



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: Summer Intergovernmental
Relations Report

DATE: September 16, 2025

Approved

Date:

9/4/2025

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept the 2025 Summer 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 Summer Intergovernmental Relations Report provides an update on the City of San José's (City) 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 April 8, 2025 through August 28, 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.

- Conducted a legislative advocacy day on April 23, 2025 focused on advancing legislative goals related to reducing unsheltered homelessness.
- Conducted a legislative advocacy day on April 30, 2025 focused on advancing legislative goals related to the 2026 major sporting events.
- Facilitated testimony at the Senate and Assembly Local Government Committee meetings in support of the City's sponsored legislation addressing abandoned shopping carts, Senate Bill (SB) 753 (Cortese).

- Continued engagement with the City's cardrooms regarding legal challenges to the cardrooms' ability to operate as a result of SB 549 (Newman) and proposed regulations from the California Bureau of Gambling Control.
- Supported the Valley Transportation Authority (VTA) in securing \$100 million in state funding to continue the advancement of the BART Silicon Valley Phase II project towards a Full Funding Grant Agreement, which included a May 6, 2025 joint advocacy day in Sacramento.
- Successfully advocated for the inclusion of five federal earmarks totaling \$6.5 million in the appropriations bills for FY 2026.
- Conducted monthly regional coordination meetings with local cities, utility agencies, open space authorities, and other partners in collaboration with the County of Santa Clara's Office of Intergovernmental Relations team.
- Issued or facilitated 66 letters of support or opposition for legislation, as well as funding and regulatory priorities aligned with the Legislative Program.
- Issued or facilitated three letters of support for City grant applications and partner grant applications that benefit the City.
- Tracked 391 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 April 29, 2025 ([Item 3.4 25-441](#)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=14053409&GUID=7D3DCFFF-5DA9-4D80-9873-E02CA43CA32E>

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.

The 2025 state legislative session ends on September 12, 2025. Since many of the City's priority bills are currently being considered by the Assembly and Senate Appropriations Committees, IGR anticipates releasing a supplemental memorandum to provide a status update on key legislation.

ANALYSIS

Budget

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

Federal Update

On July 4, 2025, President Trump signed a reconciliation bill into law (H.R. 1), the One Big Beautiful Bill Act of 2025, which fundamentally redesigns federal policy and funding priorities to align with the President's economic and social agenda and will cause significant policy and funding impacts to the broader community.³ The reconciliation bill enacts substantial cuts to Medicaid over the next decade as well as the Supplemental Nutrition Assistance Program, while providing funding increases to the Department of Homeland Security and Immigration and Customs Enforcement for border security and immigration enforcement. Additionally, it terminates federal clean energy investments, including home energy efficiency tax credits and direct pay tax credits for municipalities. H.R. 1 included an extension of the Tax Cuts and Jobs Act of 2017 and raised the federal debt ceiling through 2027. The reconciliation bill included an expansion of the Low-Income Housing Tax Credit, making permanent increases to the state allocation ceiling for tax-credits by 12%, as well as permanently lowering the Private Activity Bond financing threshold from 50% to 25% beginning in 2026. Additionally, it creates a second round of Opportunity Zones and makes permanent the New Market Tax Credit.⁴ In May 2025, IGR facilitated a letter of opposition from the City Manager's Office to a proposal that would have removed the tax-exempt status of municipal bonds, as well as a letter of opposition from the Mayor's Office to a proposal that would have enacted a 10-year moratorium on state regulations on artificial intelligence. Neither of these proposals were included in the final reconciliation bill.

³ <https://www.hklaw.com/-/media/files/insights/publications/2025/07/onebigbeautifulbillcomprehensiveanalysis.pdf?rev=02a78d4e65d8461bbb7b4e3c87ceab42&hash=A0C00C098DA5EF8A28DC7108B90F9D45>

⁴ <https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit>

In July 2025, the House Appropriations Committee released the draft Fiscal Year 2026 appropriations bills, which will be taken up in September 2025. However, given that the current Continuing Resolution expires on September 30, 2025, another Continuing Resolution will likely be needed to extend federal spending and avert a federal government shutdown. The City has five Community Project Funding (earmark) requests included in the draft Transportation, Housing and Urban Development appropriations bill, and the Commerce, Justice, Science appropriations bill, totaling \$6.5 million. The requests are discussed later in this memorandum and can also be found in Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests.

State Update

On June 27, 2025, Governor Newsom signed the adopted 2025-2026 budget, which authorized a \$325 billion legislative spending plan and resolved a \$12 billion deficit. Given that the state budget was approved prior to the federal reconciliation bill, further adjustments to the state budget may be necessary to address reduced federal funding, however, many of the budgetary impacts will not be immediate. Additional trailer bills are anticipated in the final weeks of the legislative session, including a bill to allocate Proposition 4⁵ bond funding and a bill to detail criteria for Homeless Housing, Assistance and Prevention (HHAP) Round 7 funding. On May 1, 2025, IGR facilitated a letter from the Mayor's Office outlining the City's state budget priorities for the upcoming state fiscal year. These priorities included ongoing and flexible funding for homelessness solutions, funding to implement reforms addressing mental health treatment, resources to support the 2026 major sporting events, operations funding for Homekey+, and funding for the City's Soft Story Seismic Retrofit Ordinance. On May 28, 2025, IGR facilitated an additional letter from the Mayor's Office outlining the City's transportation priorities for the state budget, including protecting existing commitments for the Eastridge to BART Regional Connector and BART Silicon Valley Phase II, restoring ongoing appropriations for the Low Carbon Transit Operations Program and Affordable Housing and Sustainable Communities Programs, and advancing equitable funding allocations that prioritize high-ridership, transit-rich regions.

The Governor advanced key California Environmental Quality Act reforms through the budget, including provisions from pending legislation AB 609 (Wicks) and SB 607 (Wiener). These reforms provide an exemption from the California Environmental Quality Act for certain infill housing developments that meet local zoning and density requirements, while also adding exemptions for other types of developments such as health facilities, childcare centers, advanced manufacturing facilities, clean water projects, wildfire risk mitigation projects, high-speed rail stations (under certain conditions), and certain park and trail projects. IGR, in collaboration with the City's Planning, Building, and Code Enforcement Department, engaged the authors' offices on

⁵ Proposition 4 was passed by voters in November 2024 and authorizes bonds for safe drinking water, wildfire prevention, and protecting communities and natural lands from climate risks.

these two pieces of legislation, including a May 28, 2025, meeting with Assemblymember Wicks' office to discuss how the California Environmental Quality Act reform may impact the City's housing production targets and ways the legislation could be refocused to help achieve those goals. A more in-depth summary of these significant reforms and an initial analysis of the impact to the City was provided through an information memorandum to City Council on August 14, 2025.⁶

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

On July 24, 2025, President Trump issued the Executive Order *Ending Crime and Disorder on America's Streets*, aimed at shifting the federal government's approach on homelessness to focus on treatment and enforcement.⁷ The order represents a shift away from housing-first based homelessness interventions that required shelter to be offered without preconditions, which was the standard of previous federal administrations. Among the provisions, this Executive Order directs various federal departments to prioritize discretionary federal grant awards for jurisdictions that enforce laws prohibiting public drug use, urban camping, loitering, and squatting. The City's Housing Department will continue to monitor enforcement components, which could negatively impact the City's ability to advance goals of reducing unsheltered homelessness. IGR will continue to monitor as implementation guidance from federal agencies is released.

Legislation

IGR is monitoring the Renewing Opportunity in the American Dream to Housing Act of 2025 (S. 2651). This bill is a comprehensive package of 17 legislative proposals with the aim of expanding and preserving housing, improving affordability, strengthening accountability, and improving oversight. The legislation would lift the cap on the Rental Assistance Demonstration program, prioritize competitive U.S. Department of Housing and Urban Development grants for opportunity zones, create a pilot program to leverage Community Development Block Grant funding for housing developments, and streamline National Environmental Policy Act review requirements for certain infill

⁶ <https://www.sanjoseca.gov/home/showpublisheddocument/123982/638907786894817354>

⁷ <https://www.whitehouse.gov/presidential-actions/2025/07/ending-crime-and-disorder-on-americas-streets/>

housing projects. The bill is with the Senate Banking, Housing, and Urban Affairs Committee. IGR will identify opportunities to engage with members of the City's federal delegation as the bill progresses.

IGR is also monitoring the HOME Reform Act 2025, which has yet to be assigned a bill number. The Home Investment Partnership Program was last reauthorized in 1994 and there is bipartisan support to reauthorize and modernize the program. The bill would allow for rental units occupied by tenants with Housing Choice Vouchers to qualify as affordable housing under the program if the tenant receives tenant-based rental assistance. The bill has yet to be assigned to a committee in the House, however, IGR will monitor as the bill progresses and any potential impacts to the City.

State Update

Funding Advocacy

IGR continued to advocate for ongoing and flexible funding to support the City's homelessness response efforts. Central to this effort was advocating for the inclusion of \$1 billion in the FY 2025-2026 state budget for flexible and ongoing HHAP funding, in coordination with the Big City Mayor's coalition. IGR facilitated a letter to Governor Newsom from the Mayor's Office on June 4, 2025, highlighting this issue. While the adopted state budget did not include the requested funding, it did include commitments to fund the HHAP in the FY 2026-2027 budget in the amount of \$500 million. IGR will continue to advocate for a full restoration of \$1 billion, while seeking commitments in junior budget bills (trailer bills) to ensure that the \$500 million included in the budget is made available in a timely manner.

Legislation

IGR has been closely monitoring SB 16 (Blakespear), which was originally introduced to require cost sharing of shelter operations between cities and counties. This bill was subsequently amended to remove the cost sharing component, though the intent of the bill remains focused on addressing unsheltered homelessness through goal setting and a clear delineation of responsibilities among various local jurisdictions. The bill has been made a two-year bill, and IGR and the Mayor's Office continue to be involved in discussions with the author's office in anticipation of it advancing in the second year of the legislative session.

In July 2025, IGR issued an updated letter of support for SB 606 (Becker), which encourages a regional approach to address unsheltered homelessness by requiring HHAP recipients to conduct an analysis to determine the cost to achieve functional zero unsheltered homelessness. This bill would require that HHAP recipients, beginning with Round 7 funding, conduct an analysis to create a regional framework for ending unsheltered homelessness. This bill is with the Assembly Appropriations Committee. IGR and the Mayor's Office will continue to engage the author's office should the bill progress.

IGR continues to monitor AB 736 (Wicks), the Affordable Housing Bond Act of 2026, which, if signed into law and approved by voters, would authorize the state to issue general obligation bonds in the amount of \$10 billion to finance affordable housing programs such as the Multifamily Housing Program, CalHome Program, and Joe Serna Jr. Farmworker Housing Grant Program. The City has supported previous iterations of this bill, which did not advance through the legislature. IGR, in collaboration with the City's Housing Department, had several discussions with the author's office regarding potential amendments to make bond funding more impactful, such as including flexible funding that could be leveraged to support interim housing production and other homelessness response interventions along the housing continuum. The bill has been made a two-year bill, and IGR will continue to engage the author's office should the bill advance next year.

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

On August 7, 2025, President Trump issued the Executive Order *Improving Oversight of Federal Grantmaking*, which seeks to strengthen oversight and accountability by implementing new procedures for the review and approval of discretionary federal grants.⁸ The Executive Order requires federal agencies to designate a senior appointee to review new funding announcements and existing discretionary grants for consistency with the Administration's priorities. The Executive Order does not apply to block grants, grants awarded based on a statutory formula, or disaster recovery grants. IGR is working with City departments and the City's federal lobbyist to analyze the Executive Order for potential impacts to City funding. Furthermore, IGR continues to work closely with City departments to advance pending federal funding agreements while ensuring that terms and conditions in the agreements align with City policies.

⁸ <https://www.whitehouse.gov/presidential-actions/2025/08/improving-oversight-of-federal-grantmaking/>

Grants Pending

In June 2025, the City's Transportation Department (DOT) submitted an application for the Department of Transportation's Safe Streets and Roads for All grant program for the Safety for All: Intelligent Walking Systems Project. The \$1.1 million application would fund the procurement, installment, and testing of a thermal imaging or radar sensing technology to detect pedestrians within the crosswalk and extend the walking clearance time for pedestrians to finish crossing before the cross-street proceeds. This type of pedestrian detection would also be able to provide cellular vehicle-to-everything technology to alert drivers with those capabilities. The specific locations of where the technology would be implemented is still being determined but would be focused on Areas of Persistent Poverty and Vision Zero Priority Safety Corridors. IGR facilitated local letters of support for the application and feedback on the project scope from the City's federal lobbyist. Grant awards are anticipated in fall 2025.

Legislation

On July 29, 2025, Congressman Panetta introduced the Immigrant Witness and Victim Protection Act (H.R. 4817), as announced at an event at San José City Hall on July 31, 2025. The legislation aims to strengthen protections for undocumented immigrant victims and witnesses of crimes. Specifically, the bill would remove the annual statutory cap of 10,000 on U-visas, while mandating statutory timeline requirements for U-visa and T-visa applicants to receive work authorization. IGR issued a letter of support for this bill in August 2025. The bill is with the House Judiciary Committee, and IGR will communicate the City's support to the City's federal delegation.

State Update

Legislation

The City is sponsoring AB 476 (Gonzalez, M.) to address the rampant and widespread issue of copper theft. The bill establishes the crime of organized metal thefts and expands the information that junk dealers and recyclers must collect before purchasing nonferrous metals (such as copper and aluminum). Additionally, the bill would prohibit the possession of additional types of scrap metal previously owned by a public agency or utility 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 material costs for DOT to repair and replace. The bill is with the Senate Appropriations Committee. On August 21, 2025, Attorney General Bonta held a round table for Northern California at the Dr. Martin Luther King Jr. Library in San José to convene key stakeholders from law enforcement, local government, and utilities to better understand the growing impact of copper theft and identify collaborative strategies to protect public safety and essential infrastructure. Mayor Mahan participated in the event along with the DOT Director and Police Chief.

In June 2025, IGR issued a letter of support for 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 failed in the previous legislative session. IGR and DOT have engaged the author’s office on this bill, which is with the Senate Appropriations Committee.

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

IGR continues to monitor changes in federal immigration policy that could impact San José residents. On May 29, 2025, the Department of Homeland Security published an initial list of sanctuary jurisdictions in accordance with President Trump’s Executive Order *Protecting American Communities From Criminal Aliens* issued on April 28, 2025.⁹ The list was intended to facilitate the suspension or termination of federal funds by directing the Attorney General to provide notice to listed jurisdictions for non-compliance with federal immigration laws, and directing the Office of Management and Budget to identify federal funds that could be suspended or terminated. The City, the County of Santa Clara, and the State of California were included in this initial list.¹⁰ However, the list was subsequently revised and republished on August 5, 2025, and the City and the County of Santa Clara were no longer included, though the State of California remained listed. IGR, in collaboration with the City Attorney’s Office and the City Manager’s Office of Racial and Social Equity, holds bi-weekly calls with the City’s federal lobbyist to monitor and respond to immigration-related developments. IGR will continue to engage the City’s federal delegation on matters related to immigration and federal funding to safeguard local priorities and support the well-being of all San José residents.

On July 23, 2025, President Trump issued the *Winning the AI Race: America’s AI Action Plan*.¹¹ The plan identifies over 90 federal policy actions across three policy goals: accelerating innovation; building domestic AI infrastructure, and leading in international

⁹ <https://www.whitehouse.gov/presidential-actions/2025/04/protecting-american-communities-from-criminal-aliens/>

¹⁰ <https://www.justice.gov/opa/pr/justice-department-publishes-list-sanctuary-jurisdictions>

¹¹ <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>

diplomacy and security. Some of the key policies in the action plan include: exporting AI hardware and software packages to ally nations, expediting permits to promote rapid buildout of data centers, removing regulations to accelerate innovation and adoption, and upholding free speech in language models. IGR and the City's Information Technology Department are evaluating these policies and identifying opportunities for engagement.

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 national workforce development system, as well as the City's work2future programs. Work2future serves 2,000 clients annually, most of whom are unstably housed with multiple barriers to employment. Despite bipartisan support, reauthorization is not expected to be taken up until after the FY 2026 appropriations process concludes. IGR will continue to monitor the progress of the reauthorization and will remain engaged with the City's federal delegation on the importance of this funding for work2future.

Legislation

IGR is monitoring the Renewing Immigration Provisions of the Immigration Act of 1929 (H.R. 4696). This bill would amend the Immigration and Nationality Act to remove the registry date, which allows certain undocumented immigrants to adjust their immigration status to that of permanent resident if the applicant entered the United States by January 1, 1972, and maintained continuous presence. This bill would remove the registry date and replaces it with a continuous presence requirement of seven years from the date of an applicant's application for permanent residency. The bill is currently in the House Judiciary Committee

State Update

Legislation

IGR, in collaboration with the City Manager's Office of Racial and Social Equity, supported several bills aimed at affirming and strengthening protections for the rights of San José residents, including the City's immigrant community. IGR issued a letter of support for AB 1025 (Pellerin), which would allow parents to nominate a standby caretaker for their children who would assume care in the event that they are impacted by federal immigration enforcement. This bill did not make it out of its house of origin and is now a two-year bill; IGR will continue to monitor and support this legislation as part of the City's broader commitment to family unity. IGR also issued a letter of support for AB 49 (Muratsuchi), which prohibits school officials from allowing immigration enforcement officers to enter a school site for any purpose unless the officer provides valid identification and a valid judicial warrant or court order. AB 49 is being considered on the Senate Floor. IGR also issued a letter of support for AB 421 (Solache), which builds on the established California Values Act, which generally prohibits California law enforcement agencies from participating in federal immigration enforcement. This bill

seeks to further these restrictions by preventing law enforcement from sharing any information with immigration authorities if enforcement actions are within one mile of specific sensitive locations, such as childcare centers, religious sites, or hospitals. This bill did not make it out of its house of origin; IGR will continue to monitor these bills, should they advance in the next legislative session, in alignment with the City's commitment to equitable access, safe public spaces, and the dignity and inclusion of all communities, regardless of immigration status.

On April 8, 2025, the City Council adopted a support position on AB 554 (González, M.), which would require a non-grandfathered or grandfathered health care service plan contract or health insurance policy to provide coverage for antiretroviral drugs, drug devices, or drug products that are approved by the Food and Drug Administration for the human immunodeficiency virus preexposure prophylaxis. The bill would also prohibit a non-grandfathered or grandfathered health care service plan contract or health insurance policy from imposing any cost sharing for those drugs, drug devices, or drug products. On April 17, 2025, in accordance with City Council direction, IGR issued a letter of support to Assemblymember González and offered the City's support to ensure the bill's passage. The bill is with the Senate Appropriations Committee.

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

The federal reconciliation bill included \$625 million for planning and security costs related to the 2026 FIFA World Cup. IGR worked in collaboration with the Bay Area Host Committee and the City's federal lobbyist to advocate for this funding, which will be distributed between the 11 U.S. host regions. Each host region is expected to receive approximately \$50 million of this funding. The White House Office of Management and Budget is anticipated to release funding guidance, and funding is expected to be allocated directly to each host state and passed through to the respective host regions. IGR continues to meet with the Bay Area Host Committee on a monthly basis to align on federal advocacy for the major sporting events coming to the South Bay in 2026, which include Super Bowl 60, NCAA Men's March Madness, and the 2026 FIFA World

Cup. This advocacy is a collaborative effort with the City Manager's Office of Economic Development and Cultural Affairs, and the City's state and federal lobbyists.

Additionally, in July 2025, the Senate Appropriations Committee released the draft FY 2026 Transportation, Housing, and Urban Development Appropriations bill, which includes an additional \$78 million to support public transportation needs for matches or other public events held in domestic host cities for the 2026 FIFA World Cup. However, the FY 2026 appropriations process is still in the early stages and this funding will not be considered secured until Congress passes this bill and is subsequently signed by the President. IGR will continue to monitor the appropriations process for any potential funding opportunities for the City.

Legislation

In August 2025, IGR issued a letter of support for the Transportation Assistance for Olympic and World Cup Cities Act (S. 1218). This bill would create a federal grant program administered by the U.S. Department of Transportation to provide host cities with funding for projects that improve regional transportation during 2026 FIFA World Cup or 2028 Olympic Games. Grant funding would support permanent transportation projects such as building new roads, expanding light rail, purchasing new buses, creating bike lanes, improving existing roads or highways, or making airport terminal improvements.

State Update

Funding Advocacy

IGR, in collaboration with the City Manager's Office of Economic Development and Cultural Affairs, and in partnership with the Bay Area Host Committee, successfully advocated for the inclusion of \$10 million in the state budget for FY 2025-2026, to support security for the 2026 FIFA World Cup. Funds will be distributed between the Bay Area and the Los Angeles region, although the exact amounts have yet to be determined. However, additional state funding is needed to support a variety of host functions, including transportation and public safety. IGR will continue to advocate for additional funding in partnership with the Bay Area Host Committee.

Awarded Grants

In April 2025, the City was selected for the Bay Area Regional Energy Network's Decarbonization Showcase.¹² The Public Works Department submitted an application for the Roosevelt Community Center and IGR coordinated local letters of support. 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. The Roosevelt Community Center project will further the City's carbon reduction goals by upgrading one of the community center's major appliances from a

¹² <https://www.bayren.org/decarb-showcase>

gas to an electric model. The decarbonization upgrades will build upon the Extreme Heat and Community Resilience Program state grant funding¹³ 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 through a more effective local program. Abandoned 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 ability of cities to levy fines or seek reimbursement. The City Manager's Office provided testimony at the Senate Local Government Committee meeting on May 7, 2025, and Councilmember Mulcahy provided testimony at the Assembly Local Government Committee meeting on July 16, 2025. The bill is being considered on the Assembly floor.

IGR, Planning, Building, and Code Enforcement Department, and the Mayor's Office, have been actively engaged in discussions with the author's office and bill sponsors of SB 79 (Wiener). This bill would permit housing development of up to 65 to 75 feet within a half or a quarter mile of a transit-oriented development stop, i.e., light-rail stations, Caltrain stations, or bus rapid transit stations, be an allowed use as a transit-oriented housing development on any site zoned for residential, mixed, or commercial development, if the development complies with applicable requirements. The Mayor's Office and Planning, Building, and Code Enforcement staff communicated concerns regarding the impact this legislation would have on the City's commercial and industrial zones, particularly in North San José and Edenvale, and proposed potential amendments to the author's office. The bill is with the Assembly Appropriations Committee.

IGR continues to closely monitor 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. All of these bills remain active and are with the respective Senate and Assembly Appropriations Committees.

¹³ 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.

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

In May 2025, IGR and DOT submitted funding priorities for the next surface transportation reauthorization bill to the House Transportation and Infrastructure Highway and Transit Subcommittee, along with the City's federal delegation. The Infrastructure Investment and Jobs Act that passed in November 2021 reauthorized and created several new federal surface transportation programs that are now expiring on September 30, 2026. Surface transportation legislation is typically authorized every five 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 the exhaustion of the Highway Trust Fund that is projected to occur by 2028, which will require creative solutions to maintain funding availability. The City's funding priorities included increased formula-based programs that provide flexible funding, broadening eligibility for grade-separate transit projects and intermodal station development, and simplifying compliance and accelerating timelines to expedite project delivery.

IGR, the Mayor's Office, and DOT continue to coordinate with VTA to close the funding gap and secure the Full Funding Grant Agreement of \$5.1 billion for the BART Silicon Valley Phase II Project. This included a May 6, 2025 advocacy trip to Sacramento to meet with the City's state delegation and other legislative offices. On June 26, 2025, the California Transportation Commission awarded VTA a total of \$100 million for this project in SB 1 funds, the Road Repair and Accountability Act. This state funding further decreases the funding gap, in addition to pending cost savings identified through project design changes; however, a funding gap of approximately \$700 million to \$1.2 billion still remains. IGR and VTA hold bi-weekly meetings to share information and coordinate advocacy efforts, including providing regular updates to the City's state and federal delegations. 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 remain a vocal partner and staunch advocate for keeping the project on track.

Legislation

IGR is closely monitoring the Fixing Emergency Management for Americans (FEMA) Act of 2025 (H.R. 4669), which would provide the most robust legislative reform of the FEMA and federal disaster assistance programs in decades. The legislation aims to streamline the federal government's disaster response and recovery programs while making FEMA a cabinet-level agency once again, directly accountable to the President. The bill seeks to reward effective state and local preparedness, reduce bureaucratic hurdles, and ensure that relief efforts are rapid and unbiased. The legislation is in part a response to the Executive Order *Achieving Efficiency Through State and Local Preparedness*, issued in March 2025.¹⁴ IGR and the City Manager's Office of Emergency Management continue to evaluate this legislation, although companion legislation has not been introduced in the Senate.

State Update

Funding Advocacy

The Governor's Office and legislative leaders have prioritized reauthorizing the state's cap-and-trade program, which is set to expire in 2030. There are two bills serving as a vehicle for reauthorization, SB 840 (Limon) and AB 1207 (Irwin), which will determine how the state regulates and prices greenhouse gas emissions and how the corresponding revenue in the Greenhouse Gas Reduction Fund is allocated. In May 2025, IGR facilitated cap-and-trade reauthorization priorities from DOT, and in July 2025, the City joined a coalition letter on behalf of the Environmental Services Department advocating for additional priorities. DOT is advocating for greater investments into the City's major transit projects, such as Diridon Station and associated BART Silicon Valley Phase II facilities, as well as improvements to the Diridon Station to Gilroy Station Caltrain alignment. The Environmental Services Department is seeking multi-year funding for CalRecycle to support infrastructure investment aimed at achieving the goals of SB 1383 (2016), an unfunded mandate to reduce methane emissions of organic waste going to landfills, improve air quality, and reduce greenhouse gases associated with solid waste. While there have been discussions of a clean reauthorization maintaining existing funding allocations, IGR has continued to engage and advocate for the City's funding priorities.

Legislation

Over the past few months, IGR, the Mayor's Office, and DOT engaged in discussions on SB 63 (Wiener and Arreguin) with the authors' offices, the City's state delegation, partner agencies, and regional entities to ensure the measure would proportionally benefit the South Bay. The bill would authorize a regional 14-year sales tax revenue measure to be placed on the 2026 ballot to address the looming fiscal cliff for various transit operators, fund capital improvements, and enhance transit service across the region. The bill applies to the counties of Alameda and Contra Costa and the City and

¹⁴ <https://www.whitehouse.gov/presidential-actions/2025/03/achieving-efficiency-through-state-and-local-preparedness/>

County of San Francisco, with the ability for San Mateo and Santa Clara counties to opt in. On August 7, 2025, the VTA Board voted to opt in to the measure, preceded by the San Mateo County Transit District (SamTrans) opting in on August 6, 2025. The VTA Board's support was contingent on commitments from regional partners and state legislators to ensure Santa Clara County has full local control over the funding that is returned to Santa Clara County, and regional support for its capital funding efforts such as cap-and-trade.¹⁵ The bill is with the Assembly Appropriations Committee. If passed by the Legislature, a transportation revenue measure would be targeted for the November 2026 ballot.

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

Other Legislative Updates

Since April 2025, 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. To develop these requests, IGR solicits potential projects from City departments, applies a legislative priorities lens, an equity lens, and reviews projects with the City's federal lobbyist and the City's federal delegation. Staff also consider the current budgetary context and prioritize projects in existing workplans that could create general fund savings. 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. For FY 2026, the City has five Community Project Funding (earmark) requests totaling \$6.5 million included in the draft Transportation, Housing and Urban Development (THUD) appropriations bill and Commerce, Justice, Science (CJS) appropriations bill. The pending earmark requests are listed below and can also be found in Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests. IGR will continue to advocate for the earmark requests in partnership with the City's federal lobbyist as they progress through the appropriations process.

THUD:

- \$2 million for Seismic and Climate Resiliency Rental Unit Preservation Financing Program (Rep. Liccardo)

¹⁵ <https://santaclaravta.igmp2.com/Citizens/FileOpen.aspx?Type=4&ID=13808&MeetingID=4416>

- \$2 million for Yerba Buena Bridge Construction Project (Rep. Panetta)
- \$1 million for Guadalupe River Trail Construction from Branham to Chynoweth Project (Rep. Panetta)
- \$500,000 for Ending Sideshows in South San José Project (Rep. Panetta)

CJS:

- \$1 million for Copper Theft and Wire Vandalism Surveillance System (Rep. Liccardo)

State Update

State District-Specific Budget Requests

Due to the state's projected budget deficit for 2025-2026, limited funding, if any, was anticipated for district-specific budget requests in the 2025-2026 budget or subsequent trailer bills. IGR nonetheless identified priority projects through an extensive vetting process in coordination with City departments. IGR proposed the requests to the City's state delegation for inclusion in the budget, should funding be available, however no projects were ultimately included.

Assembly Bill 339

Assembly Bill (AB) 339 (Ortega) was introduced in January 2025 and would require public agencies to provide written notice to employee organizations a minimum of 60 days in advance of issuing procurements or executing contracts that are within the scope of work of the job classifications represented by the employee organizations. IGR evaluated this legislation in coordination with the Finance Department and the City Manager's Office of Employee Relations and determined it would have a significant impact on the City's procurement and contracting processes. On August 12, 2025, the City Council adopted an oppose position on AB 339. IGR and the state lobbying team subsequently met with the author's office to communicate the City's concerns and discuss potential amendments. On August 27, 2025, in accordance with City Council direction, IGR issued a letter of opposition to AB 339, but emphasized the City's interest in participating in further discussions and evaluating potential amendments. No additional amendments have been formally printed as of August 28, 2025. The bill is with the Senate Appropriations Committee.

Cardrooms

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 cardrooms.¹⁶ This rulemaking has potentially detrimental consequences for the City's cardrooms to operate and will most certainly have a significant impact on cardroom revenue. IGR submitted written comments opposing the regulations and provided public comment at the hearings on May 28 and 29, 2025. The Bureau of Gambling Control has yet to make a determination following

¹⁶ <https://oag.ca.gov/gambling/regulations>

the rulemaking proceedings. IGR, the City Attorney's Office, the City Manager's Budget Office, and the Police Department are closely monitoring this issue.

On January 2, 2025, at the first opportunity afforded under SB 549 (2023), a lawsuit was filed by seven 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 their ability to operate. On August 7, 2025, a Sacramento County Superior Court judge issued a tentative ruling that SB 549 violated the Indian Gaming Regulatory Act, and therefore it was thereby preempted by federal law, but would still consider new arguments before issuing a final ruling. A court hearing has been scheduled for October 10, 2025, if necessary.

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 advocacy forces on shared priorities.¹⁷ IGR supports the City Attorney's Office in this endeavor and participates in the monthly strategy meetings and advocacy trips to Sacramento. On May 7, 2025, IGR engaged in an advocacy trip to Sacramento with the Civil Prosecutors Coalition to discuss the Coalition's priorities for the legislative session. 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. The bill is with the Senate Appropriations Committee.

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.¹⁸ 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 sporting events.

¹⁷ This coalition represents many of the largest city attorney and county counsel offices in California, representing over 40% of California's population and millions of residents throughout those jurisdictions.

¹⁸ 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.

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 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 September 16, 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 Steve Stamos, Senior Executive Analyst, City Manager's Office of Administration, Policy, and Intergovernmental Relations, at steve.stamos@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