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**MEMORANDUM**

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**To:** Mayor Pauline Cutter and Members of the San Leandro City Council

**CC:** Chris Zapata, City Manager  
Lianne Marshall, Assistant City Manager  
Eric Engelbart, Assistant to the City Manager

**From:** Christopher Townsend, President, Townsend Public Affairs, Inc.  
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**Date:** December 7, 2015

**Subject:** Summary of 2015 State Legislative Activities

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Townsend Public Affairs, Inc. (TPA) has prepared this report for the City of San Leandro following the end of the 2015 State legislative session. This report lists our efforts to date including a summary of our legislative advocacy actions on behalf of the City.

**2015 State Legislative Highlights**

TPA worked with the elected City leaders and the City Manager's executive staff to develop, advocate for, and secure several major City initiatives. San Leandro-specific initiatives were accomplished by working directly with Assembly Member Bonta and his office, Senator Hancock and her office, the office of the Senate Pro Tem, the Office of the Assembly Speaker, and the Governor's Administration.

As background, the first year of the 2015-16 legislative session ended at midnight on September 11th. The Governor had until October 11th to sign or veto the hundreds of bills before him, which included over 645 pieces of legislation in total. The State Legislature is now on interim recess and is not scheduled to reconvene for the second year of the two-year session until January 4, 2016, although it is possible that they may return sooner in order to work on transportation matters in the special session.

Below is a recap of the 2015 state legislative session highlights that were of importance to the City of San Leandro and reflect the 2015 legislative priorities of the Mayor and City Council, as adopted on November 3, 2014.

**Affordable Housing**

With the dissolution of redevelopment agencies statewide, an ongoing source of funding for affordable housing has been lacking. One of TPA's top priorities for the City was to identify, support and push forward legislative proposals supporting and encouraging affordable or work force housing. The Assembly submitted a package of bills to provide funding for the construction of affordable housing and on behalf of the City of San Leandro we were actively involved in helping move these bills forward, specifically:

- Assembly Bill 35 (Chiu) Income Taxes: Credits: Low Income Housing. This bill, which was supported by Mayor Cutter, would have provided \$100 million in low income housing funding in the form of tax credits over the next five years. This was one of the main bills in a larger affordable housing package that was pushed by Speaker Atkins, Asm. Chiu, and the Assembly leadership. TPA was an active supporter of this bill on the city's behalf and is working as part of a large coalition to support this bill. Unfortunately Governor Brown vetoed this and all other tax credit legislation, stating that a carefully balanced budget could require him to cut these new programs if the state's finances changed in the upcoming years.
- Assembly Bill 90 (Chau) Affordable Housing Trust Fund. This bill, which was supported by Mayor Cutter, designates the Department of Housing and Community Development as the agency responsible for administering federal Housing Trust Funds and designates how the agency must allocate affordable housing monies. TPA lobbied on behalf of the City in conjunction with other stakeholders to support this bill. Governor Brown signed this bill into law.
- Assembly Bill 744 (Chau). This bill would require a local government, upon the request of a developer who receives a density bonus, to reduce the minimum parking requirements for certain types of housing developments. Specifically, if a housing development is 100% affordable, the ratio shall not exceed 0.5 spaces per unit if the development is located within a half-mile of a major transit stop. AB 744 enjoyed support from numerous regional planning organizations and affordable housing advocates that see parking as a significant barrier to the construction of many types of housing developments, especially in the East Bay. Governor Brown signed this bill into law.
- Assembly Bill 1335 (Atkins) Building Homes and Jobs Act was Speaker Atkin's bill to push for affordable housing funding. It proposed a \$75 fee on paper transactions for commercial real estate that would create \$400 million annually. Due to this proposal being a new revenue source, it needed a two-thirds vote in both the Senate and Assembly. The bill is currently on hold and could be brought back next session.

### Medical Cannabis Statewide Regulations

A comprehensive, thorough approach to statewide medicinal cannabis guidelines has been a priority for the San Leandro over the last few years. The medical marijuana regulatory framework includes three bills, Senate Bill 643 (McGuire), Assembly Bill 266 (Bonta) and Assembly Bill 243 (Wood). TPA served as an instrumental member of a statewide coalition that supported the views of both local government and the industry and provided the City with prompt, ongoing updates, helped explain the various proposals and its impact on the City, and kept the City abreast of the ever changing proposals. In addition, TPA actively drafted language and lobbied legislators and staff to ensure statewide regulations would be in the best interest of the City and its approved operator. Prior versions of this legislation contained key dates related to provisional licensing that could have negatively impacted the implementation of San Leandro's dispensary ordinance, which were ultimately struck from the final version of the legislation that was signed into law by the Governor.

The approved framework provides protections for cities and existing, approved operators, various local control protections, explicit taxation authority, mechanism for funding environmental clean-up, employer protections for workplace use of medical marijuana, and a strict licensure scheme involving a requirement for both a state and local license, with a local license being required first.

The purpose of each of the three bills is summarized below:

- Directs the California Medical Board to prioritize investigation of excessive recommendations of medical cannabis by physicians.
- Imposes fines (\$5,000) against physicians for violating prohibition against having a financial interest in a medical marijuana business.
- Recommendation for cannabis without a prior examination constitutes unprofessional conduct.
- Imposes restrictions on advertising for physician recommendations.
- Upholds local power to levy fees and taxes.

#### AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood) Medical Marijuana

- Protects local control as it establishes a statewide regulatory scheme, headed by the Bureau of Medical Marijuana Regulation (BMMR) within the Department of Consumer Affairs (DCA).
- Provides for dual licensing: state will issue licenses, and local governments will issue permits or licenses to operate marijuana businesses, according to local ordinances. State licenses will be issued beginning in January 2018.
- Revocation of a local license or permit will unilaterally terminate the ability of the business to operate in that jurisdiction.
- Expressly protects local licensing practices, zoning ordinances, and local constitutional police power.
- Caps total cultivation for a single licensee at four acres statewide, subject to local ordinances.
- Requires local jurisdictions that wish to prevent delivery services from operating within their borders to enact an ordinance affirmatively banning this activity. No specific operative date for the ban is specified.
- Includes a labor peace agreement under which unions agree not to engage in strikes, work stoppages, etc. and employers agree to provide unions reasonable access to employees for the purpose of organizing them. Specifies that such an agreement does not mandate a particular method of election.

#### AB 243 (Wood) Medical Marijuana

- Places the Department of Food and Agriculture (DFA) in charge of licensing and regulation of indoor and outdoor cultivation sites. Creates a Medical Cannabis Cultivation Program within the department.
- Mandates the Department of Pesticide Regulation (DPR) to develop standards for pesticides in marijuana cultivation, and maximum tolerances for pesticides and other foreign object residue.
- Mandates the Department of Public Health (DPH) to develop standards for production and labelling of all edible medical cannabis products.
- Assigns joint responsibility to DFA, Department of Fish and Wildlife (DFW), and the State Water Resources Control Board (SWRCB) to prevent illegal water diversion associated with marijuana cultivation from adversely affecting California fish population.
- Specifies that DPR, in consultation with SWRCB, is to develop regulations for application of pesticides in all cultivation.
- Specifies various types of cultivation licenses.
- Directs the multi-agency task force headed by DFW and SWRCB to expand its existing enforcement efforts to a statewide level to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats.

The Governor signed all three bills into law, and now there will be a period of drafting regulations and working with the impacted state agencies, most specifically the Business, Consumer Services and Housing Agency, to finalize guidelines.

### RDA Dissolution

Another top priority for the City in the 2015 legislative session was to support legislation or regulations that provide relief from past RDA dissolution actions and oppose legislation or regulations that may cause setbacks to successor agencies. Whereas the dissolution of redevelopment agencies has been coming to a close, there was one major outstanding item that was introduced as part of the Governor's budget proposal.

AB 113 (Budget Committee) was the first iteration of an RDA clean-up bill introduced in 2015. From the moment AB 113 was introduced, TPA and San Leandro had numerous discussions on how this proposal would impact the City, what proposed changes needed to occur, and next steps going forward. TPA worked closely with the City to craft and distribute several letters from Mayor Cutter outlining the negative impacts of AB 113 and how it had the potential to wipe out \$13.6 million in loan commitments and funding obligations. Once the City's position was official, TPA worked with our East Bay delegation, office of the Assembly Speaker, and a large State wide coalition to help remove the harmful provisions of AB 113. AB113 stalled and did not move forward.

SB 107 (Budget Committee) was amended to become the final package of a redevelopment agency dissolution proposal. Due to our extensive efforts dating back to January, none of the harmful provisions in AB 113 were included in SB 107. SB 107 also includes provisions for cities to access bonds that redevelopment agencies sold during 2011. Those bonds that were issued for affordable housing purposes can be accessed at a 100% level, while those for non-housing purposes can be accessed on a sliding scale ranging from 20% to 45%, depending upon the date of issuance.

### Assembly Bill 57 (Quirk) Telecommunications: Wireless Facilities

The bill, while written with noble intentions, places high burdens on local governments to meet deadlines that can be unfeasible and strips away the autonomy of local control when it comes to approving telecommunication/cell tower applications. San Leandro's geography, which includes steep hillsides east of Interstate 580, does not always lend itself to easy resolution of telecommunication company requests. Following some minor amendments, this legislation was signed into law on October 9, 2015.

### Homelessness

Whereas addressing the homeless and helping to provide support is a great need for cities, some legislation was put forward this year that included some potentially harmful provisions for local governments. AB 718 (Chu) would have prohibited a city from penalizing, by impoundment or other method, the act of sleeping in a lawfully parked vehicle. This measure was introduced as a means to help address homelessness by not criminalizing those who are forced to sleep in their vehicles. This bill received significant opposition from local governments, as well as law enforcement organizations, claiming that it would infringe upon local governing powers.

Additionally, there were significant concerns about what impact this bill might have on the health, safety, and broader public welfare in communities across the State. Ultimately, when AB 718 was considered on the Senate Floor, it did not garner enough support for passage and failed on an 18-14 vote, and was then moved to the Inactive File. While this bill will be eligible to be reconsidered again in January, it is likely that the Legislature will look at broader legislation dealing with issues of homelessness.

### E Cigarettes

The rise in popularity of e-cigarettes and lack of centralized regulations has forced local and state governments to begin enforcing their own e-cigarette ordinances. San Leandro's Second Hand

Smoke Ordinance was one of the first in the state to be expanded to prohibit the use of e-cigarettes in public places.

Senate Bill 140 (Leno) E-Cigarettes would have placed e-cigarettes in the same category as tobacco products in terms of statewide regulations. While SB 140 stalled in policy committee this year, Senator Leno has pledged to reintroduce the bill next year and continue working with us to move the bill forward.

### Law Enforcement Accountability

A major legislative policy in the Capitol at the beginning of the year was legislation addressing officer-related homicides involving unarmed men and women of color. The Legislature began exploring best practices for the use of police body-worn cameras in California and the City of San Leandro was often mentioned as an example of a City that has effectively used this technology while balancing the needs of residents. TPA provided ongoing updates to the City of these various bills including:

- Assembly Bill 66 (Weber) Body Cameras. This bill proposed to establish mandatory requirements and recommended guidelines for the use of body-worn cameras by peace officers and the handling of the resulting video and audio data. The bill successfully made it out of the Assembly Public Safety Committee and the Privacy and Consumer Protection committee, but is currently on hold in the Assembly Appropriations committee and is eligible to be considered next session.
- Assembly Bill 69 (Rodriguez) Body Cameras. This bill requires law enforcement agencies to consider specified best practices when establishing policies and procedures for downloading and storing data from body-worn cameras. This bill was signed into law by the governor.
- Assembly Bill 953 (Weber) Racial Profiling. This bill proposes to change the state's definition of "racial profiling" and requires local law enforcement agencies to collect demographic data on the people they stop. This bill was signed into law by the governor.

### San Leandro Hospital

TPA was asked to assist the City and provide support to the ongoing efforts regarding San Leandro Hospital. TPA arranged a briefing meeting with the Mayor, City Manager and our East Bay legislative delegation. The focus of the briefing was to provide the current status of the San Leandro Hospital, discuss next steps, and brainstorm how the coalition can continue working together on this regional asset.

The Mayor expressed her vision to come up with a game plan that the delegation can all get behind and implement successfully. TPA helped secure the following attendees to the meeting: Assembly Member Bonta, Assembly Member Quirk, Supervisor Chan, Senator Hancock's District Director, and staff from Senator Wieckowski's office. From that meeting, various strategies were implemented and are moving forward.

- AB 72 (Bonta) Eden Township Healthcare District: special taxes: authorization. TPA alerted the City to a bill, Assembly Bill 72 (Bonta) that was introduced at the last week of session.

This bill sought to allow the Eden Township Healthcare District (ETHD) to impose special taxes. More specifically the bill would: allow the ETHD, until January 1, 2026, to impose special taxes within the district pursuant to the procedures required by state law, require ETHD's board of directors to determine the basis and nature of a special tax and its manner of collection, require that special taxes imposed by the ETHD must apply uniformly to all taxpayers or all real property within the district; and declare the

Legislature's intent that funds from a tax enacted pursuant to this section must be used to support the purposes of the ETHD, including support of nonprofit and public hospitals and other health care providers in the communities served by the district.

It was expressed that this bill allows ETHD to provide vitally-needed financial support to hospitals that serve district residents by seeking voter approval of a parcel tax measure. The bill was heard in the Senate Governance committee and made it out, yet was ultimately held on the Senate floor and will be revisited next legislative year.

### Transportation Funding

The Legislature has postponed discussion of Cap and Trade expenditures until January of next year after not being able to reach an agreement on how to spend available funding, including how much should be dedicated to transit projects, rail, and affordable housing, among other priorities. The administration estimates about \$1.2 billion in cap-and-trade money is available, with another \$500 million in reserve. Governor Brown had offered to put up \$500 million annually in cap-and-trade revenue as part of a transportation deal, but that deal was unable to come to fruition before the end of session. A special session solely on transportation has been called by the Governor and will likely convene in the coming weeks. It is speculated that the governor's office has a proposal totaling \$3.5 billion. TPA has been working with various stakeholders, trade groups and others to identify then lobby the needed votes to move this forward.

### Climate Action

SB 350 (de León) passed in the final hours of the Legislative Session and is expected to be signed by the Governor. The measure will enact the Clean Energy and Pollution Reduction Act of 2015, which establishes targets to increase retail sales of renewable electricity to 50% by 2030 and double the energy efficiency savings in electricity and natural gas uses by 2030.

The bill was amended in the final week of session to remove the provision that would have established a statewide goal to codify the Governor's Executive Order to reduce greenhouse gas emissions by reducing the state's petroleum use from cars by 50 percent. The petroleum provisions were the source of significant opposition from outside interests, as well as from members of the Assembly. Even though the petroleum provisions have been removed, the Governor indicated that he will work with the Air Resources Control Board to take administrative actions that can lower California's usage of petroleum. This bill was signed into law by the Governor.

### New funding opportunities

TPA worked on two upcoming funding opportunities to help support seismic safety, which is one of the City's priorities. First, working with a handful of Bay Area cities, \$3 million was secured in the State budget for cities to utilize as part of their local seismic safety program to better prepare structures for the next earthquake. Additionally, we have been supporting legislation that would provide tax credits to residents in cities with seismic retrofit mandates. AB 428 reached the Governor's desk and Mayor Cutter joined other Mayors from throughout the state in seeking the Governor's signature. Unfortunately the Governor vetoed this bill though we are working with the author's office on next steps.

Another funding bonus was in the 2015-16 Budget, which included full repayment of the pre-2004 mandate debt owed to cities and the first payment in lieu of taxes (PILT) funds made in twenty years. A total of \$765 million in pre-2004 mandate debt was repaid statewide to local agencies. In addition, \$9.6 million in Public Records Act mandate reimbursement was included in the budget for local agencies statewide.

### Weekly Updates

In addition to the work mentioned above, TPA provided the City with ongoing, weekly legislative updates on bills, relevant statewide policy topics, and other matters of interest to ensure the City has up to date information and is directly involved in the decision making process. These updates included specific bills we were working on for the City along with bills we suggested the City monitor, support or oppose. The legislative categories included: Public Safety, Planning, Housing and Land Use, Infrastructure, Environment, Energy and Sustainability, Economic Development, Youth, Constitutional changes, and Miscellaneous.