



**SOUTH BAY CITIES**  
COUNCIL OF GOVERNMENTS

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May 26, 2022

The Honorable Nancy Skinner  
Chair, Senate Budget and Fiscal Review  
Committee  
1021 O Street, Suite 8630  
Sacramento, CA 95814

The Honorable Philip Ting  
Chair, Assembly Budget Committee  
1021 O Street, Suite 8230  
Sacramento, CA 95814

The Honorable Jim Nielsen  
Vice Chair, Senate Budget and Fiscal  
Review Committee  
1021 O Street, Suite 7110  
Sacramento, CA 95814

The Honorable Vince Fong  
Vice Chair, Assembly Budget Committee  
1021 O Street, Suite 4630  
Sacramento, CA 95814

**RE: 2022-23 State Budget Request to Invest \$1.6 billion in the Vitality of Cities – SUPPORT**

Dear Senator Skinner, Senator Nielsen, Assemblymember Ting, and Assemblymember Fong,

In the spirit of a strong state and local government partnership to benefit all Californians, the South Bay Cities Council of Governments (SBCCOG) strongly supports CalCities’ request for a one-time allocation of \$1.6 billion (General Fund) in fiscal year 2022-23 to establish a Housing and Economic Development Program, implement organic waste recycling regulations, and reimburse local governments for unfunded, state-mandated programs.

Our local governments are essential to the strength of California’s economy, and their vitality is dependent upon fiscal stability. These proposed investments would support the economic vitality of local governments and would also help further the state’s ambitious climate resiliency and affordable housing goals.

The SBCCOG urges the Legislature to seize the historic opportunities the state budget surplus presents to invest in our communities and advance our shared goals. A strong state-local fiscal partnership would propel significant investments in a bright, sustainable future for all Californians.

The CalCities budget request seeks funding for three critical issues:

**Establish a Housing and Economic Development Program – \$500 million**

The SBCCOG supports establishing a Housing and Economic Development Program that would facilitate a partnership between the state and local agencies who adopt local property tax increment financing tools to support affordable housing, upgrade essential infrastructure, and spur economic development.

LOCAL GOVERNMENTS IN ACTION

Carson El Segundo Gardena Hawthorne Hermosa Beach Inglewood Lawndale Lomita  
Manhattan Beach Palos Verdes Estates Rancho Palos Verdes Redondo Beach Rolling Hills  
Rolling Hills Estates Torrance Los Angeles District #15 Los Angeles County

This program is crucial to achieving our housing supply and climate action goals. While cities appreciate the property tax tools the Legislature created after dissolving redevelopment to help address a range of community issues, the lack of funding has resulted in few cities being able to fully utilize them. Tools such as the Enhanced Infrastructure Financing Districts, Community Revitalization and Investment Authorities, and Affordable Housing Authorities may differ in their focus and details, but their common challenge is they lack sufficient financial capacity. The establishment of a state-local partnership to provide matching funds would greatly expand the viability of these tools, and propel significant investments in affordable housing, public infrastructure, and job creation.

### **Organic Waste Recycling Program Implementation – \$180 million**

Local governments are the backbone for achieving California’s goal to reduce greenhouse gas emissions through organic waste recycling programs. However, cities and counties need significant additional funding to implement this state-mandated program without diverting existing resources from other essential services and increasing the financial burden on taxpayers.

The Department of Resources Recycling and Recovery’s (CalRecycle) Organic Waste Reduction Regulations (SB 1383), adopted in November 2020, require local governments to reduce landfill disposal of organic waste 75% by 2025 and to increase edible food waste recovery 20%, an effort we strongly support. However, compliance obligations for local governments began in early 2022 and local governments continue to develop a comprehensive suite of local collection, enforcement, and funding programs. Cities and counties greatly appreciate the Legislature’s creation of the SB 1383 local assistance grant program in the 2021 Budget Act. Additional funding is greatly needed though, which provides a renewed opportunity for state and local partnership to further our shared climate goals

In order to comply with SB 1383, local governments have had to raise their rates to cover the additional program costs, which further burdens our residents at a time when inflation is at its highest rate in decades and personal budgets are already impacted. Given the state’s budget surplus, now is the right time for the state to increase funding to implement this program to help keep solid waste and recycling rates from increasing even further.

### **Reimburse Local Governments for State-Mandated Programs – \$933.5 million**

According to the State Controller’s Office, as of October 2021, the state owes cities, counties, and special districts more than \$933 million, including estimated accrued interest, in mandated costs incurred since 2004.

Cities and counties rely on the state to reimburse them in a timely manner for costs related to state-mandated programs. Failing to pay for these costs threatens the stability of local budgets and the ability of local governments to fund essential services to the community. Given that local governments have diligently carried out crucial, unfunded

programs for many years, now is the time for the Legislature to make local governments whole and support their financial sustainability.

As you know, state and local government must work together to advance our shared goals. Through that collaborative process, there is hope to mitigate the impacts of climate change, ensure all Californians have access to affordable housing, and create thriving communities throughout the state. Thank you for consideration of this request and for the continued partnership. Should you have any questions, please contact SBCCOG Executive Director, Jacki Bacharach, at (310) 371-7222.

Sincerely,

Drew Boyles, SBCCOG Chair  
Mayor, City of El Segundo

cc. South Bay Senators: Allen, Bradford, Kamlager  
South Bay Assembly Members: Muratsuchi, Gipson, O'Donnell  
Senate Budget Committee Members (via email to [sbud.committee@sen.ca.gov](mailto:sbud.committee@sen.ca.gov))  
Assembly Budget Committee Members (via email to [asmbudget@asm.ca.gov](mailto:asmbudget@asm.ca.gov))  
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Bill Higgins, Executive Director, CALCOG