

City of San Diego
Council Committee on Rules and
Economic Development
Federal Issues Update and
CY2014 Federal Relations Priorities

October 23, 2013

Objectives

- Forecast for CY2013 federal legislative and regulatory issues most relevant to San Diego interests.
- Considerations for San Diego's CY2014 federal relations agenda.

Forecast for CY2013

Fiscal deadlines to monopolize the near-term federal legislative agenda:

- Budget Conference – December 13, 2013
- FY 2014 Appropriations – January 15, 2014
- Debt Ceiling Extension – February 7, 2014

Forecast through CY2013

Pending legislation with potential for activity:

- Water Resources Reform and Development Act
 - *House vote week of Oct 21, then conference*
- Farm Bill / SNAP
- Syria Military Authorization and Defense Spending
- Tax Reform

Categories of Federal Priorities

- San Diego-specific issue resolution
- Municipal topics with disproportionately large impact on San Diego and similar cities
- Broadly applicable issues for which San Diego adds marginal influence, but deserving reinforcement
- Agency-led initiatives presenting relevant opportunities

Other Factors for Consideration

- Legislative or regulatory action on the subject matter likely due to deadlines, such as statutory requirements, expiring authorization, or appropriations.
- Specificity of action / solution identified.
- Mechanism or vehicle exists that provides a likely means to effectuate the goal (*e.g. grant program with eligible purpose*).

Upcoming Legislative / Regulatory Activity

Legislation

- Surface Transportation reauthorization (*October 2014*)
- Water Resources Reform and Development Act
- America COMPETES reauthorization (*NSF, NIST, ARPA-E*)
- Workforce Investment Act reauthorization
- Tax Reform

Regulation

- EPA “Waters of U.S.” jurisdiction NPRM
- FCC Rulemaking re: Wireless Facilities

Examples: San Diego - Specific Issues

- Point Loma Wastewater Treatment Plant options
- Port-of-Entry construction funding
- Balboa Park 2015 recognition / assistance
- Passenger Vessel Services Act flexibility
- FAA Unmanned Test Site designation
- Airport Contract Tower preservation
- Wildfire Grant funding release
- Mid-Coast Corridor Transit New Start

Examples: Disproportionate Impact

- Freight / Goods Movement Corridor funding
- DOD Strategic Ports development
- Defense sequestration flexibility
- Veterans Affairs Supportive Housing funding
- Water infrastructure financing tools
- Urban Area Security Initiative preservation
- Residential PACE regulation fix

Examples: Broadly Applicable

- Tax-Exempt Municipal Bond preservation
- Marketplace Fairness Act
- New Markets Tax Credits reauthorization
- Local tax authority protection
- Zoning / Right-of-Way protection
- Transportation Urban Formula / TIGER
- Comprehensive Immigration Reform

Examples: Agency Initiatives

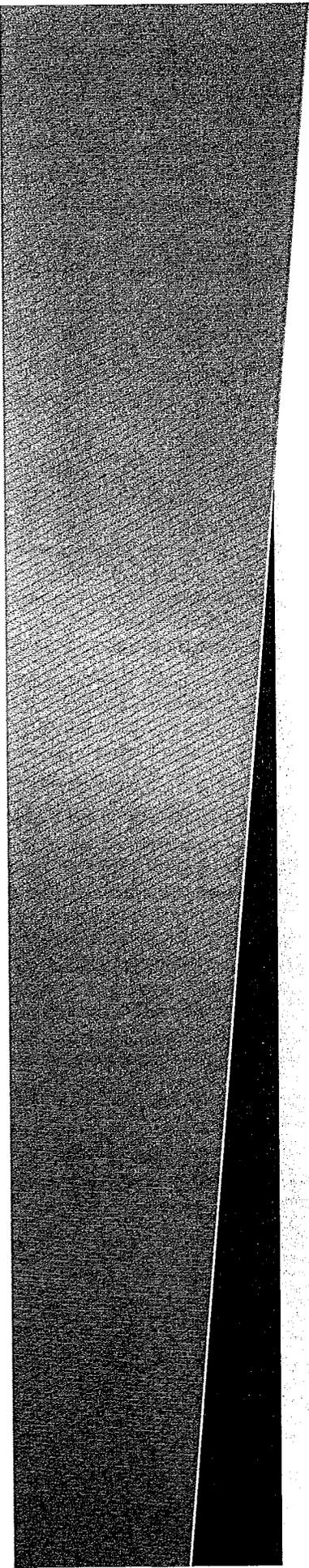
- Export Strategy support
- Foreign Direct Investment / SelectUSA
- Advanced Manufacturing
- Defense research partnerships
- Workforce training
- Cybersecurity
- Big Data utilization

SLOAT HIGGINS JENSEN

& ASSOCIATES

**City of San Diego
2013 State Legislative
Update**

October 23, 2013



2013 Highlights - Budget

The 2012–13 budget includes total expenditures of nearly \$145 billion from the General Fund and special funds – \$96 billion from the General Fund as well as \$48 billion from other special funds.

Revenues are coming in fairly strong so far this year. Revenue from the first three months of the fiscal year totaled \$20 billion, beating year-to-date estimates by \$93 million.

2013 Highlights – Legislative Overview

Key Areas of Interest – IBA identified these areas of interest earlier this year

- ❖ Economic Development
- ❖ Environment
- ❖ Infrastructure
- ❖ Housing

2013 Highlights – Legislative Overview

FAST FACTS

- ❖ Governor Brown considered 896 bills in 2013, compared to 996 in 2012 and 870 in 2011.
- ❖ Governor Brown vetoed his lowest percentage of bills (11%) since returning to office in 2010.
- ❖ Governor Brown's veto rate (12.34%) during his current term (2010-2013) is higher than his veto rate during his first two terms (4.4%).

Source: Sen. Governance & Finance Cmte

2013 Highlights – Economic Development

Enterprise Zones

AB 93 and SB 90, budget trailer bills, eliminated the EZ program and reconfigured the program

\$750 million from the former EZ program redirected to fund the following incentives:

- ❖ Sales Tax Exemption: A statewide sales tax exemption on manufacturing equipment or R&D equipment purchases for biotech and manufacturing companies;
- ❖ Hiring Credits: Hiring credits for businesses in areas with the highest unemployment rate and poverty
- ❖ Investment Incentives: The opportunity for California businesses to compete for available tax credits based on the number of jobs to be created and retained, wages paid in those jobs and other factors.

Redevelopment

Governor continues to veto any bill that alters the wind down process.

Governor has yet to sign any bill to implement a significant alternative to redevelopment agencies.

- ❖ AB 662 (Atkins) would have improved RDA dissolution process and enhanced the state's Infrastructure Finance District Law to assist cities in the post-RDA era.

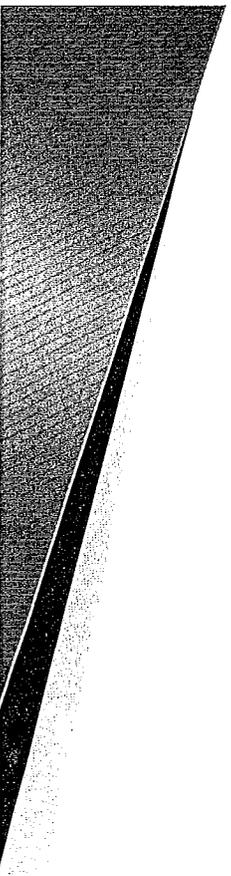
2013 Legislative Highlights – Environment

CEQA REFORM

Reform of CEQA was a major issue in 2013

SB 743 (Steinberg) Signed by Governor Sept 27, 2013

- ✓ Reformed CEQA Analysis for Urban Infill Projects
- ✓ Traffic Impacts in Transit Priority Areas
- ✓ Environmental Leadership Projects Get Streamlined Review
- ✓ While Limited in Scope, SB 743 Offers Possibilities for Certain Projects



2013 Legislative Highlights – Infrastructure

WATER

Water Bond -- \$11.14 billion bond on Nov. 2014 ballot

- ✓ \$4 billion for local resources development
- ✓ \$4 billion for ecosystem restoration
- ✓ \$3 billion for the public benefits associated with new surface and groundwater storage projects.

Legislature considering changes before it goes before voters:

✿ SB 42 (Wolk)

✿ AB 1331 (Rendon)

2013 Legislative Highlights – Infrastructure

TRANSPORTATION

Standard transit funding remains steady – this year \$393 million in State Transit Assistance.

Efforts to appropriate additional PTMISEA (Prop 1B) dollars not successful this year. Local transit agencies will try again in 2014.

PEPRA/13(c) Issue temporarily resolved. AB 1222 provides short term exemption from pension reform act so billions of dollars of federal transit funds can flow to local jurisdictions.

2013 Legislative Highlights – Housing

Legislation to create a permanent source of funding for housing heard again this year.

- ❖ SB 391 (DeSaulnier) creates a fund for low and moderate-income housing developments.

Otherwise quiet year in the area of housing legislation.



2014 Outlook

▶ Major Issues...

- ❖ Water Bond
- ❖ CEQA Reform
- ❖ Budget

