of Alameda, Contra Costa and the City and County of San Francisco, with the ability to opt in for San Mateo and Santa Clara counties. This bill represents a reintroduction of SB 1031 (Wiener) from the prior legislative session and builds upon the recommendations from the Transportation Revenue Measure Select Committee that were presented to the Metropolitan Transportation Commission on December 9, 2024.¹² IGR, the Mayor's Office, and DOT have continued to engage in discussions with the author's office, the City's state delegation, partner agencies, and regional entities regarding the City's concerns with the measure, such as the impact on existing local sales tax renewal efforts and the South Bay's obligations to regional transit systems. Furthermore, VTA continues to explore a parallel, separate sales tax measure for Santa Clara County, with the goal of providing a fair contribution to shared regional operators and transit transformation efforts. The Metropolitan Transportation Commission, Caltrain, and VTA have initiated public polling efforts to evaluate the viability of the respective funding measures for the 2026 ballot.

In February 2025, AB 939 (Schultz) was introduced as the Safe, Sustainable, Traffic-Reducing Transportation Bond Act of 2026. The bill would authorize a ballot measure in November 2026, and if approved by voters, would issue \$20 billion in State General Obligation Bonds to finance statewide transit and passenger rail improvements, local streets and roads, and active transportation projects, zero-emission vehicle investments, transportation freight infrastructure improvements, grade separations, and other critical safety improvements. IGR is monitoring this legislation, including its viability considering the limited bonding capacity at the state level, and the potential impact it could have on a Bay Area transportation revenue measure.

Additional bills that IGR is monitoring during the 2025-2026 Legislative sessions related to infrastructure and environmental issues are in **Attachment H: Legislation Related to**

¹²

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

Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Accelerate San José's Climate Smart Goals.

Other Legislative Updates

Since December 2024, IGR has engaged the City's federal and state delegation on various issues, which are outlined in **Attachment I: Engagement with Members of Congress and Members of the State Legislature**.

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, tighten restrictions on the remaining accounts, and reduce available funding. IGR has submitted earmark requests for inclusion in the FY 2026 budget when budget negotiations commence. To develop these requests, IGR solicited potential projects from City departments, applied a City Council approved legislative priorities lens, an equity lens, and vetted projects with the City's federal lobbyist and the City's federal delegation. Staff also considered the current budgetary context and prioritized projects in existing workplans that could create General Fund savings. Given the delayed negotiations on the FY 2025 continuing resolution, the guidance from the FY 2026 Appropriations Committee was not released until early April 2025. Therefore, several Congressional Offices have not yet accepted earmark submissions. A list of the submitted earmark requests can be found in **Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests**.

For FY 2025, the City included five funding requests totaling \$5.5 million in the FY 2025 Appropriations bills submitted by Representatives Eshoo, Khanna, Lofgren, and Panetta. However, due to the passage of a year-long continuing resolution through September 30, 2025, no funding requests for FY 2025 were included nationwide.

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. IGR has nonetheless identified priority projects, through an extensive vetting process in coordination with City departments, and proposed them to the City's state delegation for inclusion in the budget, should funding be available. A list of proposed funding requests can be found in **Attachment J: FY 2025-2026 State District Specific Budget (Earmark) Member Requests**.

Cardrooms

Late in the 2023 legislative 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 severely limiting their operations and ability to operate. The City issued multiple letters of opposition to this legislation, conducted several advocacy trips 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.¹³ Despite these strong advocacy efforts, SB 549 was passed by the Legislature and signed into law by the Governor on September 28, 2024. On January 2, 2025, at the first opportunity afforded under SB 549, a lawsuit was filed by 7 tribal entities against all 86 of the cardrooms currently operating across the state, including Bay 101 and Casino M8trix, asserting the cardrooms are operating illegally. IGR continues to coordinate with the City's cardrooms to discuss this legal challenge to the ability of San José cardrooms to operate. The City will submit a declaration to support the cardrooms' legal efforts and underscore the importance of cardroom revenue to critical City services.

In addition, on February 14, 2025, the California Bureau of Gambling Control, a division of the California Department of Justice, issued proposed rulemaking regarding regulation of blackjack and player-dealer rotation in cardrooms¹⁴. This rulemaking has potentially detrimental consequences for the City's cardrooms to operate and will most certainly impact cardroom revenue significantly. While there was a scheduled rulemaking hearing for April 11, 2025, the Bureau of Gambling Control notified interested parties of a delay in this proposed rulemaking with an updated hearing date scheduled for May 2025. IGR and the City Attorney's Office are closely monitoring this issue, and IGR plans to issue a letter of opposition and provide public comment when the hearing date is confirmed.

Civil Prosecutors Coalition

In February 2024, the City joined the Civil Prosecutors Coalition, comprised of attorneys from California's largest public agencies, including the cities of San José, San Francisco, Oakland, and San Diego and the counties of Santa Clara, Los Angeles, and San Diego. This group aims to align on legislative and policy goals and combine

¹³ 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.

¹⁴ <https://oag.ca.gov/gambling/regulations>

advocacy forces on shared priorities.¹⁵ IGR supports the City Attorney's Office in this endeavor and participates in the monthly strategy meetings and advocacy trips to Sacramento. On January 22, 2025, IGR engaged in an advocacy trip with the Civil Prosecutors Coalition, meeting with several Assembly and Senate offices, in addition to the Governor's Office and the Office of the Attorney General, to discuss the Coalition's priorities for the legislative session. This includes advocating for funding for civil prosecutors to defend California's policy priorities. The Coalition is sponsoring AB 621 (Bauer-Kahan), which would enhance penalties against the creation and distribution of deepfake pornography, which is aligned with the City's Council-adopted Legislative Program.

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.¹⁶ Over the past year, the group has discussed sponsored legislation, bills of interest, funding opportunities, state and federal budget impacts, state and federal policies and regulations, earmarks, ballot measures, and regional needs ahead of the 2026 major events in the South Bay.

EVALUATION AND FOLLOW-UP

The Administration will continue to advance the City's Legislative Priorities for 2025 and the City Council adopted 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 Energy, Environmental Services, Finance, Fire, Housing, Information Technology, Library, Planning, Building, and Code

¹⁵ 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.

¹⁶ 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.

Enforcement, Parks, Recreation, and Neighborhood Services, Police, Public Works, and Transportation.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the April 29, 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: 2025-2026 Intergovernmental Relations Priority Federal Legislation Log
- Attachment B: 2025-2026 Intergovernmental Relations Priority State Legislation Log

- Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests
- Attachment D: Legislation Related to Legislative Priority: Reduce Unsheltered Homelessness, Support Unhoused Residents, and Increase Opportunities for Affordable Housing
- Attachment E: Legislation Related to Legislative Priority: Enhance Community Safety and Realize Vision Zero Initiatives
- Attachment F: Legislation Related to Legislative Priority: Advocate for Educational and Employment Opportunities that Foster Equitable Outcomes for San José Families
- Attachment G: Legislation Related to Legislative Priority: Drive Downtown Revitalization and Cultivate Equitable Investment in Our Neighborhoods
- Attachment H: Legislation Related to Legislative Priority: Pursue Funding for Equitable, Sustainable, and Resilient Infrastructure and Accelerate San José's Climate Smart Goals
- Attachment I: Engagement with Members of Congress and Members of the State Legislature
- Attachment J: FY 2025-2026 State District Specific Budget (Earmark) Member Requests