

Federal Report to City of Huntington Beach
Stapleton & Associates
December 15, 2023

The Senate remains in session as most are getting ready for the Holidays.

- The **House of Representatives** in out; not due to return until Jan 9th, 2024.
- In the **Senate** negotiators are expected to continue discussions over an Immigration and Enforcement package that will be connected to the \$106B National Security Supplemental.
- **NDAA**. This week both the Senate and the House passed the National Defense Authorization Act (NDAA). It is now on the President's Desk for signature.

Supplemental Appropriations

The Biden Administration has sent a \$106B supplemental appropriations request to the Hill that includes \$14B for Israel, \$60B for Ukraine (more on that) and \$2B for Taiwan. Republicans have sought to get concessions on border security policy in exchange for money for Ukraine. This has created a negotiation led by Senators Lankford (R-OK) and Murphy (D-CT) to find a compromise on border policy that would make the package more palatable for Republicans in both chambers to support. There is a deal here to be had. Note that Ukrainian President Zelenskyy was in Washington earlier this week to lobby Congressional leaders for the funding.

Several things worth noting:

- 90% of Ukraine funding goes to DOD to restock missiles, artillery shells, etc. that have been spent. Very little actually goes to Ukraine.
- The southern border is seeing a huge increase in activity. 10,000 people have been arriving at the border daily with ~6,600 released into the interior of the country daily by CBP.
- The backlog of asylum cases is ~3,000,000 people.
- DOD announced last week that it had \$4.8B left in previously approved funds left to allocate to Ukraine priorities. Once that funding was exhausted then new funding was required to continue helping Ukrainian efforts.

FY'2024 Appropriations

In June 2023, then-Speaker McCarthy negotiated the Fiscal Responsibility Act (FRA) which established a top-line for FY'2024 appropriations at \$1.59 trillion (\$886B for Defense and \$704B for non-defense). The domestic number will have to come up to get a deal. The topline numbers are still being negotiated.

***Analysis:** The speculation is that it will not be completed in time to wrap up conference of the first tranche of appropriations bills that expire on January 19, thus creating a 2-week government shutdown for a small number of agencies between January 19 and February 2. So, for now February 2 is the real end-date for appropriations at this point. The obvious way to handle this is to do a **CR-omnibus** which puts some domestic bills under a year-long CR to maintain spending levels while passing other bills that simply cannot go un-done, like Defense.*

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MEMORANDUM

TO: Huntington Beach IRC

FROM: Kahn, Soares & Conway, LLP

RE: December Report

DATE: December 15, 2023

Legislature

The Legislature is on recess until January 3, 2024.

Assembly Speaker Robert Rivas (D-Hollister) announced committee chairs for the 2024 legislative year. They are as follows:

- Assemblymember Cecilia Aguiar-Curry (D-Davis): Majority Leader
- Assemblymember Isaac Bryan (D-Los Angeles): Natural Resources
- Assemblymember Buffy Wicks (D-Oakland): Appropriations
- Assemblymember Jesse Gabriel (D-Encino): Budget
- Assemblymember Kevin McCarty (D-Sacramento): Public Safety
- Assemblymember Chris Ward (D-San Diego): Housing
- Assemblymember Liz Ortega (D-San Leandro): Labor
- Assemblymember Lori Wilson (D-Suisun City): Transportation
- Assemblymember Jim Wood (D-Healdsburg): Speaker pro tem
- Assemblymember Miguel Santiago (D-Los Angeles): Assistant majority leader
- Assemblymember Ash Kalra (D-San Jose): Judiciary
- Assemblymember Blanca Rubio (D-Baldwin Park): Governmental organization
- Assemblymember Alex Lee (D-San Jose): Human services
- Assemblymember Rebecca Bauer-Kahan (D-Orinda): Privacy and consumer protection
- Assemblymember Diane Papan (D-San Mateo): Water, parks and wildlife
- Assemblymember Eduardo Garcia (D-Coachella): Environmental safety and toxic materials
- Assemblymember Mia Bonta (D-Alameda): Health

The Senate recently announced President Pro Tem Toni Atkins will hand the gavel of the Senate over to Mike McGuire on February 5.

Budget

Following the IRS' tax filing extension provided to California, as of today, the Franchise Tax Board reports that for the two months of October and November combined, net of refunds, California is \$27 billion short of 2023 budget estimates. In advance of its upcoming Fiscal Outlook, the Legislative Analyst's Office (LAO) has released a significant downward revision of its state revenue estimates, noting near \$58 billion lower in revenue estimates. This suggests the LAO presumes a roughly \$40 billion 2023-24 budget deficit. The Administration will release its own independent revenue and spending estimates in January with the release of the Governor's 2024-25 budget proposal.

On December 13, the Department of Finance issued a memo to all State agencies stating "it is vitally important that state government is efficient, effective, and only expends funds that are necessary to the critical operation and security of the state. As such, all state entities must take immediate action to reduce expenditures and identify all operational savings achieved." (See attached letter).

Legislative Calendar:

A draft legislative calendar for the last year of the 2023-24 session has been released. Below are significant deadlines as proposed:

- January 1, 2024—Legislature returns
- January 31, 2024—House of Origin for 2023 bills
- February 18, 2024—Bill Introduction deadline
- March 21-April 1, 2024—Spring Recess
- May 3, 2024—Policy Committee deadline
- May 17, 2024—Fiscal Committee deadline
- May 24, 2024—House of Origin for 2024 bills
- June 15, 2024—Budget passage
- July 3-August 5, 2024—Summer recess
- August 23, 2024—Amendment deadline
- August 31, 2024—Bill Passage deadline
- September 30, 2024—Governor's Sign/Veto deadline

BUDGET LETTER

	NUMBER: BL 23-27
SUBJECT: CURRENT YEAR EXPENDITURE FREEZE	DATE ISSUED: December 12, 2023
REFERENCES: N/A	SUPERSEDES: N/A

TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Departmental Human Resources and Labor Relations Officers
Departmental Business Services Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward a copy of this budget letter (BL) to departmental Human Resources, Labor Relations, and Business Services Officers.

The State of California anticipates significant General Fund budget deficits in fiscal years 2023-24 and 2024-25. Accordingly, this BL directs all entities under the Governor's direct executive authority to take immediate action to reduce current-year General Fund expenditures. Departments shall also take measures to ensure more prudent spending from other state funds given the fiscal outlook. Statewide Constitutional Officers are strongly encouraged to comply with the provisions of this BL.

It is vitally important that state government is efficient, effective, and only expends funds that are necessary to the critical operation and security of the state. As such, all state entities must take immediate action to reduce expenditures and identify all operational savings achieved. These immediate actions consist of, but are not necessarily limited to, the following:

- **New Goods and Services Contracts**—Departments shall not enter into any new contracts or agreements to lease or purchase equipment, issue purchase orders for goods or services, or make changes to existing contracts if the change would increase costs, except to meet a time-sensitive or critical need.
- **IT Equipment**—All discretionary and non-essential IT purchases, unless specifically related to a critical IT security need or a mission-critical need, shall be halted. This includes all planned IT equipment refreshes, copier or printer replacements, or any new equipment purchases (e.g., cell phone refreshes).
- **Fleet Vehicles**—Only mission-critical or emergency-related vehicles shall be purchased. All other planned vehicle replacements should be halted.

- **Office Supplies**—Minimal office supplies shall be ordered and kept in stock. Each department's purchasing managers should heavily scrutinize all office supply orders to ensure the need. Departments shall, to the extent possible, use all existing supplies before additional supplies are ordered.
- **Other**—All areas of department operations shall be evaluated and scrutinized to decrease costs including, but not limited to, subscription renewals, training costs, or furniture purchases.
- **Travel**—State entities shall cancel all plans for non-essential travel, such as participation in seminars, conferences, and training both in-state and out-of-state. Only travel that is **required** for the conduct of official state business is allowed.
- **Leave Buy-Back**—The annual leave buy-back of accrued vacation or annual leave in 2023-24, including for excluded employees is cancelled. An exception is noted for Bargaining Unit 6.
- **Architectural Revolving Fund (ARF)**—State entities shall delay or defer any requests to transfer funds to the ARF unless for a demonstrated critical need due to an ongoing project.

Additionally, entities shall re-evaluate expenses related to current IT projects:

- Review existing IT maintenance and operations contracts to validate services, subscriptions, equipment, and /or software licenses are still in use and necessary. Any items not meeting that criteria shall be terminated.
- Review pending procurement/solicitations to determine if the effort can be paused or delayed.
- Reevaluate any IT projects in the Project Approval Lifecycle process to determine if the project can be paused or delayed.
- If necessary to continue efforts, consider whether costs can be spread over several years or if financing is a viable option.

Agency Secretaries and Cabinet-level Directors are authorized to make exemptions from these prohibitions only in the following limited instances:

- Addressing a declared emergency.
- Providing 24-hour medical care.
- Avoiding a significant revenue loss.
- Achieving significant net cost savings.

Lastly, Agency Secretaries and Cabinet-level Directors will be required to report monthly to Finance and the Governor's Office on all approved exemptions as well as achieved savings. Reporting instructions will be sent via a subsequent BL.

If you have any questions regarding this BL, please contact your assigned Program Budget Manager.

/s/ Joe Stephenshaw

JOE STEPHENSHAW

Director

City of Huntington Beach
2024 Legislative Platform

Guiding Principles

The City of Huntington Beach Legislative Platform outlines the process through which the City Council, City Manager, City staff and the City's legislative advocates can respond to legislative proposals in a timely manner., and allows for flexibility so that the City Council, City officials, and our legislative advocates can be proactive and quickly respond within the defined boundaries of the platform to address legislative, regulatory, administrative, and budgetary issues that arise during the year.

In addition, the City of Huntington Beach 2023-2027 Strategic Plan was adopted to define the internal policies and programs the City prioritizes, and the Legislative Platform helps carry out the City's Strategic Plan goals which both aim to bolster the Surf City USA economy, take on opportunities to shape additional public policy like local control, and create fun, safe spaces for the community. The Strategic Plan set eight goals and strategies:

Economic Development: Greater business retention, investment, and job growth in Huntington Beach.

Fiscal Stability: Available funding to support a high-quality level of programs, services and capital investments and to build a structural surplus.

High Performing Organization: An engaged City workforce committed to responsive and exceptional public service for all. Achieve a customer service satisfaction rating of 90% or higher.

Homelessness: A continuum of care that reduces homelessness and maintains quality of life for the entire community.

Housing: Proactive programs to address diverse housing needs within the City's jurisdiction.

Infrastructure Investment: Maintained and upgraded infrastructure that supports the community's day-to-day needs in accordance with the City's Infrastructure Report Card.

Public Engagement: A community that has easy access to clear, accurate, and timely City information and expresses increased awareness and involvement in City activities.

Public Safety: Ensure the safety and protection of all community members, both efficiently and effectively.

The Legislative Platform is developed and maintained using legislative positions taken by the City Council, input from the City Council and City staff, research on current law and pending legislation, and discussions with coalitions and local legislative staff in consultation with the City's legislative advocates.

Legislation that is consistent with the 2024 Legislative Platform will be reviewed, approved, and signed by the Mayor or Mayor Pro Tem. In addition, legislative positions that are deemed time-sensitive and are consistent with the Legislative Platform may be signed and approved by the City Manager. Once approved, a position letter will be sent to the bill's author, the City's legislative advocates, and other stakeholders as deemed appropriate by staff, and a copy of the letter will be distributed to the City Council.

Legislation that is inconsistent with or silent on the City's Legislative Platform may be placed on the agenda for consideration by the Intergovernmental Relations Committee and the City Council. The City Manager may also provide a letter of concern or interest without taking a formal position on a piece of legislation, upon concurrence of the IRC.

Legislative Priorities

A. Preserve and Enhance Local Control.

The City supports measures that preserve and protect the City's local authority as a charter city to enact policy pertaining to local affairs. Oppose measures that seek to preempt local control without the concurrence from the City of Huntington Beach.

1. Support measures that provide municipalities with increased input in the development of sea level rise policy, residential building standards, land use policy and housing laws including, but not limited to, laws related to the Regional Housing Needs Assessment (RHNA), Housing Element Law, Accessory Dwelling Units, Density Bonus, the Housing Accountability Act, and the Coastal Act.
2. Oppose legislation that places a state mandate on the City without providing the funds necessary, or offsetting benefit/matching funds, to carry out the program (unfunded mandate). With a looming state budget deficit, it is critical to counter efforts to erode or redirect local revenue away from necessary City operations and projects to carry out state obligated programs.

B. Economic Development and Fiscal Responsibility.

The City supports business-friendly legislation and strategies to facilitate sustainable, financial growth.

1. Support legislation that strengthens, protects, and expands ongoing revenue for the City.
2. Support additional resources to facilitate public-private partnerships to enhance economic development opportunities for the City.
2. Support efforts to bolster the City's small business community.

3. Support measures that promote and enhance Huntington Beach as a tourist destination.
 - a. Support efforts to coordinate economic development and land use.
 - b. Support efforts to finance and develop infrastructure, resident and visitor experiences, and programs in preparation for hosting the 2028 Olympic events (LA 2028), especially those improving mobility and access for all.

C. Homelessness.

The City supports efforts and legislation that seek to alleviate homelessness throughout the State by providing funding and programmatic assistance to cities and counties.

1. Support increased or sustained community services and housing programs including Community Development Block Grants (CDBG), HOME Investment Partnership, Emergency Solutions Grants (ESG), and housing voucher programs.
2. Support legislation that allocates funding for local and regional programs addressing mental health, substance abuse, and continuum of care .

D. Housing & Land Use Regulations.

The City supports legislation that honors the City's fundamental principle as the local land-use authority.

1. Monitor land use issues and support measures that preserve local control over planning and zoning matters.
2. Support legislative efforts to modify State housing obligations. These reforms should seek to simplify and streamline processes and requirements for local agencies; establish judicial review and expand remedies for cities regarding RHNA determinations; and reform the regional determination process, RHNA methodology and requirements, and the housing element review and certification process.
3. Support efforts that provide municipalities with more control over the establishment and placement of licensed and unlicensed group homes, sober living homes, and transitional and supporting housing uses within the community.
4. Monitor and evaluate measures related to amendments to the California Environmental Quality Act (CEQA) and the California Coastal Act for impacts to the City, its residents and businesses.

E. Public Safety.

The City seeks to promote practical policy responses that reduce crime, increase response capacity, and provide more support to those residents requiring mental health assistance.

1. Support legislation and grants that would provide funding for “Be Well OC”, a mobile mental health crisis response program, that works in coordination with the police department and the homeless outreach teams.
2. Support public safety-related legislation and funding of activities, infrastructure, technology, staffing, training, and equipment needs of police, fire, and lifeguards.
3. Support legislation that clarifies the public safety strategy for e-bikes and e-bike riders.

F. Infrastructure.

The City is committed to investing in public infrastructure that advances the City’s goals of public safety, the delivery of efficient services, and the enhancement of economic development.

1. Seek state and federal funding for local infrastructure projects.
2. Support legislation that expands transportation planning, funding, and voluntary incentives to include an increasingly multi-modal perspective focusing on transit, pedestrian ways, bikeways, multi-use trails and parking.
3. Support legislation that provides for the relinquishment of certain portions of state routes within the City if found to be in the best interest of the state and our community.
4. Support legislation or regulatory reform that alleviates the financial burden of fleet replacement to comply with the State’s various air quality policies, including Advanced Clean Fleets.

G. Assets and Environment.

The City supports efforts to improve and protect the beaches, ocean, wetlands, harbor, and coastal resources and continuously provide assets like clean, safe drinking water, coastal access, and recreation spaces. This support must be balanced with respect for the rights of property owners and local land use authority.

1. The City will support sand replenishment efforts by the Army Corps of Engineers through efficient permitting and funding.
2. The City seeks funding that addresses coastal protection and expands access opportunities.
3. The City seeks funding that maintains and provides for recreation and community programs.
4. Support legislation that provides funding and/or resources for programming for narrowed populations (low-income, special needs, seniors, sports, etc.) and/or broad populations (enhancement of open spaces to expand drop-in programming to public spaces, etc.)