



APRIL 2016 LAC, CSC & BOARD OF DIRECTORS MEETING SUMMARY

Legislative Action Committee (LAC) Meeting Summary

- **Seth Miller of the League of California Cities Peninsula Division and Betsy Shotwell of San Jose provided input on the following bills.**
- **AB 1851 (Gray & Ting) Vehicular Air Pollution: Reduction Incentives**
 - Expands existing Clean Vehicle Rebate Project and establishes incentives to drive consumer demand for zero emission and plug-in hybrid vehicles.
 - California's consumers are not purchasing zero emission vehicles (ZEVs) at a rate that will meet the California Air Resources Board's ZEV mandate of 15.4 percent of new vehicles sales by 2025; in 2015 ZEVs and plug-in hybrids represented just 3.1% of sales.
 - Proposed incentives include:
 - Expand the Clean Vehicle Rebate Project for plug-in hybrid, battery electric and fuel cell vehicles to 10%, 15% and 25% off the vehicle's MSRP or final sales price.
 - 40%, 45% and 55% off the vehicle's MSRP or final sales price for low and moderate-income households in disadvantaged communities.
 - Sale tax incentive to trade-in higher polluting vehicles for purchase of a ZEV.
 - Remove the statutory cap on HOV lane sticker for plug-in hybrid vehicles
 - Establish a \$4,500 rebate for commercial and multi-family property owners to purchase and install electric charging stations.
 - LAC Members expressed a number of concerns with the bill and unanimously recommended to not take a position on the bill.
- **SB 873 (Beall) Sale of Low Income Housing Tax Credits**
 - Proposes to increase the value of state Low Income Housing Tax Credit (LIHC) by structuring the credits in a way that is not subject to federal taxation and therefore benefit the public by allowing many more affordable housing units to be built for the same level of state tax expenditures.
 - Supporters include League of California Cities and Santa Clara County Board of Supervisors.
 - LAC Member unanimously recommended support of the bill.

- **AB 2817 (Chiu) Low Income Housing Tax Credit**
 - Proposes to increase California’s LIHTC by \$300 million for the construction and rehabilitation of affordable housing units across the state.
 - Supporters include League of California Cities, Santa Clara County Board of Supervisors.
 - The Cities Association supported this in its previous 2015 form (AB 35).
 - LAC Members unanimously recommended support of the AB 2817.
- **AB 2502 (Mullin & Chau) - Land Use: Zoning Regulations**
 - Proposes to protect locally enacted inclusionary housing programs, which help ensure that all new housing developments include a certain percentage of homes affordable to lower-income households.
 - Cities Association supported this bill when it was introduced in 2013 and passed the legislature as AB 1229 (Atkins); Governor Brown vetoed it noting that he wanted to await the outcome of California Building Industry Association v. City of San Jose, a case challenging the constitutionality of inclusionary policies. The California Supreme Court issued a ruling in June in favor of inclusionary zoning.
 - Affirms the ability of local governments to choose to require as a condition of project approval the inclusion of homes affordable to lower-income households.
 - The bill is co-sponsored by California Non-Profit Housing Association and has been supported by City of Sunnyvale and City of San Jose.
 - LAC Members unanimously recommended support of AB 2502.
- **AB 1591 (Frazier) Transportation Funding**
 - In 2015, the Governor declared \$6 billion a year need for basic maintenance and repairs to state highways alone and challenged the Legislature to deliver a funding plan to meet that need.
 - A special session was called; proposals and counter-proposals were heard.
 - AB 1591 proposes \$8 billion a year for a long-term sustainable funding solution focused on relieving congestion, maintaining highways, and improving trade corridors.
 - Though the Cities Association supports Senator Beall’s SBx1 1 funding proposal, LAC Members supported an “all of the above” strategy and recommended support of AB 1591.
- **SB 1053 (Leno) Housing Opportunity Act**
 - Proposes to add housing subsidy vouchers (Section 8) to the sources of income protected by California’s Fair Employment and Housing Act ensuring that landlords cannot deny applicants simply because they received federal, state, or local rental subsidies.
 - LAC Members recommended to watch SB 1053 as it progresses through committee hearings.

City Selection Committee (CSC) Meeting

- Cat Tucker of Gilroy, Tara Martin-Milius of Sunnyvale, and Rob Rennie of Los Gatos communicated interest in the Local Agency Formation Commission.
- The LAFCO appointment includes two elected officials (one Commissioner and one Alternate Commissioner) to fulfill new four-year terms expiring May 2020.
- At the meeting, Rob Rennie re-communicated interest in the Alternate Commissioner appointment only.
- Tara Martin-Milius of Sunnyvale was appointed after receiving a majority of the CSC Members' votes.
- Rob Rennie was unanimously appointed as Alternate Commissioner.
- Silicon Valley Regional Operability Authority communicated vacancy of Alternate appointment due to vacated seat by Burton Craig of Monte Sereno.
- One elected official from the city/town of Campbell, Cupertino, Los Gatos, Milpitas, Morgan Hill, Palo Alto, or Saratoga is eligible to fulfill an ongoing term expiring October 2018; no interest received, thus the appointment will be included on the June 9th CSC Meeting Agenda.

Board of Directors Meeting Summary

Mayor Liccardo and Economic Development Director Kim Welsh of San Jose introduced the regional minimum wage study presentation.

- Though the state has passed legislation raising the minimum wage to \$15 by 2022, our region has an option to adopt a more aggressive schedule (like Sunnyvale and Mountain View) due to the higher cost of living than any other region in the state.
- The scope of the regional study on minimum wage was developed by an Advisory Committee (Rod Sinks of the Cities Association, Bob Brownstein of Working Partnerships, Matt Mahood of San Jose/ Silicon Valley Chamber of Commerce, San Jose's OED Staff).
- Consultants BW Research Partnership and Institute for Research on Labor and Employment of UC Berkeley were selected to analyze the effects of increasing the minimum wage to \$15 by 2019 in San Jose and across Santa Clara County.
- Ken Jacobs presented "The Effects of a \$15 Minimum wage by 2019 in Santa Clara County and the City of San Jose." The report does the following:
 - Provides an economic analysis of the effects of increasing minimum wages to \$15 by 2019 in San Jose only and in all of Santa Clara County.
 - Examines the economic context and the effects of a \$15 minimum wage on workers, business, and the economy.
 - Assesses associated policy issues.
- It was noted that the analysis was done before the state passed recent minimum wage legislation raising the state minimum wage to \$15 by 2023.
- Key findings of the report include:

- Increasing the minimum wage to \$15 an hour by 2019 in Santa Clara County would do the following:
 - Increase earnings for 250,000 workers, 25% of the workforce
 - Raise average annual earnings of affected workers by 19.4 percent, or \$3,200 (in 2014 dollars)
 - Increase average prices in Santa Clara County by 0.2 percent over three years
 - Have a net effect on employment that is slightly negative at the county level (1,450 jobs) and close to zero at a 10 county regional level. For details of the presentation and report see presentation at
- Economic analysis shows that:
 - Higher wage costs would be absorbed through improved productivity, reduced worker turnover, and modest price increases.
 - Net effects on employment would be very slightly negative at the city and county levels and close to zero at the regional level.
 - The resulting improvement in living standards would outweigh the small effects on employment.
- In June 2016, a detailed report will be released and will include more details about how San Jose/ SCC would absorb an increase in the minimum wage to \$15 over three years, qualitative discussion about the impact of increasing the minimum wage to \$20, and a full description of the underlying economic model.
- Josh Williams of BW Research Partnership presented “Santa Clara County Minimum Wage Employer Survey.”
- Overall key findings included:
 - The majority of surveyed firms anticipate increasing prices.
 - However most also believe their employees will be more satisfied and productive under a minimum wage increase
 - Few firms think it is likely they will have to move or close business given an increase
 - Three-fourths of firms agree that an increase in the minimum wage makes sense given the high cost of living.
 - The majority of surveyed firms believe a minimum wage increase will reduce income inequality in the region.
 - However, most also agree that it will be harder to start new businesses in the region
- For more details and information, both presentations are available for review at http://sanjose.granicus.com/GeneratedAgendaViewer.php?event_id=ef9f9f98-70c3-4924-8de8-50b24984686a
- Second Vice President and Member of the Subcommittee on Minimum Wage recommended for Board Members to share the presentations and the results of the study with their respective cities and to come back in June to review potential regional recommendation.
- Public Comment included positive remarks regarding the results of the study, concern for the restaurant industry, concern on sales tax impact, request for previous data on productivity and promotion slowdowns, and request for consideration of \$15 by 2018.

- Board Members expressed their appreciation for San Jose’s efforts with the study and presentation to the Board.

Carl Guardino, CEO of Silicon Valley Leadership Group reviewed the potential November 2016 Tax Measure.

- Overall, cities in Santa Clara County submitted \$48 billion worth of project requests.
- The proposed measure will raise approximately \$6 billion.
- The draft expenditure plan includes the following allocations:

OVERALL DRAFT EXPENDITURE PLAN		
		
TRANSIT/Mode Shift	Millions	%
BART to Downtown San Jose/Santa Clara*	1,400	23%
Caltrain Capacity & Safety	1,014	17%
Mass transit for seniors, students, workers, disabled	400	7%
Transit improvements in the West Valley/North County Corridor	350	6%
Bike/Ped Facilities, especially near schools	250	4%
Transit/Mode Shift total:	3,414	56%
ROADS		
Street Maintenance & Pothole Repair	1,200	20%
County Expressways (Tier 1)**	750	12%
Highway Interchanges	750	12%
Roads total:	2,700	44%
Grand total:	6,114	~100%
*BART Cap = 25% of total measure revenue		

- Details of the draft expenditure plan can be reviewed in the attached presentation.
- On April 22, VTA plans to review the expenditure plan and determine if the tax measure will be placed on the November 2016 Ballot.

Request to participate in SVLG’s Regional Economic Forum as a co-host, on July 21, 2016, at the Computer History Museum in Mountain View, with over 20 partners was reviewed and unanimously approved by the Board. Participation will cost the Cities Association \$1,000 and will include a table of 10 for Cities Association Members/Guests, opportunity to participate in three planning sessions for the forum, and three on-stage roles during the program.

The Board unanimously ratified FAA Select Committee on South Bay Arrival Appointments and assigned Alternates.

Gary Waldeck of Los Altos Hills – Alternate: Greg Scharff of Palo Alto
Mary-Lynne Bernald of Saratoga – Alternate: Jean Mordo of Los Altos

Jim Griffith reviewed the LAC's recommendation and the Board unanimously supported the following:

- AB 1851 (Gray & Ting) – Vehicular Air Pollution: Reduction Incentives - No Position
- SB 873 (Beall) Sale of Low Income Housing Tax Credits – Support
- AB 2817 (Chiu) Low Income Housing Tax Credit – Support
- AB 2502 (Mullin & Chau) Land Use: Zoning Regulations – Support
- AB 1591 (Frazier) Transportation Funding – Support
- SB 1053 (Leno) Housing Opportunity Act - Watch

City Managers' Association Report: City Manager Deanna Santana's report included an update on the April City Managers' Association meeting – City Managers have referred the Cities Association request to review countywide taxi regulations to the SCC Police Chiefs; the county presented a new proposal regarding weed abatement, and the county has extended the current EMS contract with Rural Metro for three more years.

Joys & Challenges/Announcements

- Rod Sinks of Cupertino announced that there are four potential ballot measures addressing the development of projects in Cupertino, e.g. Vallco Mall, and building height ordinances.
- Jason Baker of Campbell announced VTA's upcoming evaluation of the bus system across the county.
- Rob Rennie of Los Gatos announced North 40's progress and continued development.
- Jeannie Bruins of Los Altos announced the city's new search for a City Manager.
- Jim Griffith of Sunnyvale announced the inaugural meeting of Community Choice Energy Authority, Wednesday, April 13, 2016; and the retirement of Sunnyvale Council Member David Whittum; there will be a special election in August for a replacement.
- Save the date for the Cities Association General Membership Meeting, Thursday, May 12, 6 – 9 pm, Microsoft, Mountain View.