

Memorandum

TO: RULES COMMITTEE

FROM: Mark Linder

SUBJECT: 2006 LEGISLATIVE PRIORITIES

DATE: January 9, 2006

RECOMMENDATION

Accept the 2006 Legislative Priorities (Attachment A) for the second year of the two-year Legislative Session in Sacramento and the 109th Congress.

BACKGROUND

Following Council approval of the 2005 Legislative Priorities for last year, the Council's direction provided the framework for formulating City-sponsored legislation and directed the City's support, opposition, or co-sponsoring of state and federal legislation. Of highest priority were the efforts by the Mayor, Council and staff to mitigate the potential negative impacts of the State's continuing structural budget deficit on the City and the San José Redevelopment Agency (SJRDA).

ANALYSIS

2006 Legislative Priorities

For all CSAs, the City supports legislation that will enhance the City's ability to maintain a balanced budget, deliver stable quality City services, and minimize the costs of operations.

- During the current economic climate, the City's highest legislative goal will be to reduce as much as possible the potential adverse impacts to services, revenues, or costs that might be the outcome of State or federal legislation and budgets. While the Legislative Analysts' Office (LAO) has stated that the State's budget reserve should be sufficient to keep the FY 2006-07 State budget balanced, the LAO cautioned that multi-billion dollar operating deficits would be present through FY 2010-11. The State has not eliminated its structural budget deficit problem and persistent operating shortfalls will continue to threaten key local government revenue sources.
- The City will continue to oppose State efforts to shift Redevelopment Agency funding to the state.
- In addition, the City continues to support legislative efforts that seek State and federal funding for economic development initiatives including the planning and implementation

of regional transportation and traffic congestion relief projects and the creation of affordable housing.

As State and federal legislative activities impact local government the City must possess the ability to respond quickly to emerging trends and needs of San José with a deliberate and effective legislative strategy. The City supports legislation and policies that maximize the authority of the City to exercise local control and streamline regulations in order to provide good public services and protect and enhance quality of life for the residents in our community. Additionally, it will be essential to aggressively and creatively secure sources of funding through grants and legislation, which will become critically important to reach our community's goals.

Attachment A provides the updated draft 2006 legislative priorities by City Service Area (CSA). This document is a general overview of the City's legislative priorities that reflects the priorities and policies that have guided our legislative strategy. While the Housing Department is transitioning to the Neighborhood Services CSA, as of this writing, Housing's legislative priorities are still embodied in the Community and Economic Development CSA

In order to develop legislative priorities, staff used both City Service Area and Council policy priorities to develop its proposal for 2006. These include:

- ***Driving a Strong Economy.*** Make San José the best place in America to do business, work and live. San José will offer housing for all income levels with diverse exciting entertainment and culture.
- ***Building Strong Neighborhoods.*** San José is a city that puts its' neighborhoods first. San José government now views its role through the eyes of its residents, standing at the edge of their driveways. Working together, the city and its residents invest time, effort, and resources to improve neighborhoods, making San José a place they're proud to call home.
- ***Remaining the Safest Big City in America.*** As the safest big city in America, San José residents will continue to be safe and feel safe in their neighborhoods.
- ***Building Better Transportation.*** San José is leading the historic expansions of Silicon Valley's highway, rail and air transportation infrastructure to make city streets safer and more pedestrian-friendly, provide traffic relief to Silicon Valley commuters and help travelers reach their destination quicker and safer while supporting smart growth.
- ***Helping All Children Achieve.*** Strengthen the role of city government in improving student achievement so that every child in San José can have the opportunity to succeed.
- ***Making Government Work Better.*** San José is a user-friendly City that delivers cost-effective high quality services to residents and businesses.

CONCLUSION

The emphasis of the City both in Sacramento and in Washington D.C. will continue to be to protect local funding sources and to mitigate the potential negative impacts of the State's ongoing budget problems on the City and the San José Redevelopment Agency. A separate memo regarding the Governor's proposed FY 06-07 State budget, as well as the proposals to bond infrastructure investments, is being developed for the Council's review and discussion.

COORDINATION

The City of San José 2006 Legislative Priorities have been coordinated with the City Service Areas, the Redevelopment Agency, the City Attorney's Office, the City's Legislative Representative in Sacramento and our Federal lobbyists with Patton Boggs, LLP.



Mark Linder
Assistant City Manager

Attachment: 2006 Legislative Priorities



COMMUNITY AND ECONOMIC DEVELOPMENT

A vibrant community depends on support of a vital business climate, diverse and affordable housing options, and strong neighborhoods with a good quality of life. San Jose is evolving from a primarily suburban landscape into unique neighborhoods and job centers, and smart-growth urban development in appropriate locations should be supported. Directing growth within the Greenline/Urban Services Boundary helps to protect the City's natural assets such as hillsides and baylands, improves the efficiency of public services and transportation, and reduces the cost of growth.

2006 Legislative Policy

- Support legislation and policies that ensure the long-term viability of affordable housing production and preservation in San Jose.
- Support legislation and policies that maintain local autonomy of the Redevelopment Agency and preserve the flexibility which currently exists in the use of Redevelopment financing, while opposing efforts to limit or divert the use of Redevelopment funds, (including 20% Housing Funds) and attempts to ban the use of eminent domain.
- Support continued State and federal role in the provision of affordable housing, both in terms of financing to increase, preserve and improve affordable housing and policies that increase affordable housing opportunities.
- Support legislation and policies that protect and promote fair lending practices and ensures the rights of rental tenants.
- Legislation and policies that provide resources and incentives for workforce training, job creation, and research and development, as well as flexibility to meet local workforce, employer and economic development needs.
- Support legislation that clarifies, rewards, and gives incentives to cities that routinely provide their fair share of housing, while at the same time relieving cities of unnecessary, slow, or unproductive regulatory review.

2006 Legislative Priorities

1. Continue support for legislation that would provide proportional representation for San José and Santa Clara County on any existing, or proposed regional body.
2. Support legislation that streamlines the CEQA process, particularly for infill housing and other smart-growth projects.
3. Support measures that would allow greater local control regarding the location and permitting of group homes to provide reasonable accommodation and neighborhood protections.
4. Support legislation that would reform or provide relief to the rising insurance costs, which are driving up costs for affordable housing. Support construction defect relief as a priority to encourage entry-level home ownership in the condominium market.
5. Support legislation and policies that promote programs like an Affordable Housing Trust Fund, Low-Income Housing Tax Credits, Increasing the Conforming Loan Limits in California, and eliminating the 10-Year Bond Rule.

6. Advocate that federal policies can be utilized in high cost areas, including ensuring that federal tax reform proposals and designation of "Difficult to Develop Areas," won't negatively impact San José's residents or programs.
7. Advocate the protection, flexibility and increased funding for CDBG, HOME, HOPWA, ESG, Section 8 programs and advocate additional funding to help eliminate homelessness, as adopted in the City's Homeless Strategy...
8. Support efforts to develop permanent sources of affordable housing funding at both the State and federal levels, including another statewide bond for affordable housing..
9. Support federal legislation that provides funding for economic development initiatives, including continuation of the EDI grant/Section 108 funding program.
10. In order to help protect local government revenues, the public should be a partner in ventures where potential revenue may be generated as a result of new taxpayer expenditures. In such cases, the feasibility of partial or full reimbursement from these potential revenue sources should be explored, so that the Legislature need not be placed in a position to invoke the provision in Prop 1A that would allow the State to raid local coffers.
11. Develop a focused, public-private advocacy voice in Sacramento and Washington, D.C. including advocacy to change policies that undermine San José's competitiveness and City revenue base, or that adversely affect San José-based businesses.
12. Support incentives and provide resources to assist employers and, communities, universities, and industries to fuel innovation, employment and the development of new products, technology and services, e.g. bioscience incubators.
13. Pursue smart growth urban infill redevelopment by seeking federal or State funding for cleaning up toxic "Brownfield" sites in order to make them suitable for redevelopment as housing and other economic purposes. Also, seek funding for economic revitalization in transit oriented redevelopment areas, by focusing the resources of cooperating agencies to solve multiple problems concurrently, such as enhancing transit ridership and reducing reliance on automobiles by making grants available to assist in the acquisition of sites in proximity to transit stations exclusively for affordable high-density housing.
14. Pursue federal or State funding for traditional infrastructure repair and replacement in redevelopment areas, e.g. flood control, storm damage, retention basins, water and sanitary sewer.
15. Create a simplified process for Redevelopment Plan amendments that would add new territory, increase financing limits, extend duration, merge areas or add capital projects.
16. Support efforts that give more flexibility to Workforce Investment Boards in the provision of services to the workforce and enable WIB's to target services according to local needs. Current efforts to change the existing 85% formula /15% discretionary allocation or emphasize one youth category over another should be opposed.
17. Pursue federal or State funding to maintain and increase workforce programs and oppose any efforts that reduce funding or restrict use of available funds. Additional discretionary grants should be supported.
18. Support legislation for the continuance of the State Enterprise Zone program in the city of San Jose. The current zone will expire on 12/31/2006.

ENVIRONMENTAL AND UTILITY SERVICES

As the largest city in the San Francisco Bay Region, San Jose shares substantial local responsibility to ensure that our environment is clean and healthy. The Environment and Utility Services CSA focuses on providing the sufficient, safe and reliable utility infrastructure, water and energy supply while ensuring clean air and healthy streams, rivers, marsh and South Bay. Strategic planning and effective implementation of environmental programs help achieve these goals through the following major programs: Green Building Program, San Jose/Santa Clara Water Pollution Control Plant; Recycle Plus and solid waste management; South Bay Water Recycling and San Jose Municipal Water systems. In addition, the City is committed to a smart energy policy and promoting sustainable environment activities that will protect the quality of life while supporting economic prosperity.

2006 Legislative Policy

- Support legislation and policies that promote sustainable development; that improve environmental standards and the regulatory process; that provide incentives and financial measures for preservation of natural resources; and that promote sustainable energy policies.
- Support user pays policies as they relate to the costs associated with the handling, recycling and disposal of hazardous materials such as hazardous electronic devices, pesticides, paints, and other materials that incur increased costs to local governments to dispose of properly.
- Support legislation and policies that provide funding to offset local costs of managing environmental programs.
- Support legislation and policies that protect the right of cities to control local integrated waste management programs, facilities, and materials.
- Promote legislation and policies that increase local control of utility infrastructure and provide access to adequate funding to maintain existing and future infrastructure needs.
- Support legislation and policies that promote the City's ability to achieve the 2005 United Nations Urban Accords 21 Actions (Approved by Council November 1st 2005).
- Support policies that protect the environment and emphasize conservation and renewable and energy sources, are equitable with respect to social and economic impact, and encourage a mix of energy supply and delivery solutions.
- Support legislation and policies that expand efforts to promote water efficient practices and ensure a clean affordable water supply including but not limited to recycled water.
- Support state and regional boards and commissions that support and promote local involvement in environmental policy making.
- Support legislation and policies that provide for equitable Total Maximum Daily Load (TMDL) and pollution prevention development and implementation as well as funding for stakeholder participation.

2006 Legislative Priorities

- Support legislation or measures that would allow for greater local control of utility infrastructure and provide access to funding for existing and future needs.
- Support legislation that provides funding to offset local costs of managing household hazardous wastes, including electronic wastes and other universal wastes, and to fund state and local litter control efforts.
- Support legislation protecting the right of cities to control local existing solid waste and wastewater recycling programs from loss of financial and material resources.
- Support legislation and policies that expand efforts to promote water efficient, sustainable practices ensuring a clean affordable water supply.
- Support legislation and policies that support funding long-term habitat restoration efforts.
- Support legislation that promotes sustainable and green building practices, promotes research into the effectiveness of green building and the establishment of economic incentives for builders of sustainable and green buildings.
- Support legislation and policies that support equitable TMDL development and funding.
- Support legislation and policies that promote effective pollution prevention efforts in support of the City's National Pollution Discharge Elimination System (NPDES) permits and provide local flexibility in choosing implementation activities.

NEIGHBORHOOD SERVICES

(formerly Recreation and Cultural Services)

The City of San José offers a wide variety of cultural and community activities to its residents and visitors. The mission of the City's Neighborhood Services City Service Area is to enhance the quality of life for all San José residents by providing a wide area of recreation, fitness, cultural, and human services that encourage overall wellness and self-improvement; to offer beautification services that promote and empower residents to improve their physical surroundings; and to search out and develop cooperative agreements with community-based organizations, private enterprise, and other public agencies to ensure the availability and accessibility of these services at a reasonable cost to all residents.

2006 Legislative Policy

Legislation and policies that provide funds to enhance the quality of urban life, including:

- Child care, aging services, and youth services
- Libraries
- Community service programs
- Creation, improvement, and expansion of regional green belts and trail systems
- Urban parks and open spaces
- Recreation facilities and publicly-owned and operated zoos and amusement parks
- Historical preservation, and
- Arts and culture.

2006 Legislative Priorities

1. Support for state and federal legislation and funding to help complete and augment the City's Smart Start Centers and to establish child care programs as prioritized by the Mayor and Council and adopted in the San José child care strategy, "INVESTING IN THE FUTURE—San José's Early Care and Education Strategic Plan 2002-2006."
2. Support for state and federal funding to enhance, expand and maintain the City's trail systems and its interconnections with regional trails and recreational facilities.
3. Support for state and federal funding for acquisition, remediation, and development of brownfields and closed landfills for recreational purposes.
4. Support for state and federal funding to support library services and construction, and for innovative uses of technology that enhance community access to greater literacy and learning.
5. Lobby federal government to assist with local barriers to educators such as the impact of "No Child is Left Behind" and resources for Special Education. Adequate resources and teacher expertise is needed so that "No Child is Left Behind."

PUBLIC SAFETY

San Jose continues to be rated the safest city in America for the 30 cities with populations over 500,000, according to findings based on FBI crime statistics. Keeping San Jose residents and neighborhoods safe is the result of continued investments in excellent, well-trained police, fire and emergency services that work effectively in partnership with all the people in our community to promote public safety.

2006 Legislative Policy

- Legislation and policies that support programs and increase staffing levels and funds to help prevent all forms of crime in the community, effectively handle fire and medical emergencies, and help community members to work cooperatively and effectively with public safety staff.
- Legislation and policies that enable local officials to obtain resources to provide excellent police, fire, emergency management and emergency medical services to the community, including local provision of medical transport services to ensure life-saving response times.
- Legislation and policies that support community policing and public safety education programs, such as Safe Schools, Neighborhood Watch, VIPS, fire prevention, San Jose Prepared! (CERT), community-level first aid and CPR, that includes multi-language programming. It is especially important that such services consider special needs based on language ability, physical limitations, and age.

2006 Legislative Priorities

1. With the on-going funding of the federal Department of Homeland Security, supporting legislation and additional funding that will enable local first responders to improve the scope, speed, and effectiveness of their response to all forms of emergencies, including terrorism and natural disasters is essential and a top priority. Specific needs include funding to increase staffing levels, provide base-level and advanced training, support related overtime, purchase new and replacement equipment, and maintain the critical ability to respond appropriately under changing national security conditions.
2. The City should ensure that all future Homeland Security funding is directed to communities with a high threat and high population, with an emphasis on the central city as the leader.
3. Preserve funding for FY2005 Fire Act Grant that benefits Fire Departments throughout the County, while increasing FY2006 appropriations for the Urban Area Security Initiative (UASI) through which the City receives substantial, targeted funding, and maximizing funding flexibility;

Preserving other key first response / homeland security grant funding from which the City derives notable directed assistance, including Emergency Management Performance Grants (EMPG) and Metropolitan Medical Response System (MMRS) grants;

Negotiating for favorable treatment under pending House and Senate legislation that creates statutory authority for future appropriations and modifies current funding mechanisms, ensuring that San Jose, as the 10th largest city in the U.S., receives proportional funding for homeland security.

4. Support for legislative initiatives that narrow supplantation limits and permit federal funds to be used in place of local funding for expenditures that serve a dual purpose of terrorism preparedness and traditional law enforcement, fire protection and emergency preparedness/management.
5. The City's priorities include maintaining federal and state funding for programs that will help our residents to mitigate potential physical damage from all hazards, prepare for emergencies and disasters, and encourage community members to play an active role in keeping our City safe, especially through support for Citizen Corps Council programs.
6. The City should continue to seek opportunities for grants to support the cost of public safety overtime associated with Federal actions and mandates such as TSA mandates at the Airport and changes in alert color codes regionally.
7. To help keep San José the safest big city in America, the City will support legislation that helps our Police Department's community policing efforts. Specific needs include grants that will help San José provide positive alternatives for youth as well as prevent, intervene, and suppress gang and youth crime, and develop and maintain the safest schools in urban America.
8. Support legislation that results in traffic calming within neighborhoods, creates safe routes to school for children, and increases local authority to set effective traffic control practices on local streets.
9. Support legislation and funding to enable local law enforcement agencies to keep the community better informed about the presence of sex offenders in their neighborhoods.
10. Support legislation to provide funding for personnel support for the protection of critical infrastructure within San Jose, whether public or private ownership.

STRATEGIC SERVICES

The broad categories in this CSA include Employee Services, Finance & Technology, General Services and Public Works. Taken together these efforts support customer-driven, cost-effective, and high quality delivery of public services by all other CSAs to the people of San José.

2006 Legislative and Policy Priorities

- Support legislation and policies that will enhance the City's ability to maintain a balanced budget, deliver stable quality City services, and minimize the costs of operations. During the current economic climate, the City's goal will be to reduce as much as possible the potential adverse impacts to services, revenues, or costs that might be the outcome of state or federal legislation and budgets. The City can play a pivotal leadership role in the effort to both craft and affect legislation related to fiscal reform that will better align the State's resources with the State's expenditures.
- Support legislation in the area of telecommunication that preserves valuable City services and does not undermine the ability of local municipalities to collect fees or raise revenues; that maintains municipalities' authority through franchise agreement negotiations to protect consumers, to work with providers to provide key services, and to maintain the public, education, and government broadcasting channels; that ensures service availability to all consumers by reducing the digital divide and preventing "redlining" that picks more affluent areas for service delivery and ignores less affluent areas and specifies build-out requirements; and that supports local governments' ability to regulate use of public rights-of-way.
- Support legislation and policies that assist in meeting existing community needs and provide new service opportunities for greater efficiency without new requirements or mandates.
- Support legislation and policies that advocate improvements in the methods of assessment, collection and allocation of local revenues, and defend against changes that threaten the sources and flexibility of existing levels of revenues.
- Support legislation and policies that provide a more sustainable and cost-effective delivery of workers' compensation benefits for injured City employees.
- Support legislation and policies that retain authority and enhance local government agencies' use of tax-exempt financing for local government projects.
- Support legislation and policies to amend state law implementing the Federal Americans with Disabilities Act of 1990 to bring California into compliance.
- Support legislation that credits "biodiesel" as an alternative fuel to meet federal energy mandates applied to utility, federal and state fleets. It is anticipated that energy mandates relative to the use of alternative fuel vehicles could eventually be applied to local fleets thereby making the allowance of biodiesel critical to any local compliance strategy.

- Support legislation that encourages and supports sustainable and green buildings, promotes research into the effectiveness of green building and that promotes the establishment of economic incentives for builders who build sustainable and green buildings.

TRANSPORTATION AND AVIATION SERVICES

Transportation

Transportation issues are a top concern to the San José community, which continues to express substantial support for better transportation services and systems. The City takes an active leadership role in shaping transportation policy at the regional, state and federal levels, as well as through partnerships with other agencies including: BART, the California Department of Transportation (Caltrans), the California Transportation Commission (CTC), Metropolitan Transportation Commission (MTC), and the Santa Clara Valley Transportation Authority (VTA).

2006 Legislative Policy

- Legislative efforts that seek to preserve California's share of federal transportation funding for planning and implementation of regional transportation and traffic congestion relief projects, such as: BART to San José; light rail expansion, Intelligent Transportation System (ITS); freeway and interchange improvements; Airport transit access; and other regional rail and California high-speed rail.
- Legislation and policies that provide transportation investment to preserve existing facilities, support multi-modal travel, and enhance community livability, with a particular emphasis on: local street maintenance and operations; bicycle and pedestrian projects; and, traffic education and safety.
- Policies and programs that provide for the opportunity to streamline the delivery of transportation projects and reforms that protect critical transportation funding and that allow for the approval of local transportation and infrastructure funding measures by less than a two-thirds majority of voters
- Policies and programs that promote the research and development, production, and purchase of alternative fuel vehicles.

2006 Legislative Priorities

1. Support activities associated with the funding of the City's transportation priorities through the federal Budget Appropriations process and other state and federal funding opportunities.
2. Support state and federal funding for the implementation of BART to San José. When completed, BART will be a major transportation link into San José and will provide additional access to the Mineta San José International Airport, link San José to a major regional rail network, and provide additional mobility choices into Santa Clara County that will contribute to traffic relief, commuter convenience, and smart-growth opportunities.
3. Support strategies to fund and advance the Airport People Mover (APM) from the future BART/Caltrain Station and VTA Light Rail on North First Street. The APM supports the development strategies and economic development, which will be supported by the future BART Project and in the North San José development area.

4. Support the High-Speed rail project including a southern gateway through the Pacheco Pass into San José and continue to support funding of the project through a High-Speed Train Bond Act on the Statewide ballot.
5. Support legislation, which provides for the preservation, protection and full and timely repayment of Proposition 42.
6. Support legislation that promotes transportation safety for all modes.
7. Support legislation that results in traffic calming within neighborhoods, creates safe routes to school for children, and increases local authority to set effective traffic control practices on local streets, including such tools as automated speed enforcement.
8. Support legislation that develops and protects transportation funding for the maintenance and operations of local streets and roads.
9. Support legislation that provides for the generation of transportation funding through innovative funding mechanisms, such as vehicle license surcharges or indexing of the gas tax to the Consumer Price Index (CPI).
10. Support legislation and policies that endorse the development of Transit-Oriented-Development and improves the access and the usage of transit, bicycles and pedestrian modes.

Aviation

The Airport is critical to maintaining the City's economic vitality, and its issues are linked with many other legislative topics such as planning, land use, housing, neighborhoods, and the environment. Since the September 11 terrorist attacks, the Airport has had to refocus its attention on ensuring that operations and services are implemented with the highest level of attention to public safety and national security. The Airport also must ensure that it is addressing local and regional community concerns in its everyday services and operations.

2006 Legislative Policy

Legislation and policies that support the right to enact a Passenger Facility Charge (PFC) pursuant to 1990 federal legislation and expand the type of PFC-eligible expansion and/or improvement projects, thereby improving air service and ground transportation access for the traveling public.

Legislation and policies that provide advantageous funding formulas for the expansion and improvement of the Airport consistent with neighborhood preservation and improvement of air services, and for continuation of efforts to reduce adverse impacts of aircraft operations on the community.

2006 Legislative Priorities

1. Funding to meet federal security requirements should come from federal sources. It is imperative that the federal government provide funding not only to cover previous investments, but also to provide for adequate staffing, facilities, and equipment in the future. The financial challenges currently faced by the City and airlines will make it difficult to absorb any further unfunded security mandates. The City needs federal assistance to successfully implement all required security measures at the Airport.

Specifically, the City has applied for approximately \$172 million in grant funding to cover the North Concourse building construction costs that are attributed to a permanent, fully automated "in-line" baggage system to screen checked baggage. Funding for this project is essential to provide the City with the facilities necessary to support security mandates, airline operations and customer service efforts at the Airport.

2. Securing a commitment from the TSA for supplying security equipment and staffing for new terminal facilities is critical. Security equipment needs would include all required passenger and baggage screening equipment.
3. Federal funding of approximately \$20 million is needed for the design and construction of an automated in-line baggage screening system for the existing Terminal A.
4. Secure federal funding for an Automated PeopleMover (APM) Connection between the Airport and the First Street Light Rail System and/or between the Airport and the future BART Station in Santa Clara.
5. Support changes to federal policies that would give the City more flexibility to achieve its goal to keep the Airport a good neighbor by limiting excessive noise and reducing negative environmental impacts.