



TOWN OF FAIRFAX

STAFF REPORT

June 1, 2022

TO: Mayor and Town Council

FROM: Heather Abrams, Town Manager

SUBJECT: Authorize Mayor to send a letter to the State legislature in support of a one-time allocation of \$1.6 billion (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

RECOMMENDATION

Authorize the Mayor to send the attached letter to the State Legislature on behalf of the Town.

DISCUSSION

The League of California Cities is urging cities and towns to send the attached letter requesting that the State invest \$1.6 billion in the vitality of cities. Specifically, the request is for the State to allocate the funds as follows: \$500 million to establish a housing and economic development program, \$180 million in organic waste recycling program implementation, and \$933.5 million to reimburse local governments for State-mandated programs.

The attached letter provides more detail.

ATTACHMENT

Letter to State Legislature

SAMPLE LETTER

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

Dear Senator Skinner, Senator Nielsen, Assembly Member Ting, and Assembly Member Fong:

In the spirit of a strong state and local government partnership to benefit all Californians, the Town of Fairfax respectfully requests 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.

Local governments are essential to the strength of California's economy, and the vitality of local governments 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.

We write to urge the Legislature to seize the historic opportunity the state budget surplus presents to invest in the hearts of 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.

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

The Town of Fairfax 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.

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. Local governments need significant additional funding to implement this state-mandated program without diverting existing resources from essential city 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%. 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. However, additional funding is greatly needed, presenting a renewed opportunity for state and local partnership to further our shared climate goals.

Compliance with the SB 1383 regulations has caused local governments to raise their rates to cover the additional costs of administering the program. At a time when inflation is at its highest rate in decades, our residents are already feeling the negative impacts on their personal budgets. This is the right time for the state to continue to fund the implementation of this program to help keep solid waste and recycling rates from increasing dramatically.

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

According to data obtained from 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.

Local governments 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, we urge the Legislature to make local governments whole and support the financial sustainability of local governments.

Fairfax has demonstrated its commitment to these efforts through its affordable housing committee, recent construction of Victory Village, and its on-going leadership in solid waste reduction, recycling, and composting efforts. As a small community, Fairfax needs funds to continue this work; receiving funding for previously unfunded state mandates would allow Fairfax to better address local infrastructure that has to compete for limited funds.

It is paramount that all levels of government work in tandem to advance shared state and local goals. Only then will it be possible to realize strong, thriving communities for all Californians. Thank you for considering our request and for the continued partnership.

Sincerely,

Stephanie Hellman, Mayor
Town of Fairfax

- cc. Senator Mike McGuire & Assembly Member Marc Levine
The Senate Budget Committee (Via email: SBUD.Committee@senate.ca.gov)
The Assembly Budget Committee (Via email: AsmBudget@asm.ca.gov)
Nancy Hall Bennett, League of Ca Cities, nbennett@cacities.org
League of California Cities (Via email: cityletters@cacities.org)