ATTENDANCE
Members: Charles Bourbeau (Chair); Tiffany Allen; Jack Balch; Kevin Bash; Gerry Beaudin; Liang Chao; Rolando Charvel; Jorgel Chavez; Jack Dilles; Felicia Galindo; David Gassaway; John Gillison; Carla Hansen; Loella Haskew; Lynda Johnson; Brian Kalinowski; Mina Layba; Kendall Levan; Jessie Lopez; Rich Lozano; Andrea Marr; Norma Martinez-Rubin; Russ Melton; Brett Miller; Brian Mohan; Marisela Nava; Robert Neiuber; Sue Noack; Scott Ochoa; Nathan Olson; Laura Parisi; Steve Pendergrass; Chris Pimentel; Doug Robertson; Joel Rojas; Scott Sakakihara; David Sander; Michelle Shoresman; Lisa Soghor; Kent Steffens; Luis Uribe; Joe Vinatieri; Nicholas Walker; David Wilson; Jeff Wood; Stephen Zollman

Cal Cities Partners: Reva Feldman; Ken Nordhoff

Staff: Nicolas Romo, Legislative Affairs, Lobbyist, nromo@calcities.org
Jessica Sankus, Senior Policy and Legislative Affairs Analyst, jsankus@calcities.org

I. Welcome and Introduction
Carolyn Coleman, Cal Cities Executive Director and CEO, welcomed everyone to the second policy committee meeting of 2023 and thanked members for their services to all California cities. She explained that policy committees are vitally important and directly connected to Cal Cities’ core mission of advocating for the common interests of cities.

Ms. Coleman then introduced President Ali Sajjad Taj, Council Member, Artesia. President Taj welcomed committee members and thanked them for their service to their cities and Cal Cities. He explained that the policy committee process is central to Cal Cities advocacy, ensuring it is member-driven and represents the interests of cities across California.

President Taj emphasized that cities share common values and causes, and thanked committee members again for serving on the committees and wished them a great meeting.

Chair Charles Bourbeau (Council Member, Atascadero) welcomed committee members and provided an introduction.

II. Public Comment
Chair Bourbeau asked if there was any public comment. There was no public comment.
III. General Briefing

Cal Cities staff provided a General Briefing of all policy areas, which includes the latest on legislative and budgetary matters affecting cities, as detailed below. The Advocacy team’s complete analysis of the Governor’s proposed budget for 2023-24 and the 2023 Advocacy Priorities are available on the Cal Cities’ website.

- **Community Services:** Securing ongoing funding to support cities’ efforts to reduce homelessness continues to be a top priority for Cal Cities. This spring, the Legislature is hyper-focused on local “accountability” for state homelessness funding. Cal Cities is working diligently to ensure any new accountability measures do not limit local flexibility to address this critical issue. Cal Cities is also in strong support of Senator Eggman’s **SB 43** and **SB 363**, which would improve the state’s behavioral health care system.
  
  o **Caroline Cirrincione**, Legislative Affairs, Lobbyist

- **Environmental Quality:** Cal Cities continues to promote the protection, preservation, and enhancement of the natural environment, public health, and quality of life for all residents. Cal Cities is engaging with the author and affected stakeholders of **AB 1000 (Reyes)**, which would require minimum setbacks and additional requirements for logistic centers, warehouses, and related infrastructure. Cal Cities is also working with our Coastal Cities Working Group on **SB 272 (Laird)**.
  
  o **Nick Romo**, Legislative Affairs, Lobbyist

- **Governance, Transparency, and Labor Relations:** Cal Cities is sponsoring two measures that aim to modernize the Brown Act: **AB 817 (Pacheco)** and **AB 557 (Hart)**; and a measure that would reform council member pay: **SB 329 (Dodd)**. Cal Cities is also opposing **SB 251 (Newman)**, which would limit an elected officer from employment with another elected officer with the same constituencies.
  
  o **Johnnie Pina**, Legislative Affairs, Lobbyist

- **Housing, Community, and Economic Development:** Cal Cities continues to focus on our advocacy priority to increase the supply of and affordability of housing, while also maintaining local decision-making. Cal Cities opposes **SB 423 (Wiener)**, which would expand SB 35 (Chapter 366, Statutes of 2017) provisions and eliminate the January 1, 2026 sunset date.
  
  o **Jason Rhine**, Assistant Director, Legislative Affairs

- **Public Safety:** As concerns about repeated retail theft continue to grow, Cal cities is sponsoring **AB 1708 (Murtsuchi)**, which would increase accountability or repeat offenders and offer pathways for pre-plea diversion programming. During the February Board meeting, the Cal Cities Board of Directors approved a resolution to address the fentanyl overdose crisis in California. Cal Cities will support bills **AB 367 (Mainschein)** and **SB 44 (Umberg)**, which would have great impacts on cities’ ability to mitigate the fentanyl crisis.
  
  o **Elisa Arcidiacono**, Legislative Affairs, Lobbyist
• **Revenue and Taxation:** Cal Cities is committing to preserving existing local revenue streams and bolstering local fiscal sustainability. Cal Cities is sponsoring AB 972 (Maienschein), which would streamline the state grant application process for local governments so every community has the same opportunity to compete for funding. Cal Cities continues to strongly oppose the California Business Roundtable ballot measure that would restrict new or increased taxes and jeopardize local fiscal sustainability and is actively monitoring introduced legislation that would create new tax exemption programs that would reduce local tax revenues.
  
  o **Ben Triffo,** Legislative Affairs, Lobbyist

• **Transportation, Communications, and Public Works:** Cal Cities is working with the Office of Broadband and digital Literacy within the California Department of Technology, to provide input towards the development of the State Digital Equity Plan to promote the Digital Equity Ecosystem Mapping tool for organizations throughout the state. Cal Cities is co-sponsoring AB 400 (Rubio) and SB 706 (Caballero). These measures are both related to the expanded use of design build and progressive design build delivery methods for public works projects.
  
  o **Damon Conklin,** Legislative Affairs, Lobbyist

**IV. Updated 2023 Policy Committee Work Plan**

Cal Cities staff Jessica Sankus provided the Committee members with the updated Policy Committee work plan, which incorporates feedback provided by Committee members during the January 2023 meeting. The updated Policy Committee work plan was presented to and approved by the Cal Cities Board of Directors during the February Board meeting. The 2023 work plan was updated to add:

1. Pursing financial tools to address housing supply and affordability of housing.
2. An active role in studying and pursuing new revenue sources.

**V. City Managers Sales Tax Working Group Update**

Cal Cities staff Nicolas Romo and Jessica Sankus reminded the Committee members that the Sales Tax Working Group (working group) of the City Managers Department is convened to review evolving trends, explore policy implications, and identify additional data to support reform discussions. The working group convenes a diverse and representative group of California city officials dedicated to examining local government sales tax issues to provide recommendations that equitably benefit California cities, further fiscal sustainability, and strengthen the viability of the sales tax.

Throughout 2022, the working group explored existing law, regulations and practices regarding tax sourcing rules including state and national trends. The working group has given significant attention to reforming tax sourcing rules and tax rebate agreements. The working group has also identified additional issues within county
pool allocation policy. Given the growing consensus to develop recommendations on several matters, while more time is needed to support a robust discussion on broader tax sourcing rules, the working group has identified two phases for its work—short- and long-term actions. The first phase of the working group’s work plan includes considering prospective, targeted changes to sales tax sharing agreements to reduce competition of situs-based sales tax revenue between cities.

Committee members were provided with a timeline of working group events, tasks, and deliverables throughout 2023, with the caveat that the timeline is subject to change based on meeting outcomes, availability of data, and political feasibility. Committee members provided feedback and insight to Cal Cities staff regarding the scope of work of the working group and the timeline of events, tasks, and deliverables in 2023.

The working group launched a short sales tax sharing agreement survey to understand the scope and scale of sales tax sharing agreement statewide. The survey was open for responses until Friday, March 31. Individual responses are held confidential.

The survey is designed to meet quantitative and qualitative goals. The working group is collecting information regarding the number and average duration of sales tax sharing agreements statewide, as well as providing an opportunity for cities to provide feedback and comments to the working group regarding sales tax sharing agreements.

VI. Cal Cities 2023 Legislative Advocacy Update
Committee members were reminded of the Cal Cities’ 2023 Advocacy Priorities and provided an update regarding advocacy actions to address the priorities since the first policy committee meeting in January 2023. The Cal Cities 2023 Advocacy Priorities are as follows:

1. Protect and expand investments to prevent and reduce homelessness.
2. Increase the supply and affordability of housing while retaining local decision-making.
3. Improve public safety in California communities.
4. Safeguard essential local revenues and support fiscal sustainability.

2023-24 State Budget Priorities
Cal Cities staff Jessica Sankus shared that Cal Cities is calling on Governor Newsom to appropriate $3 billion in the 2023-24 state budget, and annually thereafter, to support cities’ efforts to reduce homelessness and increase the supply of housing. Cal Cities is also urging the state to address the nearly $1 billion backlog of state-mandated program costs owed to local governments. Finally, Cal Cities calls on the state and Legislature to safeguard local revenues and support local governments’ fiscal sustainability in 2023-24 and beyond.

Jessica shared with Committee members that per data obtained by Cal Cities from the State Controller’s Office, as of October 2022, the state owes local governments...
$829.7 million for unreimbursed costs incurred between 2004 and fiscal year 2020-21 for state-mandated programs. Of this amount, the state owes cities $483 million. Programs included in the backlog of unreimbursed state mandate claims includes (but is not limited to) programs such as: racial and identity profiling reports; domestic violence background checks; child abuse and neglect investigation reports; testing of sexual assault evidence kits; and more. A list of state-mandated programs is available on the Commission on State Mandates website. Frequently asked questions about the mandate claiming process is available on the State Controller’s Office website.

California Business Roundtable Ballot Measure

Cal Cities staff Jessica Sankus provided the committee with an update regarding the status and fiscal impacts of the “Taxpayer Protection and Government Accountability Act,” sponsored by the California Business Roundtable, a ballot measure that recently qualified for the 2024 November general election ballot.

The initiative adopts new and stricter rules for raising state and local taxes, fees, assessments, and fines/penalties, limits voter authority and accountability, and significantly jeopardizes public services. Any new or increased tax or fee adopted by the State of California, a city council, or the local voters after January 1, 2022, would have to comply with the Act’s new rules.

Committee members were provided with resources to adopt a resolution to oppose the ballot measure, including a sample opposition resolution and a sample opposition letter.

Cal Cities 2023 Revenue and Taxation Bills

Cal Cities staff Jessica Sankus provided the committee with an update regarding pending legislation related to finance administration, taxation reform, revenue needs, and revenue sources.

- **AB 362** (Lee) Real Property Taxation: Land Value Taxation Study. 
  Cal Cities Position: Watch.
- **AB 52** (Grayson) Sales and Use Tax Law: Manufacturing Equipment: Research and Development Equipment. 
  Cal Cities Position: Pending opposition withdrawn; watch.
- **AB 1203** (Bains) Sales and Use Taxes: Exemptions: Breast Pumps and Related Supplies. 
  Cal Cities Position: Watch.
- **AB 1249** (Ta) Sales and Use Taxes: Exemption: Tax Holiday: School Supplies. 
  Cal Cities Position: Watch.
- **AB 84** (Ward) Property Tax: Welfare Exemption: Affordable Housing. 
  Cal Cities Position: Concerns.
  Cal Cities Position: Watch.
- **SB 532** (Wiener) Ballot Measures: Local Taxes. 
  Cal Cities Position: Pending.
- **SB 721** (Becker) Special Taxes: Vacant Land. 
• **AB 972** (Maienschein) Uniform Procedures for Local Assistance and Climate Resiliency Grant Programs.
  *Cal Cities Position: Sponsor.*

• **SB 252** (Gonzalez) Public Retirement Systems: Fossil Fuels: Divestment.
  *Cal Cities Position: Oppose.*

• **SB 769** (Gonzalez) Local Government: Fiscal and Financial Training.
  *Cal Cities Position: Neutral.*

**VII. CalPERS Update**
Chair Bourbeau introduced guest speaker Michael Cohen, Interim Chief Operating Investment Officer, with CalPERS. Mr. Cohen provided an update regarding investment returns, projected employer contribution rates, and sustainability efforts, and strategies for managing city pension obligations.

**VIII. Adjourn**
Chair Bourbeau thanked the committee for their hard work and engagement said some closing remarks. Chair Bourbeau then adjourned the meeting.

**Next Meeting:** Friday, June 23, 10:00 a.m. – 2:00 p.m., Pomona (in-person)