

From: [Estanislau, Robin](#)
To: [Moore, Tania](#)
Subject: Fwd: Cal Cities Membership Value Report and Request to Table Item 24-208 for Future Consideration
Date: Monday, March 18, 2024 7:43:14 AM
Attachments: [image001.png](#)
[Membership Value Report Huntington Beach.pdf](#)

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Sent from my iPad

Begin forwarded message:

From: Connor Medina <cmedina@calcities.org>
Date: March 16, 2024 at 5:34:30 PM PDT
To: "Van Der Mark, Gracey" <Gracey.VanDerMark@surfcity-hb.org>, "Burns, Pat" <Pat.Burns@surfcity-hb.org>, "Bolton, Rhonda" <Rhonda.Bolton@surfcity-hb.org>, "Kalmick, Dan" <Dan.Kalmick@surfcity-hb.org>, "Moser, Natalie" <Natalie.Moser@surfcity-hb.org>, "McKeon, Casey" <Casey.McKeon@surfcity-hb.org>, "Strickland, Tony" <Tony.Strickland@surfcity-hb.org>
Cc: "Gates, Michael" <Michael.Gates@surfcity-hb.org>, "Estanislau, Robin" <Robin.Estanislau@surfcity-hb.org>, "Parra, Eric (CM)" <eparra@surfcity-hb.org>, "Hopkins, Travis" <thopkins@surfcity-hb.org>, "Jun, Catherine" <catherine.jun@surfcity-hb.org>, "Levin, Shannon" <Shannon.Levin@surfcity-hb.org>
Subject: **Cal Cities Membership Value Report and Request to Table Item 24-208 for Future Consideration**

Dear Mayor Van Der Mark, Mayor Pro Tem Burns, Council Member Bolton, Council Member Kalmick, Council Member McKeon, Council Member Moser, and Council Member Strickland,

This is Connor Medina, Regional Public Affairs Manager for the League of California Cities Orange County Division. Please see the attached membership value report, which outlines the ROI of the city's membership and recent educational opportunities the City has utilized. I also went through the [Council's legislative platform](#) as approved on February 6, 2024, and noted many Cal Cities advocacy efforts that directly align with the City's official legislative priorities.

I ask that you please consider tabling the item for a future meeting to allow time for additional conversations about the value Cal Cities membership provides for the City of Huntington Beach and its staff. The City of Newport Beach held a study session prior to agendizing an action item, directed staff to create a staff report and permitted time for Cal Cities to present at the Council Meeting. I ask to be afforded that opportunity as this is not an urgent item requiring the Council's swift action.

**SUPPLEMENTAL
COMMUNICATION**

Meeting Date: 3/19/2024

Agenda Item No.: 25 (24-208)

Respectfully, Cal Cities strongly disagrees with the assertions of the memo on the March 19 agenda. Furthermore, the justifications the memo provides for withdrawing from Cal Cities are inconsistent with the City's legislative platform. Cal Cities opposed Prop 6 (2018) to ensure cities like Huntington Beach received vital infrastructure funding, and the City has taken full advantage of this funding, receiving \$24.4M directly since FY 2018-2019 and more through allocations from the state. Huntington Beach utilizes this revenue to deliver public works projects for your residents and the City legislative platform states that receiving state funding for transportation is a priority. Additionally, your legislative platform recognizes the importance of protecting and expanding city revenues—this is precisely why Cal Cities' membership has directed the organization to oppose the California Business Roundtable-led "Taxpayer Protection and Government Accountability Act." There are many reasons cities should be strongly concerned with this initiative, including the measure's ambiguous language requiring cities to charge many fees and taxes at the "minimum amount necessary." The measure would place fee and charge revenues at greater legal risk while stripping your local control in determining the quality of city services and inviting litigation at taxpayer expense over what the "minimum" for any given fee is. The memo contains additional information regarding these issues, Proposition 1, and many examples of Cal Cities' advocacy explicitly aligning with your city's official platform. Cal Cities' work extends far beyond the positions cited in the agenda item's memo.

I sincerely believe in the power Orange County cities harness when expressing their voice as a united front. There are many ways Cal Cities, as a statewide association, has and will assist cities like Huntington Beach in ways that are significantly more difficult to achieve when advocating as a single city. Rather than stepping away, the City should consider opportunities to increase engagement with Cal Cities and further participate in our member-driven advocacy efforts—especially considering Cal Cities is the only association sponsoring legislation to empower local governments in regulating recovery housing and will be the lead representative for cities in the implementation of Prop 1, where we will urge the state to distribute bond funding statewide and recognize areas that are already experiencing overconcentration. It would be my pleasure to work with you towards that goal.

Please reach out to me any time at (949) 421-9898 if you would like to discuss further. I am very grateful for your time and consideration, and hope the Council will consider taking additional time to consider this item.

Kind regards,
Connor

Connor Medina

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Value of League of California Cities (Cal Cities) Membership

Prepared for: City of Huntington Beach

City's 2024 Annual Dues: \$38,731

Contact: Connor Medina, Regional Public Affairs Manager, cmedina@calcities.org or (949) 421-9898

Return on Investment

Cal Cities has delivered consistent fiscal benefit to the City of Huntington Beach that far exceeds the dues the city pays annually. The customized return on investment (ROI) report below details various funding allocations and revenue protections that Cal Cities secured on behalf of members.



Cal Cities Membership — A Great Investment

Membership in Cal Cities is an invaluable investment. The fiscal benefit to cities outweighs the annual dues, providing members with unique opportunities to advocate for the state-wide interests of cities and learn from each other. Investing in Cal Cities strengthens the collective power of local communities.

Customized Return on Investment Report — December 2023

HUNTINGTON BEACH	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Dues	36,135	37,219	35,444	36,507	37,603	38,731	221,639
VLF/PropertyTax Swap ⁽¹⁾	8,304,729	9,205,997	9,841,389	10,301,050	10,304,886	12,331,685	60,289,736
Local Revenues Protected by Prop. 22 ⁽²⁾	4,084,973	5,086,751	4,033,354	4,837,058	5,359,298	5,367,938	28,769,373
SB 89 VLF Shift	-1,012,969	-1,059,454	-1,103,951	-1,150,317	-1,198,630	-1,457,347	-6,982,667
SB 1 - Local Streets and Roads Funds	3,433,918	3,622,334	3,738,430	3,958,886	4,881,842	4,809,119	24,444,529
CARES Act			2,485,243				2,485,243
American Rescue Plan Act ⁽³⁾				29,606,925			29,606,925
Total Return	14,810,652	16,855,628	18,994,465	47,553,603	19,347,397	21,051,395	138,613,139
Rate of Return	410:1	453:1	536:1	1303:1	515:1	544:1	625:1

1. Net gain in revenues by virtue of the VLF/Property Tax Swap. Growth in PropTax in Lieu of VLF versus estimated growth in VLF had it remained.

2. Prop. 22 ended the Legislature's ability to borrow or delay HUTA and Prop. 42 gas tax funds.

3. American Rescue Plan Act allocations were allocated in FY2021-22 and distributed as two tranches of funding over two years (2021-22 and 2022-23).

- The City's membership has provided a ROI of \$625:1 on average since FY 2018-19, with a low of 410:1 that year and a high of 1301:1 in FY 2021-222.



- Cal Cities was an essential leader in the development and passage of Prop 1A (2004) and Prop 22 (2010) to protect Huntington Beach's revenues from state raids and backfill lost revenue.
- Cal Cities was the primary stakeholder advocating for California cities during the development of the CARES Act and American Rescue Plan to ensure California cities received their fair share. Cal Cities also provided a detailed [Guide to Local Recovery](#) for its members to take full advantage of these grants.

Legislative Advocacy

Cal Cities remains actively engaged in legislation with positions that consistently align with the City's [2024 Legislative Platform](#), approved on February 6, 2024. Cal Cities is perceived by lawmakers and regulators as the premier representative for cities on policy matters. Cal Cities utilizes a Legislative Director, seven lobbyists covering different issue areas of municipal interest, and three policy analysts to achieve legislative victories for cities. Though not intended to be comprehensive, the list below highlights how Cal Cities has worked recently to support Huntington Beach's legislative platform and cities statewide:

Preserve and Enhance Local Control

Section B states: *"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."*

- In 2024, the state is facing a substantial budget deficit (ranging between \$38 and \$68 billion dollars). Cal Cities is [the leading voice](#) to counter any efforts by the state to skim or erode local revenues and will oppose efforts to reduce or eliminate existing funds to cities.
- Throughout its history, Cal Cities has served as the leading voice for cities in combatting unfunded mandates, including calling for an appropriation



of \$933.5M in the 2022-23 State Budget to reimburse cities for state-mandated program costs.

- Cal Cities was the lead opposition to [AB 1637](#), which was ultimately signed into law and required the City of Huntington Beach and others to change their web domain to a .gov address. Cal Cities vigorously fought against this unfunded mandate.

Economic Development and Fiscal Responsibility

Section A states: *“Support legislation that strengthens, protects, and expands ongoing revenue for the City.”*

- The number one priority for Cal Cities in 2024 is “Safeguard local revenues and bolster local economic development.”
- The Cal Cities Board, which is comprised of elected and staff city representatives from across the state, voted to oppose the “Taxpayer Protection and Government Accountability Act” funded by the California Business Roundtable. Cal Cities opposes this measure because it threatens municipal revenue, and therefore endangers vital local services that residents depend on. The measure strips local control from cities by requiring many fees and charges to not exceed the “actual cost” of providing a product or service, further defined as the “minimum amount necessary.” This ambiguous language would force cities to choose cheaper goods or services or subsidize the activity via the general fund. It would also encourage litigation and red tape at the expense of taxpayers, as many local fees could be challenged as not being charged at the “minimum amount necessary.” The language invites uncomfortable questions cities would need to reckon with—for example, what is the minimum emergency response time necessary? Cities would be held to the highest legal standard if sued, as the measure requires clear and convincing evidence that a challenged fee is the “minimum amount necessary.” Altogether, this measure threatens Huntington Beach’s ability to strengthen, protect, and expand its revenue and therefore impacts local investments in infrastructure and services. While the agenda item’s memo states Cal Cities’ opposition to this measure as reasoning for withdrawing from the organization, this position aligns with the City’s recently approved platform.



- Cal Cities was the lead representative for cities at the ballot box supporting Proposition 1A (2004) and Proposition 22 (2010), which protect local government funds from state raids to this day. Cal Cities does not use any public funds for advocacy activities on ballot measures.

Section B states: *“Support additional resources to facilitate public-private partnerships to enhance economic development opportunities for the City.”*

- Cal Cities has long provided educational resources to its members on how to utilize public-private partnerships and deliver cost-effective benefits to communities. This includes [white papers](#) and conference presentations.
- Cal Cities sponsored [AB 400](#) and [SB 706](#) to empower local governments to use the design-build and progressive design-build process for delivering public works projects.

Section C states: *“Support efforts to bolster the City’s small business community.”*

- Cal Cities served as [the lead stakeholder](#) for California cities during CARES Act and American Rescue Plan negotiations with federal and state decision-makers, ensuring all cities received their fair share. Huntington Beach received \$2.48M in CARES Act funding and \$29.6M in American Rescue Plan funding. Part of this funding supported small businesses during the COVID-19 pandemic.

Section D states: *“Support measures that promote and enhance Huntington Beach as a tourist destination.”*

- During the COVID-19 pandemic, Cal Cities provided [education](#) to tourist destination cities, including managing revenue shortages and how to enact a recovery plan for tourism.

Homelessness

Section A states: *“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.”*

- Cal Cities’ top priority in 2023, which remains a high priority in 2024, was advocating for the state to invest [\\$3B in permanent, ongoing annual funding directly to cities](#) to fund affordable housing and reduce



homelessness, without asking for tax increases to achieve this. Cities know their communities and where funding will be most effective. The City's Senator, Janet Nguyen, [signed on to this effort](#). Despite a difficult budgetary climate, Cal Cities continues to advocate for local funding to address the homelessness crisis.

Section B states: *"Support legislation that allocates funding for local and regional programs addressing mental health, substance abuse, and continuum of care."*

- Cal Cities supported Proposition 1 (2024), which the agenda item's memo cites as justification to withdraw from the organization. Proposition 1 allocates \$1.5B directly to local governments for mental health care and drug or alcohol treatment and establishes a \$2B state grant program providing funding directly to local governments for veteran housing and housing for people experiencing homelessness. The City's concerns with the by-right component of Prop 1 have been heard by Cal Cities leadership. Importantly, there is a lot of work to be done during Prop 1's implementation, and Cal Cities will be the lead representative for cities during this critical phase. Cal Cities will strongly urge the state to recognize areas that are experiencing an overconcentration of sober living facilities when distributing funding, and will advocate for a distancing requirement for projects funded by the bond. These efforts will be coupled with sponsored legislation detailed on pages 6 and 7.

Housing & Land Use Regulations

Section A states: *"Monitor land use issues and support measures that preserve local control over planning and zoning matters."*

- In 2023, Cal Cities led a [coalition of 244 cities](#), including Huntington Beach, in staunch opposition to SB 423, a bill applying SB 35 mandates to the Coastal Zone.
- Cal Cities vigorously opposed SB 35 (2017) and SB 9 (2021) alongside Huntington Beach.
- In 2022, Cal Cities [led the charge](#) against numerous bills limiting cities' land use authority, securing amendments to narrow their scope but remaining opposed throughout the year.



Section B states: *“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.”*

- To make much-needed reforms to the RHNA process, Cal Cities participated in stakeholder sessions as the representative for cities statewide with experts convened at the invitation of the California Department of Housing and Community Development (HCD) to provide recommendations and feedback related to the 2040 Regional Housing Needs Allocation process and methodology. Cal Cities shared first-hand challenges and frustrations cities continue to experience with the current process. The stakeholder sessions took place over several months. HCD was required by statute (AB 101, 2019) to issue a detailed report and recommendations to the Legislature by Dec. 31, 2023. Unfortunately, the report has not yet been released.
- Cal Cities is working with Senator Steve Glazer to request the Joint Legislative Audit Committee to approve an audit to evaluate the lengthy, inconsistent, and unpredictable housing element review process conducted by the California Department of Housing and Community Development (HCD). It is anticipated that the committee hearing will occur in May 2024.

Section C states: *“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.”*

- **Cal Cities is the only association sponsoring bills addressing accountability and regulatory issues related to sober living facilities this year.** Cal Cities is sponsoring AB 2547 (Valencia), AB 2121 (Dixon), and SB 913 (Umberg), and co-sponsoring AB 2081 (Davies). Cal Cities remains committed to pursuing this legislation and supporting further legislative proposals to empower local governments and increase accountability among residential recovery facility operators.



- [AB 2547 \(Valencia\)](#) would codify *Dana Point v. New Method Wellness, Inc.*, a case that determined that unlicensed sober living homes that operate a part of a licensed drug treatment facility located elsewhere may be considered an unlawful business use within a residential zone.
- AB 2121 (Dixon) would enforce distancing requirements between sober living facilities licensed by the Department of Social Services and the Department of Health Care Services.
- SB 913 (Umberg) would empower local governments to enforce existing state licensing laws. The bill is currently a spot bill at the time of this writing but will be amended soon.
- [AB 2081](#) (Davies) would require state-licensed and/or certified programs to disclose, on their own websites, if a legal, disciplinary, or other enforcement action has been brought by state regulators, and the program was found to be in violation. Cal Cities' strong support of this legislation has already received coverage via [Southern California News Group](#).

Public Safety

- Cal Cities represents cities as part of a [coalition effort](#) to reduce retail crime. In addition to providing ongoing feedback to legislators and the Governor with cities' perspectives on this issue, Cal Cities has testified to the Assembly Select Committee on Retail Theft at both of their meetings to date.
- Cal Cities sponsored [AB 1708](#) in 2023 to reform Proposition 47 and continues to urge the Legislature and Governor to implement Prop 47 reforms through legislation in 2024.
- Cal Cities strongly supports legislation to increase penalties for fentanyl distributors, including [AB 367](#) and AB 701 in 2023, the latter being signed by the Governor. Cal Cities rallied nearly 400 local leaders to sign [a letter to Assembly leadership](#) urging swift action to address the fentanyl crisis and continues to be an up-to-date resource for information on the status of bills related to this issue.
- Cal Cities has opposed efforts for the past several years to remove local control on cannabis related to dispensaries. Cal Cities supported [AB 1448 \(Wallis, 2024, Chapter 843\)](#) which allows a 50/50 state-local



split of the statutory penalties recovered in actions brought by local jurisdictions for illicit cannabis activity.

Infrastructure

Section A states: “Seek state and federal funding for local infrastructure projects.”

- Cal Cities led cities in support of SB 1 (2017) and opposed Proposition 6 (2018). This advocacy has resulted in \$24.4M in direct infrastructure funding for Huntington Beach. This does not include projects funded in part by SB 1 dollars distributed by the state, including \$14.8M upgrading the Pacific Coast Highway in Huntington Beach set to begin construction in 2025. While the agenda item’s memo cites Cal Cities’ opposition to Prop 6, the City has taken substantial advantage of this funding to deliver investments to its residents.

Section D states: “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.”

- Between 2021 and 2023, Cal Cities took the lead role among local government organizations to testify against CARB’s Advance Clean Fleet regulation related to transitioning public fleets to zero emission vehicles. In doing so, [Cal Cities successfully secured](#) nearly a dozen provisions, extensions and delays to provide local governments greater flexibility and options when complying. Cal Cities continues to sponsor and support legislation to make ACF regulations more workable for cities.

Legal Advocacy

As a member of Cal Cities, Huntington Beach may bring legal issues to the Cal Cities [City Attorneys Department](#) to [request an amicus brief](#) in support of the City. The City has taken advantage of and benefitted from this support. Additionally, Cal Cities has submitted amicus briefs supporting cities engaged in litigation on matters relevant to the City of Huntington Beach and its legislative platform.



- Cal Cities and CSAC submitted an [amicus brief](#) urging SCOTUS to reverse lower court decisions in *Johnson v. Grants Pass* and *Martin v. Boise*. Cal Cities argues that local laws regulating camping on public property does not violate the Eighth Amendment.
- Cal Cities submitted an [amicus brief](#) in October 2023 supporting the City of Costa Mesa in *Ohio House LLC v. City of Costa Mesa* in the U.S. Ninth Circuit Court of Appeals.
- Cal Cities submitted amicus briefs supporting the City of Newport Beach in *Pacific Shores Properties v. City of Newport Beach*, both in the [Ninth Circuit](#) and on petition for writ of certiorari to [the Supreme Court](#), to defend its ordinance regulating recovery housing.
- Cal Cities submitted amicus briefs supporting the City of Costa Mesa in two other cases pertaining to sober living facilities: [SoCal Recovery LLC v. City of Costa Mesa](#) and [Yellowstone Women's First Step House v. City of Costa Mesa](#).
- Cal Cities supported the City of Huntington Beach with an amicus brief in [City of Huntington Beach v. California PUC](#).
- Cal Cities urged the Los Angeles Superior Court to rule in favor of charter cities, arguing that SB 9 unconstitutionally interferes with home rule authority in a 2023 [amicus brief](#).

Membership Engagement

Council Member Moser was elected by her peers to serve as one of three Large City Representatives on the Orange County Division Board of Directors. Her regular participation provides the City an important voice on the Board.

City staff/Council Members have participated in the following educational conferences:

- 2023 SoCal New Mayors and Council Members Academy
 - Pat Burns, Council Member
 - Casey McKeon, Council Member
 - Tony Strickland, Mayor
 - Gracey Van Der Mark, Mayor Pro Tem
 - Travis Hopkins, Asst. City Manager



- Catherine Jun, Asst. to the City Manager
 - Shannon Levin, Policy Analyst
- 2023 City Managers Conference
 - Al Zelinka, City Manager
 - Travis Hopkins, Asst. City Manager
 - Catherine Jun, Asst. to the City Manager
- 2023 Planning Commissioners Academy
 - Don Kennedy, Planning Commissioner
 - Tracy Pellman, Planning Commissioner
 - Oscar Rodriguez, Planning Commissioner
 - Butch Twining, Planning Commissioner
- 2023 Public Works Officers Institute
 - Tom Herbel, City Engineer
 - Denny Bacon, Operations Manager
 - Sean Crumby, Director of Public Works
 - Alvin Papa, Deputy Public Works Director
 - Bob Stachelski, Traffic and Transportation Manager
 - Chau Vu, Deputy Public Works Director
- 2024 Planning Commissioners Academy
 - Tracy Pellman, Planning Commissioner
 - Oscar Rodriguez, Planning Commissioner
- 2024 Public Works Officers Institute
 - Tom Herbel, City Engineer
- 2024 City Attorneys Spring Conference (*upcoming*)
 - Michael Gates, City Attorney

City staff/Council Members have participated in the following recent webinars at no cost as a member benefit:

- Women in Public Works Roundtable (Jun. 2023) – Lili Hernandez, Sr. Civil Engineer
- New Laws Impacting Cities (Nov. 2023) – Nick Papajohn, Sr. Deputy City Attorney; Robin Estanislau, City Clerk



The City has one appointed representative to Policy Committees this year. Policy Committees debate, shape, and steer Cal Cities' policy-making process and advocacy efforts and meet up to four times annually to provide recommendations to the Board of Directors. It is crucial for Orange County to have strong voices in these committees to ensure the region's perspective is conveyed during discussions on bills and regulations. Participation in policy committees is contingent on membership.

- Council Member Natalie Moser – Community Services Committee (appointed as Orange County Division representative by Division President)

Cal Cities also manages a [Coastal Cities Group](#) comprised of 61 cities within the state's coastal zone. The group works with Coastal Commission representatives on issues related to sea level rise mitigation efforts, other land use regulations that impact cities in the coastal zone, and the updating of local coastal programs.