



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: January 25, 2013

IBA Report Number: 13-03

Rules Committee Docket Date: January 30, 2013

Item Number: 3

City Council Legislative Priorities

OVERVIEW

Each year, the City Council compiles a list of state and federal legislative priorities. These requests are shared with the City's state and federal lobbyists, as well as the local legislative and congressional delegations, in order for them to help the City fulfill its mission. On December 20, 2012 Council President Todd Gloria and Council President Pro Tem Sherri Lightner released a joint memo requesting each of the Councilmembers to provide their top legislative priorities for the State and Federal Governments to help facilitate a comprehensive legislative package for City Council adoption.

At the January 9, 2013 Rules and Economic Development Committee, the committee members discussed their priorities and requested the Office of the Independent Budget Analyst (IBA) to compile the priorities into a single document that reflects areas of consensus gleaned from the various Councilmembers' memorandums. In addition, the IBA was asked to consult with the Mayor's office in developing our report.

On Friday, January 18th our office met with the Mayor's Director of Council Affairs and we provided him a draft copy of the Council's proposed state and federal legislative priorities so that the Mayor's Office would be prepared to comment on the priorities at the January 30th Rules and Economic Development Committee or add any additional Mayoral priorities. In a subsequent response, the Mayor's Director of Council Affairs stated that the Mayor's office is reviewing the priorities identified by each Councilmember and is looking forward to receiving the priorities identified by the Rules and Economic Development Committee.

LEGISLATIVE PRIORITIES

In reviewing the memorandums submitted by the Councilmembers, it became clear that the following areas were consistently mentioned as state and federal priorities. To be included in the state and/or federal priorities listed below, we established criteria of at least two Councilmembers including the priority in their memorandums. In addition, a few Councilmembers included specific legislation or details related to the following priority areas and these items were also included. The following sections provide the areas of consensus for

the City Council's state and federal legislative priorities. We also include information regarding the current status of the City's contracts with our state and federal lobbying firms.

State Legislative Priorities

Economic Development

Funding and Expansion of Enterprise Zones (Four Councilmembers)

Support continued State funding and expansion of the San Diego Regional Enterprise Zone. In addition, support efforts to maximize Enterprise Zone funding for low and moderate census tracts to combat high levels of unemployment.

Tax Incentives and Funding Opportunities for Existing/Emerging Technology Companies (Two Councilmembers)

Support State legislation to provide direct incentives and/or ease barriers for private funding for companies and other entities engaged in research, development and commercialization of clean technology, maritime technology, bio-technology and bio-fuel. Examples of possible legislation include:

- The encouragement of the investment of foreign profits into emerging technology research and commercialization as well as job creation. The repatriation of funds would benefit many of our high tech, cleantech and life science companies and thus our regional economy.
- Funding for local universities, colleges and technical trade education facilities to continue funding and developing technology-based career centers.
- Tax incentives for companies that support technology incubators.

Economic Preservation

Mitigate the Impacts from the Dissolution of the Redevelopment Agency (Four Councilmembers)

Mitigate the impacts of the Redevelopment Agency dissolution by preventing State action that would implement the "claw back" of \$28 million for payments previously made under certain debt repayment agreements that have been invalidated by the State Department of Finance. Examples include the Convention Center and Petco Park debt payments. In addition, encourage the State to support local economic development and affordable housing, and support legislation and administrative action to provide financing for local urban and economic development programs.

Infrastructure

Support Legislative Actions to Facilitate the Construction of Infrastructure in the City of San Diego (Three Councilmembers)

Support/pursue the following examples of State legislative actions to facilitate the construction of infrastructure in the City of San Diego:

- Modify Caltrans' high cost projects policy so that the City of San Diego can receive state and federal funding for large infrastructure projects.

- Support legislation and take the necessary administrative action to enable the City to access low-cost loans for the planning, design and construction of various water infrastructure projects as well as for the replacement of aging water and sewer systems and to meet new regulatory requirements. An example is the State Revolving Loan Fund.
- Remove legislative and regulatory barriers to streetcar construction and transit operation funding.
- Oppose State efforts to end municipal bonds' tax exempt status.
- Support legislation and administrative action to preserve and expand the State Infrastructure and Economic Development Bank (I-Bank).

Transportation Related Infrastructure Funding (Three Councilmembers)

Protect and increase State funding for transportation projects. This includes supporting state administrative action that increases funding and flexibility in both operating and capital funding for mass transit and alternative transportation.

Voter Threshold for Facility and Infrastructure Projects (Two Councilmembers)

Support State legislation that would reduce the constitutional voter-approval requirement for local agency General Obligation Bonds from two-thirds to 55% in order for municipalities to incur bonded indebtedness to fund public facilities and infrastructure.

Environment

California Environmental Quality Act (CEQA) Reform (Three Councilmembers)

Seek California Environmental Quality Act (CEQA) reform by supporting passage of State legislation that accomplishes the following:

- Review and revise the grounds for litigation under CEQA to keep with the spirit of the law.
- Update CEQA to be consistent with other state and federal laws with a focus on tailoring its regulations to those not regulated by other environmental or planning laws.
- Ensure a region-wide perspective on environmental issues is preserved.
- Support improved coordination between all State development-related processes (planning, zoning, endangered species, climate change, etc.).
- Ensure that the strict mandate for public agencies to consider and disclose to the public the environmental implications of their actions is upheld (including adding a requirement to close the administrative record before a hearing).
- Ensure that mitigation measures and project alternatives are implemented, and monitored for success.

Open Space Preservation and Dedication (Three Councilmembers)

Seek State legislation for additional open space dedication to provide for reliable open-space preservation and recreational opportunities within the City of San Diego's communities. In addition, support State legislation to preserve and retain identified parks and open space-use opportunities in former redevelopment project areas.

Property Assessed Clean Energy (PACE) Program (Two Councilmembers)

Seek continued State support of Property Assessed Clean Energy (PACE) programs and support legislation that allows residential homes to secure PACE financing.

Indirect Potable Reuse (Two Councilmembers)

Ensure timely State permitting processes and streamlining of regulatory issues for Indirect Potable Reuse approval including support for improved coordination between State agencies for non-potable and potable reclaimed water treatment and quality standards. In addition, seek grants for potable and non-potable reuse technology and efficiency to local businesses and research entities.

Point Loma Wastewater Treatment Plant Discharge Permit (Two Councilmembers)

Pursue State legislation and seek grants that enhance the City's opportunities for environmentally and fiscally sound options with regard to the expiration of the current Point Loma Wastewater Treatment Plant Discharge Permit in 2015, including, but not limited to, the expansion of purple pipe and implementation of potable reuse.

Affordable Housing and Homelessness

Affordable Housing Funding and Streamlining of regulations (Two Councilmembers)

Support legislation that would create a permanent source of State funding for the preservation and development of affordable housing. In addition, support legislation that would streamline affordable housing regulations.

Federal Legislative Priorities

Economic Development

Border Crossing (Four Councilmembers)

Seek full funding of Phases 2 and 3 of the San Ysidro Port of Entry Reconfiguration Project.

Passenger Vessel Services Act (PVSA) (Two Councilmembers)

Support federal legislation that would provide a narrow, temporary waiver to the Passenger Vessel Services Act (PVSA) as it applies to Southern California ports. The effect of this legislation would be to increase port stops to San Diego.

Tax Incentives and Funding Opportunities for Existing/Emerging Technology Companies (Two Councilmembers)

Support federal legislation to provide direct incentives and/or ease barriers for private funding for companies and other entities engaged in research, development and commercialization of clean technology, maritime technology, bio-technology and bio-fuel. Examples of possible legislation include:

- The encouragement of the investment of foreign profits into emerging technology research and commercialization as well as job creation. The repatriation of funds would benefit many of our high tech, cleantech and life science companies and thus our regional economy.
- Funding for local universities, colleges and technical trade education facilities to continue funding and developing technology-based career centers.

- Tax incentives for companies that support technology incubators.

Economic Preservation

Sequestration (Five Councilmembers)

Advocate strongly on behalf of the City of San Diego to protect local defense programs and funding as the 2013 federal trigger cuts (sequestration) are negotiated.

Sports Fishing (Three Councilmembers)

Work with the United States Federal and Mexican Governments to clarify requirements for San Diego sport fishing boats in Mexican waters. This includes identifying and implementing (if necessary) consistent and reasonable rules and regulations.

Infrastructure

Federal Funding for Infrastructure and Expanding Financing Options (Three Councilmembers)

Seek federal funds and expand financing options for infrastructure projects including:

- Transit Oriented Development projects and also support another round of TIGER grants to provide short-term federal funding for large transportation projects.
- Creation of a Federal Water Infrastructure Finance Innovations Authority (WIFIA) to expand low-cost financing options for water infrastructure projects that are critical to our region.
- Neighborhood street lighting to reduce fear, crime, and encourage more walkable communities.
- Oppose federal efforts to end municipal bonds' tax exempt status.

Environment

Property Assessed Clean Energy (PACE) Program (Two Councilmembers)

Seek continued federal support of Property Assessed Clean Energy (PACE) programs and support legislation that allows residential homes to secure PACE financing.

Point Loma Wastewater Treatment Plant Discharge Permit (Two Councilmembers)

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Affordable Housing and Homelessness

Federal Funding for Affordable Housing and Homelessness (Three Councilmembers)

Advocate for an increase in federal funding for affordable housing and homelessness from programs such as the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), and the Housing Choice Voucher Program (Section 8). In addition, work with the City to identify additional federal funding sources for these programs.

Other Legislative Items

Federal Assault Weapon Ban (Two Councilmembers)

Support federal legislation to eliminate gun violence in the City and to reinstate the Federal Assault Weapon Ban.

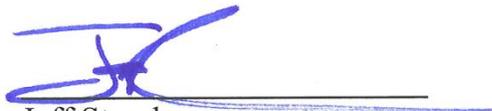
Status of Contract with the City's Lobbying Firms

At the January 9th Rules and Economic Development Committee meeting, multiple Committee members requested information regarding the contracts with the City's current State and federal lobbying firms. In June 2012, the City's Purchasing Agent approved Sole Source Contract requests made by Mayor Sander's Office to continue the services of the City's state lobbying firm, Sloat Higgins Jensen & Associates, thru June 30, 2013 for an amount not to exceed \$168,000 and also the City's federal lobbying firm, Patton Boggs, until June 30, 2013 for an amount not to exceed \$180,000. The IBA contacted both firms and was informed by Sloat, Higgins Jensen & Associates and Patton Boggs that their contracts with the City had been terminated on January 2, 2013 via letters from the Mayor (Attachments 1 & 2).

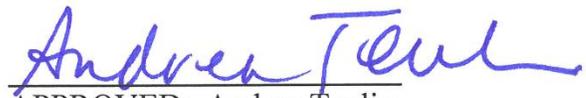
With the termination of our lobbyists, the City will have no representation at the state and federal levels at least for a period of time; and it remains unclear who will lobby on the City's behalf. The IBA recommends that this be discussed at the January 30th Rules and Economic Development Committee.

CONCLUSION

As requested, our office has compiled the Councilmembers' priorities from their memorandums into a single document that reflects areas of consensus. If necessary, the IBA will make any adjustments as directed prior to presenting the Council's priorities to the full City Council.



Jeff Sturak
Deputy Director



APPROVED: Andrea Tevlin
Independent Budget Analyst

Attachments:

1. Termination of Contract for State Lobbying Services from Mayor Bob Filner
2. Termination of Contract for Federal Lobbying Services from Mayor Bob Filner
3. City Councilmember's Legislative Priorities Memorandums