



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Emily Lam

SUBJECT: Fall Intergovernmental
Relations Report

DATE: December 10, 2025

Approved

Date:

12/12/25

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Accept the Fall 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 Fall 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.

The Intergovernmental Relations team (IGR), 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 from August 29, 2025, through December 1, 2025. The team coordinated with City departments and offices and external stakeholders, including the Mayor's Office, the County of Santa Clara, the Civil Prosecutors Coalition, and the League of California Cities, among many others.

- Secured the successful passage and enactment of Senate Bill (SB) 753 (Cortese), a Mayor and City-sponsored bill, which enables the City to more quickly remove hundreds of abandoned shopping carts off the City's streets and open spaces.

- Secured the successful passage and enactment of Assembly Bill (AB) 476 (Gonzalez, M.), a Mayor and City-sponsored bill, which should reduce the number and scale of copper theft incidents throughout the City by enhancing metal recycling requirements.
- Supported the successful passage and enactment of SB 158 (Committee on Budget and Fiscal Review), a land use trailer bill, which expedites funding for Round 7 of the Homeless Housing, Assistance, and Prevention (HHAP) program.
- Protected the City's Measure E revenues from state legislation seeking to retroactively invalidate voter-approved property transfer tax revenue measures.
- Protected the City's Family Camp at Yosemite, which thousands of San José families enjoy each year, from temporary closure due to an endangered species impeding construction.
- Coordinated with local partners and the City's state and federal representatives to minimize the disruption of food assistance for San José residents during the 43-day federal government shutdown from October 1, 2025, to November 12, 2025.
- Continued to advocate for five federal earmarks totaling \$6.5 million in the appropriations bills for Fiscal Year 2026.

BACKGROUND

IGR last reported to the City Council on September 16, 2025 ([Item 3.3 25-974](#)).¹ The City Council approved the 2025 Legislative Program and Legislative Priorities ([Item 3.4 25-011](#))² at its January 14, 2025 meeting.

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

ANALYSIS

Budget

IGR issued an information memorandum to the City Council on November 13, 2025, "[End of Federal Government Shutdown Impacts](#)"³ regarding the end of the federal government shutdown. This memorandum summarizes the impacts of the spending package passed on November 12, 2025.

¹ <https://sanjose.legistar.com/LegislationDetail.aspx?ID=7644447&GUID=E4A053A6-AB98-4915-9AFF-319BF0B0E4CF>

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

³ <https://www.sanjoseca.gov/Home/Components/News/News/7024/5167>

Following the end of the federal government shutdown, the Senate resumed work on the remaining appropriations bills that comprise the FY 2026 budget. The City has five Community Project Funding (earmark) requests included in the draft House of Representatives' Transportation, Housing, and Urban Development (THUD) and Commerce, Justice, and Science (CJS) appropriations bills, totaling \$6.5 million. However, Congress will unlikely pass any additional funding bills before the end of 2025, given the limited timeframe. The requests are discussed later in this memorandum and included in Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests.

The Governor signed SB 158, a land use trailer bill, on October 11, 2025. IGR, in collaboration with the City's Housing Department, the Mayor's Office, and the Big City Mayors coalition, successfully advocated for the inclusion language specifying the start of HHAP Round 7 program funding disbursement by September 1, 2026. The FY 2025-2026 state budget had only included a deferral of Round 7 to the FY 2026-2027 budget.

In anticipation of the Governor's proposed FY 2026-2027 budget release by January 10, 2026, IGR will coordinate with the Mayor's Office to prepare a letter to the Governor's Office outlining the City's budget priorities for the upcoming fiscal year. The letter will communicate the City's primary priorities, including ongoing funding for the HHAP program and funding for the 2026 FIFA World Cup events, among others. IGR will issue an information memorandum on the Governor's January Budget Proposal in January 2026. The Legislative Analyst's Office, on November 19, 2025, projected an \$18 billion deficit for the FY 2026-2027 state budget, approximately \$5 billion larger than prior estimates, despite recent improvements in revenues. The projected deficit and anticipated multi-year structural deficit will present a significant challenge for the Governor's Office. Per the Legislative Analyst's Office, many of the state's budget resiliency tools have been exhausted to address prior year budget deficits, therefore the Governor's Office will need to generate additional revenue, on top of reducing spending on existing programs and limiting new spending programs.⁴

Legislative Priorities

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

The U.S. Department of Housing and Urban Development (HUD) released a Notice of Funding Opportunity (NOFO) for the FY 2025 Continuum of Care Competition and Youth Homeless Demonstration program grants, the largest source of federal homelessness assistance, on November 13, 2025. This NOFO featured several significant program changes, including capping resources for permanent supportive housing to 30% of previous year's funding. Additionally, new scoring criteria were retracted from housing assistance by mandating increased work requirements as well

⁴ [The 2026-27 Budget: California's Fiscal Outlook](#)

as mental health and substance use disorder treatment. HUD is facing two lawsuits challenging the NOFO: one from a coalition of 22 states (including California) filed on November 25, 2025, and the other from a coalition of non-profit organizations and local governments (including the County of Santa Clara and the City and County of San Francisco) filed on December 1, 2025. HUD withdrew the NOFO on December 8, 2025, and intends to reissue it. IGR continues to engage the City's federal lobbyist and the City's Housing Department to analyze impacts on programs and operations, and San José's most vulnerable residents.

The City supports the Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025. This legislative package includes National Environmental Policy Act streamlining for housing production, permanently authorizing the Community Development Block Grant-Disaster Recovery program, and prioritizing transit-oriented development. It also includes an innovation fund that will improve community infrastructure, build housing, and supplement water and sewer grants. The Senate version of the FY 2026 National Defense Authorization Act includes the ROAD to Housing Act, but the House version does not. The House Financial Services Committee Chair, in a December 7, 2025 statement, reaffirmed an intent to pass housing legislation that reflects a consensus of both chambers. IGR continues to engage the City's federal delegation to advocate for the ROAD to Housing Act or another bill package that fulfills San José's housing needs.

IGR continues to engage the City's state delegation and state legislators to advocate for HHAP Round 7 appropriation as part of the FY 2026-2027 budget. SB 101, the Budget Act of 2025, included the State Legislature's intent to appropriate \$500 million for Round 7 awards, representing a 50% decrease from prior years. IGR recognizes HHAP as one of the most critical funding sources for the City's emergency interim housing, including operations and services for sites. IGR continues to collaborate with the Mayor's Office and the Big City Mayors coalition to advocate for a full restoration of HHAP funding in the state FY 2026-2027 budget.

IGR continues to engage the City's state delegation on the Affordable Housing Bond Act of 2026. The authorizing legislation, AB 736 (Wicks) and SB 417 (Cabaldon), comprises two-year bills for the State Legislature to act upon after reconvening for the 2026 session. While the City has not taken a position on this legislation, IGR, in collaboration with the City's Housing Department, is engaging legislators on the need for the bond to include flexible funding that supports emergency interim housing. Most notably, IGR met with Assemblymember Wick's office to reiterate this need on November 13, 2025. Additionally, IGR is working with the Mayor's Office and the Big City Mayors coalition to advocate for flexible funding that large cities may use to address unsheltered homelessness. If the State Legislature were to pass and the Governor were to sign the authorizing legislation, the bond measure would likely appear on the November 2026 ballot.

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

The City, with direct support by the Mayor, sponsored AB 476 (Gonzalez, M.) to address the rampant and widespread issue of copper theft, which the Governor signed on October 13, 2025. The bill establishes the crime of organized metal theft and expands the information that junk dealers and recyclers must collect before purchasing nonferrous metals, such as aluminum and copper. Additionally, the bill prohibits the possession of additional types of scrap metal previously owned by a public agency or utility without proof of legal ownership.

The City supported AB 382 (Berman), which establishes 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 Governor signed this bill on October 10, 2025.

The City Council adopted a support position on AB 554 (González, M.), which would have prohibited pre-existing health plans established by the federal Affordable Care Act and insurance policies from imposing any cost-sharing for antiretroviral drugs, devices, or drug products that are approved by the federal Food and Drug Administration for pre-exposure prophylaxis. The Governor vetoed this bill on October 10, 2025. The Governor’s veto message expressed concerns that the bill would have increased costs of health plans and for consumers. IGR is engaging the City’s state lobbyist on next steps to gauge the potential for similar legislation or other solutions in overcoming barriers to access for people living with or at high risk for HIV.

IGR is exploring legislation to follow AB 630 (González, M.), which provides specific municipalities with greater ability to tow abandoned recreational vehicles that create environmental, health, and safety concerns for neighborhoods. The Governor signed this bill on October 13, 2025. This legislation limits the disposal of abandoned recreational vehicles valued at \$4,000 or less to the Counties of Alameda and Los Angeles until January 1, 2030. IGR is seeking to expand the geographic scope to include the County of Santa Clara and possibly other local jurisdictions.

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

IGR received an urgent request to resolve an issue impacting the City’s Family Camp at Yosemite in August 2025. The outdoor education campsite is undergoing significant riverbed renovations due to prior floods, requiring lengthy and complex state permitting processes. During construction, an endangered species of frog was discovered in the area, prompting an immediate halt, potential significant delays, and cost increases. IGR escalated the issue to the City’s state delegation, which successfully pressed the California Department of Fish and Wildlife to identify a path forward for construction to resume and the project to remain on schedule, while following the necessary protocols to protect the frog’s habitat, increase its population, and reduce the threat to its survival.

The City supported 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. The Governor signed this bill on September 20, 2025. IGR continues to engage the City's federal delegation on matters related to immigration and federal funding to safeguard local priorities and protect all San José residents.

IGR is closely monitoring AB 1406 (Ward), which would support the financing of condominium developments. Specifically, this bill would allow a purchaser's deposit held in escrow for unconstructed or undeveloped subdivision lots to cover project expenses before closing, given certain conditions are met. This bill is currently a two-year bill and remains in its house of origin. IGR will engage Assemblymember Ward's office to advance this legislation after the 2026 session begins, based on the City's priorities to encourage housing production at various income levels and downtown revitalization.

IGR is exploring legislation to follow AB 835 (Lee), which directed the State Fire Marshall to research standards for single-exit, single-stairway apartment homes with more than two dwelling units in buildings above three stories. The Governor signed this bill on October 7, 2023. The State Fire Marshall will submit its report to the State Legislature and the California Building Standards Commission by January 1, 2026. IGR will engage Assemblymember Lee's office on legislation to implement the report's findings after the 2026 session begins.

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

The Federal Emergency Management Agency (FEMA) announced \$1 billion in funding for security resources for the FIFA World Cup games on October 29, 2025. FEMA will provide \$625 million of this total amount, through the FIFA World Cup Grant Program, to the 11 regions hosting games in 2026. The Bay Area Host Committee is serving as the fiscal agent for this funding for Bay Area jurisdictions. The City Manager sent a detailed list of its significant fire, police, and public safety needs and costs for the World Cup games on December 4, 2025, to the Bay Area Host Committee and briefed Senators Becker, Cortese, and Wahab and Assemblymember Ahrens on December 8, 2025.

FEMA will also provide \$500 million through the Counter-Unmanned Aircraft Systems Grant Program to combat the unlawful use of drones, beginning with \$250 million in 2026 to the nine states hosting FIFA World Cup games, followed by the remaining \$250 million in 2027 to communities across the country. The City's Police Department applied for \$8.9 million to the Counter-Unmanned Aircraft Systems Grant Program through the California Office of Emergency Services. IGR continues to advocate for additional federal and state funding to support a variety of public safety and transportation needs as the City prepares for an influx of international visitors.

The City, with direct support by the Mayor, sponsored SB 753 (Cortese) to address the widespread issue of abandoned shopping carts, which the Governor signed on October 13, 2025. The bill modernizes 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.

The City supported SB 261 (Wahab), which addresses wage theft enforcement by making an employer liable for a civil penalty if a final judgement from the nonpayment of wages remains unsatisfied after a period of 180 days. The Governor signed this bill on October 13, 2025.

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

IGR, the Mayor's Office, and the Department of Transportation continue to coordinate with the Valley Transportation Authority (VTA) to close the funding gap and apply for the Full Funding Grant Agreement of \$5.1 billion for the BART Silicon Valley Phase II Project by the end of 2026. IGR and VTA meet biweekly to coordinate advocacy efforts, including providing regular updates to the City's state and federal delegations. The City remains a vocal partner and staunch advocate for keeping the project on track, with the Mayor as the Vice Chair and Councilmembers Candelas, Cohen, Foley, and Kamei on the VTA Board of Directors.

The City supported SB 63 (Wiener and Arreguin), which authorizes a regional 14-year sales tax revenue measure on the November 2026 ballot to address the looming fiscal cliff for various transit operators, fund capital improvements, and enhance transit service across the region. The Governor signed this bill on October 13, 2025. IGR, the Mayor's Office, and the Department of Transportation engaged the authors' offices, the City's state delegation, partner agencies, and regional entities to ensure the measure would proportionally benefit the South Bay. The ballot measure will appear on the ballot for the Counties of Alameda, Contra Costa, San Mateo, Santa Clara, and the City and County of San Francisco. VTA is conducting a public process to develop a local spending plan for the County of Santa Clara's revenue proceeds, should voters approve the measure.

The Governor signed AB 1207 (Irwin) and SB 840 (Limon) on September 19, 2025. These bills reauthorized the state's Cap-and-Trade Program through 2045, renaming it as the Cap-and-Invest Program and adjusting the program's funding framework. One of the major changes to the funding distribution provides that the Legislature can allocate \$1 billion annually at its discretion to areas not explicitly defined in the funding framework. The approved funding framework includes \$1 billion annually for the California High-Speed Rail Authority, as well as hundreds of millions in annual allocations for air pollution control, flood and organic waste infrastructure development, sea level rise mitigation, transportation projects, and wildfire resilience, among others. IGR is engaging the City's state delegation to identify funding opportunities for the City to pursue.

The Governor signed SB 105 (Wiener) on September 17, 2025, which appropriated \$3.287 billion from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4). The major funding categories included \$1.2 billion allocated for Safe Drinking Water, Drought, Flood, and Water Resilience; \$405.3 million allocated for Park Creation and Outdoor Access; and \$400.5 million allocated for Wildfire and Forest Resilience. IGR is engaging the City's state delegation to identify funding opportunities for the City to pursue.

Other Legislative Updates

Federal Community Project Funding (Earmark) Requests

For FY 2026, the City has five requests totaling \$6.5 million included in the draft House of Representatives' THUD and CJS appropriations bills. The pending requests appear below and in Attachment C: FY 2026 Federal Community Project Funding (Earmark) Member Requests. IGR continues to advocate for these 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)
- \$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 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 and offices. 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.

Efforts on Local Control

The City opposed AB 339 (Ortega), which requires public agencies to provide written notice to employee organizations a minimum of 45 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. The additional noticing requirements could significantly slow the City's procurement and contracting processes. The Governor signed this bill on October 13, 2025. IGR is exploring legislative options

with the League of California Cities and other stakeholders to address these new requirements, including the potential for a clean-up bill.

The City opposed SB 707 (Durazo), which requires legislative bodies to allow remote comment at public meetings, and will go into effect on July 1, 2026. The Governor signed this bill on October 3, 2025. Due to the legal protections around public comment, the City Clerk cannot mute individuals who promote hate or violence or engage in disruptive behavior if they continue to discuss the topic at hand. IGR is engaging the Assembly and Senate Local Government Committees on potential clean-up legislation to provide municipalities with tools to address this type of speech.

IGR, the Mayor's Office, and the City's state lobbyist engaged on SB 423 (Gonzalez, L.), amended on September 9, 2025, to reduce the percentage that certain residential developments pay in local real property transfer taxes. The bill intended to prevent a similar measure from appearing on the November 2026 ballot. This legislation would have significantly decreased revenues from the City's Construction Tax, Real Property Conveyance Tax, and Real Property Transfer Tax (Measure E). IGR engaged the City's state delegation and other legislators to ensure the proposed percentage would not impact the City's revenues, totaling approximately \$90 million each year. The bill was ultimately held and is currently a two-year bill.

IGR continues to monitor developments on a potential ballot measure, filed with the California Attorney General as the Local Taxpayer Protection Act to Save Proposition 13. The Attorney General's Office cleared this potential measure to circulate for gathering signatures as a prerequisite for placement on the November 2026 ballot. The ballot measure would prohibit new real estate transfer taxes, repeal existing real estate transfer taxes effective December 31, 2028, and require two-thirds approval by voters for local taxes designated for a special purpose. IGR continues to engage the City's state delegation and the League of California Cities to oppose this measure.

Cardrooms

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 on February 14, 2025.⁵ This rulemaking would have detrimental consequences for the City's cardrooms to operate and would have a significant impact on cardroom revenue. The Bureau of Gambling Control has not yet made a determination following the rulemaking proceedings. IGR, the City Attorney's Office, the City Manager's Budget Office, and the Police Department are closely monitoring this issue.

⁵ <https://oag.ca.gov/gambling/regulations>

Following the passage and Governor's signature of SB 549 (Newman) from the 2023-2024 state legislative session, seven tribal entities filed a lawsuit against all 86 cardrooms currently operating across the state, including Bay 101 and Casino M8trix, asserting that they are operating illegally. A Sacramento County Superior Court judge dismissed the tribes' case on October 10, 2025, citing that the Indian Gaming Regulatory Act superseded SB 549. The plaintiffs stated their disagreement with the Court's decision and plan on appealing it.

EVALUATION AND FOLLOW-UP

The Administration continues to advance the City's Legislative Priorities for 2025 and the City Council-adopted Legislative Program, and brings legislation forward for the City Council's consideration based on the appropriate legislative position adoption process. The Administration continues 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, and the Departments of Housing, Parks, Recreation, and Neighborhood Services, and Police.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the January 13, 2026 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.

HONORABLE MAYOR AND CITY COUNCIL

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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.



EMILY LAM

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

For questions, please contact Han Kang, Chief Intergovernmental Relations Officer, City Manager's Office of Administration, Policy, and Intergovernmental Relations, at Han.Kang@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