

The January 18-19, 2024 Policy Committees General Briefing

Overview:

The first month of the Legislature's return to Sacramento focused on moving bills from last year to the second house along with Gov. Gavin Newsom unveiling his proposed budget.

The bill introduction deadline is February 16. As the tidal wave of new bills are introduced, legislative policy committee and budget subcommittee meetings will begin in earnest beginning in late February and early March. This will be the first opportunity for Cal Cities to advocate on legislation important to cities.

Governor's Proposed Budget Highlights:

If there are two things Gov. Gavin Newsom wants everyone to take away from this year's \$291.5 billion budget proposal, it's "accountability and stretching those tax dollars." The proposal avoids deep cuts to most programs through a combination of reductions, borrowing, delays, deferrals, and shifts. Climate change and housing received the largest cuts, with existing spending largely maintained in other areas.

Newsom also said the magic word: ongoing. Last week, the League of California Cities called on lawmakers to honor previous funding commitments and create an ongoing funding stream to increase affordable housing and reduce homelessness. Although the latter was noticeably absent, Newsom did not claw back any current commitments on homelessness and acknowledged that conversations about ongoing funding are in play. He also underscored the need for strong state-local partnerships.

"We welcome the Governor's commitment to working closely with the Legislature on additional, ongoing funding to support local governments' response to the homelessness crisis," said Carolyn Coleman, Cal Cities executive director and CEO. "However, we can't afford to defer or delay the urgent need to put a roof over the heads of all Californians. That's why we are concerned about the roughly \$1 billion in proposed cuts to key housing programs."

The budget proposal is the first step in a lengthy series of negotiations over many months. Complicating this year's negotiations is what the Newsom Administration attributed to a difference in opinion about the state's short-term economic outlook. The Governor is projecting a \$38 billion deficit — far less than the Legislative Analyst's Office (LAO) predicted. A comprehensive Cal Cities budget breakdown can be found [here](#).

Policy Committee Information:

Community Services

Caroline Grinder, Lobbyist

This year, Cal Cities will continue to advocate for [ongoing funding to address homelessness](#). Cities fared well in the budget when it comes to homelessness funding commitments made in prior year's budgets. However, while the budget does not propose cuts to these critical programs, it also does not propose any new funding allocations. As in previous years, Newsom reiterated his focus on working with the Legislature to increase

oversight and accountability for how local governments utilize state homelessness funding. Cal Cities will continue to emphasize that accountability for state funding at the expense of action fails to expand or develop cities' capacity to address immediate homelessness challenges.

In breaking news, Cal Cities Board of Directors voted overwhelmingly to [support Proposition 1](#) during their December meeting. Proposition 1 will appear on the March 2024 ballot and includes substantial changes to the Mental Health Services Act and a \$6.38 billion bond to fund over 11,000 new behavioral health beds. In addition to supporting Proposition 1, Cal Cities Board directed staff to engage in the regulatory process and pursue legislation to implement reasonable oversight of licensed recovery housing and sober living homes to ensure the safety and success of those receiving services and support.

Looking to the year ahead, the Community Services Policy Committee will remain committed to advancing Cal Cities' [advocacy priority](#) of expanding investments to prevent and reduce homelessness. The committee will also continue to focus on other pressing issues, such as addressing the substance use and mental health crisis, supporting early learning and childcare programs, increasing access to open space, and bolstering cities' efforts to prepare for and respond to emergencies, among other issues.

Environmental Quality

Melissa Sparks-Kranz, Lobbyist

While the proposed budget maintains several noteworthy investments, as mentioned, it contains substantial reductions and shifts in funding that will impact cities. This year sees a major shift in funding which includes \$2.9 billion in reductions, \$1.9 billion in delays of expenditures to future years, and \$1.8 billion in shifts to other funds for climate-related programs. Additionally, we anticipate significant movement in the Legislature on several policy areas, including in organic waste, water management, and clean energy.

Climate Change

In years past, the Governor has identified combating climate change as a key priority within the administration. With the proposed budget limiting climate funding, such as the \$475 million reduction of planned investments in the Climate Innovation Program, Cal Cities anticipates a key focus of the Legislature will be around the climate bond proposals as a way to finance the long-term necessary capital investments to support the state's robust climate goals. With multiple climate related proposals introduced in last year's legislative session, Cal Cities will continue its active engagement to support a climate bond that would move to the ballot in November 2024.

Single Use Plastics, Recycling, and Organic Waste Diversion

This year started off with the release of the draft regulations for the single use packing and plastic food ware legislation, SB 54 from 2022. Cal Cities will be engaging with Cal Recycle over the next year on the regulations, as well as the Producer Responsibility Organization

representing plastic producers who have the extended responsibility of managing plastics through the end of their life cycle, including reimbursement to local jurisdictions implementing these recycling programs. Cities are implementing CalRecycle's SB 1383 organic waste diversion regulations; however, Cal Cities anticipates significant legislation to be introduced to reform SB 1383 following the analysis conducted by the Little Hoover Commission released in August 2023, which called upon the Legislature to put a complete pause on implementation of the statewide program. Cal Cities will continue to advocate for progress but will be weighing in on legislation to ensure city interests are protected if changes to the program are forthcoming.

Drought & Water Supply

California has experienced both extreme atmospheric river storms and megadrought conditions in the last several years. Early predictions show this water year starting out with less than average snowpack and precipitation conditions. The Governor's proposed budget reduces funding for various water programs and drought resilience by \$1.4 billion, the largest reduction being the \$350 million over the next two years for various watershed climate resilience programs. As a consequence of severe weather events and weakened funding, a large focus this year in the Legislature will be on the continuing water rights bills, as a means to evolve the overall management of water supply throughout the state. The discussions will continue with the state on the long-term urban water conservation standards that are currently going through the formal rulemaking process. As new legislation is introduced, Cal Cities will continue to review, analyze, and provide updates as needed.

Energy

Lastly, as the state moves towards its 100% clean energy and zero-emission future, city roles in this space will become more prominent. With more and more cities passing reach codes to phase out natural gas in their buildings and moving to incentive deployment of electric vehicle charging stations, the state will be looking to continue to partner with cities on accelerating this transition. Cal Cities anticipates the exploration of hydrogen manufacturing facilities with California receiving a National Hydrogen Hub award, of up to \$1.2 billion from the U.S. Department of Energy in October 2023 to accelerate the development and deployment of clean renewable hydrogen. Cal Cities will be monitoring these efforts and if additional legislation is introduced.

Despite this year's budget shortfalls in our policy area, the Environmental Quality Policy Committee will remain committed to advancing Cal Cities' [advocacy priority](#) of strengthening climate change resilience and disaster preparedness.

Governance, Transparency, and Labor Relations

Johnnie Piña, Lobbyist

The Governor's January budget contains investments aimed at improving worker health and safety programs, unemployment, paid family leave, and workers' compensation wait

times. While the budget largely maintains workforce investments, it does propose several reductions and delays in funding for workforce training and apprenticeships.

Legislatively, this year will be another year full of bills related to the governance, transparency, and labor relations space. We will see legislation related to challenges cities continue to face including managing California Public Records Act requests, managing upcoming elections, grappling with emerging technology such as artificial intelligence, managing disruptions in public meetings, dealing with hiring challenges and growing labor costs all in a time of economic uncertainty.

The Ralph M. Brown Act

Cal Cities is a co-sponsor of [AB 817 \(Pacheco\)](#) which passed out of the Assembly Local Government Committee this week and will continue to move through the legislative process. This measure would remove barriers to entry for appointed and elected office by allowing nondecision-making legislative bodies that do not have the ability to take final action to participate in two-way virtual teleconferencing without posting their location.

Housing, Community, and Economic Development

Waleed Hojeij, Policy and Legislative Affairs Analyst

Last year, more than 100 housing related measures were introduced in the legislature. We anticipate a similar number this year. Lawmakers are likely to focus on proposals seeking to require additional housing streamlining processes, adaptive reuse of existing structures, density bonus expansion, elimination of parking requirements, caps of development fees, and by-right housing approvals.

To complicate the matter further, the Governor is projecting a \$38 billion budget deficit. To help close the significant gap, he is proposing to cut \$1.7 billion from various housing programs. These cuts put California cities in a difficult position when it comes to spurring much needed housing development. The elimination of \$250 million from the Multifamily Housing Program leaves only \$75 million for 2023-2024. This is one of the most successful state programs to development multifamily housing, including affordable housing. The Governor would also like to cut \$200 million from the Infill Infrastructure Grant Program, leaving only \$25 million in 2023-2024. This grant program is already a highly competitive grant that helps provide funding for essential infrastructure. Without this funding many projects will be unable to be constructed.

While the Governor remains optimistic about our economic forecast, the Legislative Analyst's Office suggests a potential economic recession in the near future. Regardless, we will remain dedicated to supporting legislation that provides essential tools and incentives that bolster job creation and retention. The budget projects modest wage growth, personal income growth, historically low interest rates, and increased residential building permits in 2024. Some notable economic development allocations include:

- California Competes Program: Commits \$60 million to extend the California Competes grant program for one additional year.

- Recapitalization of the Infrastructure State Revolving Fund: A one-time increase of \$50 million to recapitalize the Infrastructure State Revolving Fund at the California Infrastructure and Economic Development Bank (IBank).

Public Safety

Jolena Voorhis, Lobbyist

Many cities have seen a significant increase in retail theft, organized retail theft, and smash and grabs. The Governor's proposed budget maintains existing efforts to reverse this trend, for a total of \$373.5 million over four years starting in 2022-2023. This includes resources for the California Highway Patrol's retail theft task forces and local law enforcement.

Other notable budget proposals include more funding to combat fentanyl, as well as some delays in programs and changes to various fire protection programs.

Regarding the outlook for 2024, please see the issues noted below:

Retail Theft

The Assembly has prioritized retail theft as a top priority and created the Select Committee on Retail Theft which met on December 19, 2023, and is expected to meet two more times in January. The Speaker and the Chairs of both of the relevant policy committees have indicated that changes to Proposition 47 are on the table for discussion and specific attention has been placed on addressing repeat offenders and having accountability for shoplifting and other theft.

The Little Hoover Commission is also holding hearings on retail theft as requested by the Legislature and is working on a report to be released in the spring. The Commission has held two hearings so far and speakers have included City Councilmember Gabe Quinto from El Cerrito, the California Retailers Association, and the California Grocers Association.

Addressing retail theft and the increase in crime is also one of Cal Cities top priorities. Cal Cities is working with a large coalition of other groups including the Police Chiefs, Retailers, Grocers, Probation Chiefs, Sheriffs and the Chamber to work on a solution to this problem this year.

The Governor announced several [legislative proposals](#) to address retail theft on January 8, 2024. This legislative package on retail theft would address the following issues: reselling, aggregation, organized retail theft, and local enforcement.

However, it should be noted, that these proposals would not amend Proposition 47 and therefore the impact may be limited.

Cannabis

Cal Cities expects several pieces of legislation on the cannabis issue, specifically related to local control issues and the implementation of AB 2188 related to drug testing of employees.

Fentanyl

Cal Cities is anticipating several bills to be introduced on Fentanyl in 2024. Of note is proposed legislation by Governor Newsom to add tranq to the list of crimes that could be prosecuted as a felony.

Revenue and Taxation

Ben Triffo, Lobbyist

The 2024-25 budget is shaping up to be a contentious challenge. In December 2023, the LAO reported that revenues were well below prior estimates, leading to a long-term budget deficit projection of \$68 billion. The Governor's January budget proposal falls in between those numbers, with Newsom predicting a \$37.86 billion shortfall. According to the Governor, this difference boils down to Prop. 98 savings, workload reductions, new revenues, and "less pessimism" about the near future.

The Governor's proposed budget draws \$13.1 billion from the state's reserve accounts, which the Administration described as an appropriate tool to help balance the deficit. The rest of the shortfall is balanced with \$8.5 billion in reductions, \$5.7 billion in internal borrowing, \$5.1 billion in delays, \$3.4 billion in fund shifts, and \$2.1 billion in deferrals. The Governor's proposed budget maintains \$18.4 billion in budgetary reserves.

ACA 13 and the Taxpayer Protection and Government Accountability Act

In other news, the Cal Cities Board of Directors voted unanimously to support ACA 13 (Ward) during the December meeting. ACA 13 is an effort to stop the "Taxpayer Protection and Government Accountability Act" initiative. The initiative — sponsored by the California Business Roundtable — would expand the definition of a tax and raise the voter approval threshold for some local taxes. The initiative would also limit certain fees to the minimum amount necessary to provide the service. Collectively, this measure annually places billions of local government revenue dollars at risk.

ACA 13, if approved by voters, would require any state or local initiative measure to conform with any increased voter threshold that it seeks to impose on future ballot measures. For example, if a measure looks to increase the voter threshold of a specific tax measure from a simple majority (50% +1) to a supermajority (two-thirds), the measure would be required to pass by that same supermajority. The measure also preserves the right of local governments to place advisory questions on the ballot and states that the provisions of this constitutional amendment apply to all statewide initiative measures submitted to voters on or after Jan. 1, 2024. If ACA 13 is approved by voters in November 2024, the Taxpayer Protection and Accountability Act would be required to pass by a two-thirds majority.

Going Forward

In 2024 the Revenue and Taxation Policy Committee will promote Cal Cities' advocacy priority of safeguarding local revenues and bolstering local economic development. The committee will also stay apprised of the recommendations being crafted by the City Managers Sales Tax Working Group and will fight any attempt to backfill the state's budget deficit using local revenue streams that provide essential local services.

Transportation, Communications, and Public Works

Damon Conklin, Lobbyist

Transportation

The Governor's proposed budget uses a combination of shifting and delaying funds to uphold 99 percent of last year's transportation commitments, resulting in \$13.6 billion. This includes \$791 million in funds shifted from the Greenhouse Gas Reduction Fund and \$3.1 billion in delays across various programs. The proposed budget also maintains \$10 billion — extended over seven years — in investments to further the transition to zero-emission vehicles. The largest spending reduction was \$200 million from the Active Transportation Program, leaving \$850 million for clean transportation and mobility programs, such as pedestrian and bicycle pathways.

The Governor's proposed budget proposes to delay \$1 billion of formula Transit and Intercity Rail Capital Program grant funding from 2024-25 to 2025-26 budget, leaving \$1 billion for this program in 2024-25; dedicate \$4.2 billion Proposition 1A for the High Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield; dedicate \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects; and delay \$45 million from the General Fund for grants intended to support zero-emission vehicles.

Autonomous Vehicles

Cal Cities is co-sponsoring legislation, [SB 915 \(Cortese\)](#) to prioritize local control in the decision to deploy autonomous vehicle (AV) services, where a company has already received any deployment approval by the DMV and the CPUC. Also, the measure seeks to improve public safety by addressing the problem of AVs delaying or interfering with emergency vehicles by allowing first responders and law enforcement to override a wayward AV that interferes with an emergency situation.

Advance Clean Fleet

The Advanced Clean Fleets (ACF) Regulation is the latest development by CARB to set increasingly stringent emission standards for mobile sources. Compliance requirements have already begun January 1, 2024, and reporting is due April 1, 2024. From 2024 to 2026, 50% of all vehicles, including class 2b-8 trucks (vehicles over 8,500 pounds), acquired by state or local governments must be ZEV. In 2027, that mandate moves to 100%.

Cal Cities will be looking at sponsoring and advancing legislation in 2024 to provide greater flexibility for cities compliance to the ACF regulations.

To find a list of relevant bills for each policy committee, please visit our [bill search webpage](#).

League of California Cities 2024 Advocacy Priorities

1. **Safeguard local revenues and bolster local economic development.**

Cities are the engine of the state economy. With a looming state budget deficit, it is critical to counter efforts by the state and corporations to erode or skim local revenue. Cal Cities supports increasing local revenue streams for local governments and **opposes any effort to reduce or eliminate existing funding to cities**. Cal Cities will use every tool in the toolbox — legislative, legal, and grassroots mobilization — to **fight a 2024 ballot measure** that represents an existential threat to local control. The measure, sponsored by the California Business Roundtable, would put at risk billions of dollars for essential local services. Cal Cities also supports legislation that will fund a **state-local partnership to enhance economic development** in these uncertain fiscal times.

2. **Strengthen climate change resiliency and disaster preparedness.**

The threat of climate change is no less during tough economic times. The state needs to accelerate its efforts to **prepare, reduce, and adapt** to the ever-changing risks posed by climate change — especially in **vulnerable and under-resourced communities**. These risks include wildfires, flooding, drought, and other extreme weather events. Cal Cities will pursue **funding strategies**, including potentially a bond, that provide cities with the necessary resources to **improve community and infrastructure resiliency**. Cal Cities will also seek to advance a partnership with state and federal agencies to strengthen essential infrastructure, including modernizing the state's **water supply** and energy grid.

3. **Improve public safety in California communities.**

A spike in retail theft, violent smash-and-grab robberies, fentanyl deaths and illicit drug use, and back-to-back natural disasters, as well as strained social services are creating challenges beyond the capacity of local governments. Cal Cities will partner with the state to advance solutions that help **reduce crime, increase emergency service capacity**, and provide more support to those residents struggling with **substance abuse**. We will work with the Legislature, the Governor, and allies to craft legislation that will **reform Proposition 47**, while **avoiding a return to the days of mass incarceration**.

4. **Expand investments to prevent and reduce homelessness and increase the supply of affordable housing.**

California cities are doing more than ever to get residents off the streets and into safe, stable, and affordable housing. However, the homelessness crisis in the world's fifth-largest economy continues unabated — fueled in part by a lack of affordable housing. Cal Cities is calling on the state to provide **ongoing funding** to bolster local efforts to support individuals experiencing, or at risk of, homelessness as well as strengthen state and local partnerships **to improve access to wraparound services**, including mental health and substance use treatment. Cal Cities also supports ongoing funding for cities to **jumpstart the construction of affordable housing**, while ensuring cities **retain local decision-making** and flexibility to achieve community and state housing goals.

Community Services

Scope of Responsibility

The Committee on Community Services reviews issues related to childcare, parks and recreation, libraries, cultural arts and community and human services programs.

Summary of Existing Policy and Guiding Principles

Animals

Cal Cities supports legislation to prevent a person or animal shelter from selling, giving or otherwise transferring living animals to research facilities or animal dealers.

Arts, Cultural Resources, Historic Preservation and Activities

Cal Cities supports continued state funding that recognizes the important role of local arts activities and historic preservation in community life and how these cultural activities affect the social health and economic vitality of cities.

Child Care

Cal Cities supports the creation of more affordable, innovative and quality parks and recreation and child care options for parents and concurrently encourages adherence to strict regulations and guidelines.

Cal Cities supports funding and resources to address the affordability and availability of early learning and care options.

Children

Cal Cities believes that the children of California must be recognized as our state's most valuable resource. Their development, education and well-being are key to our state's future. Further, it is essential that each child have the support needed to become a productive citizen in the world of the 21st Century. This involves supporting diverse before- and after-school programs and creating stronger linkages between municipal services and school-based job training programs in order to produce more job placement opportunities.

Cal Cities promotes the development of a cooperative program with the goal to increase enrollment of California's children in the Healthy Families Program.

Cal Cities encourages cities to promote anti-bullying efforts across California as well as provide education and awareness to the general public about the imminent health and safety concerns for bullied children, especially those with special needs.

Cal Cities supports increasing opportunities for California's youth to participate in civic engagement activities.

Housing for Homeless

Housing and programs for homeless and other extremely low-income populations are necessary to ensure quality of life and economic viability for all Californians.

Homelessness is a statewide problem that disproportionately impacts specific communities. The state should make funding and other resources, including enriched services, and outreach and case managers, available to help assure that local governments have the capacity to address the needs of the homeless in their communities, including resources for regional collaborations.

Homeless housing is an issue that eludes a statewide, one-size-fits-all solution, and collaboration between local jurisdictions should be encouraged.

State and federal funding programs should be designed to reflect responsibilities imposed by state and federal law.

Behavioral Health

Cal Cities supports additional funding and resources to expand access to behavioral health services, including efforts to assist California's homeless population, especially those individuals experiencing mental health and substance use disorders. This includes, but is not limited to, supporting counties in expanding community-based care settings to provide for prevention, intervention, treatment, infrastructure, and recovery systems.

Substance Use

Cal Cities supports additional funding and resources to address the substance use crisis through appropriate prevention and intervention efforts, educational awareness campaigns, and increased access to life-saving overdose treatment aids such as naloxone.

Park Bond Funds

Cal Cities believes that any statewide park bond measure should include a component that provides per capita grants to cities and counties. Cal Cities opposes tying local eligibility for grant funds to non-park related issues, such as rent control or housing element status.

Public Parks/Recreational Facilities

While the State of California studies the use of crumb rubber in synthetic turf and playground surfaces, Cal Cities opposes legislation that requires cities to undertake specific actions before installation can occur.

Cal Cities supports requiring public pools to provide Automated External Defibrillator (AED) during pool operations.

Public Libraries

Cal Cities supports full funding of the Public Library Fund so that the State of California can fully fund its share of the program, understanding how libraries play an integral role in building and sustaining our communities. (Additional library-related policy is included in "Restructuring California's Public Library Services," the report of a joint task force co-sponsored by Cal Cities, CSAC, California Library Association and the California Association of Library Trustees and Commissioners.)

Cal Cities opposes legislation that requires public libraries to install and maintain computer software for use on computers in the library that prohibits access to obscene material to minors and other library patrons. Cal Cities believes that this issue is more appropriately addressed at the local level, in ways that meet local circumstances, and thus is an issue of local control.

Seniors

Cal Cities encourages cities to recognize seniors as a valuable state resource and to develop and improve intergenerational programs and activities. Cal Cities supports legislation that would provide funding for side-by-side day care facilities for California's youth, adults and seniors.

Healthy Cities

Cal Cities encourages California cities to help parents make healthy family choices; create healthy schools; provide access to healthy and affordable foods; and adopt city design and planning principles that promote physical activity.

Cal Cities encourages cities to involve youth, especially middle and high school students, with city health-related programs.

Cal Cities encourages cities to address the needs of an aging population through local and statewide planning, education and conference programming.

Cal Cities encourages cities to establish their own rules and regulations pertaining to community recreational activities.

Natural Disaster Preparation

Cal Cities supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions. Cal Cities also supports additional funding for local

agencies to preposition “emergency response” personnel and equipment as well as coordinate notification systems with local and state agencies.

Cal Cities supports measures that provide resources for local governments to coordinate services to assist displaced residents and communities recover from wildfires, earthquakes and other natural disasters.

Smoking and Tobacco Control

Cal Cities supports legislation that establishes a statewide smoking and tobacco control standard that includes electronic cigarettes and vapor products, as long as such legislation does not preempt the ability of cities and counties to enact local laws that are stronger than the statewide standard or to regulate in areas not covered in the statewide standard. Cal Cities opposes legislation that would restrict such local authority.

Cal Cities supports legislation that limits the ability of minors to obtain tobacco and tobacco products, including electronic cigarettes and vapor products.

Cal Cities supports and advocates that all 482 California cities be equitably included in the distribution of moneys that the state receives from the Tobacco Settlement Memorandum of Understanding, and believes that the moneys received by counties should benefit all cities within the county and that cities have input into the decision-making process.

Cal Cities supports legislation that requires tobacco retailers to obtain a state-issued license to sell tobacco products, as long as the legislation does not restrict or preempt the ability of cities to enact and enforce their own retail licensing programs and to enforce the state-wide licensing program. Cal Cities also supports legislation designed to restrict the sale of illegal, counterfeit tobacco products.

Note: Cal Cities will review new legislation to determine how it relates to existing Cal Cities policies and guiding principles. In addition, because this document is updated every two years to include policies and guiding principles adopted by Cal Cities during the previous two years, there may be new, evolving policies under consideration or adopted by Cal Cities that are not reflected in the current version of this document. However, all policies adopted by Cal Cities Board of Directors or Cal Cities General Assembly become Cal Cities policy and are binding on Cal Cities, regardless of when they are adopted and whether they appear in the current version of “Summary of Existing Policies and Guiding Principles.”