



DATE: September 21, 2021

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: League of California Cities Annual Resolutions: Adopt a Resolution Supporting Resolutions and Proposed Amendments to the Bylaws Being Considered at the 2021 League of California Cities Annual Business Meeting

RECOMMENDATION

That the Council adopts a resolution (Attachment II) supporting the two League of California Cities policy resolutions and proposed amendments to the bylaws that will be considered at the 2021 League of California Cities Annual Business Meeting.

SUMMARY

On July 20, 2021, the Council designated Council Member Salinas to be the City's voting delegate, and Council Member Márquez as the alternate voting delegate to the League of California Cities 2021 Annual Conference.¹ Mayor Halliday, Council Member Salinas, and Council Member Zermeno are attending the League of California Cities 2021 Annual Conference, scheduled for September 22 - 24 at the SAFE Credit Union Convention Center in Sacramento.

The League's Annual Business (General Assembly) Meeting will take place on September 23, 2021, where voting delegates from member municipalities vote on the League policy resolutions being considered.

Staff recommends that Council support the two policy resolutions and proposed amendments to the bylaws identified by the League:

1. A resolution calling for the state legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, and
2. A resolution calling on the Governor and state legislature to provide necessary funding for California Public Utilities Commission (CPUC) to fulfill their obligation to

¹ July 20, 2021 City of Hayward City Council Meeting Link:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=873404&GUID=4B9641DA-23A8-4F5D-85B7-1FB1A2141896&Options=info&Search=>

inspect railroad lines and remove illegal dumping, graffiti, and homeless encampments.

3. Proposed amendments to the bylaws to recognize the League's diversity caucuses, to adjust the composition of the Board to add Directors from each of the five diversity caucuses, to update the League's moniker to "Cal Cities," and to make various minor technical corrections.

As it could negatively impact cities with regional distribution hubs for retailers such as Amazon, the City of Eastvale has sent a letter to all cities requesting modifications to the sales tax resolution. Additionally, the City of Rancho Cucamonga sent a letter in support of the League sales tax resolution as currently drafted. While City staff do not wish to see the sales tax revenue of communities with regional distribution hubs negatively impacted, staff thinks the sales tax resolution as drafted is fair and equitable and does not recommend Council endorse any changes to it.

BACKGROUND

Policy development is a vital and ongoing process within the League of California Cities (League). The principal means for deciding policy on the important issues facing California cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence League policy decisions. Annual Conference resolutions are an additional way to develop League policy.

Two League policy resolutions have been introduced for consideration at the 2021 League of California Cities Annual Conference, along with proposed amendments to the bylaws. The purpose of this report is to provide information about these resolutions and the proposed amendments to the bylaws and to obtain direction from Council regarding the City's official position on these items.

DISCUSSION

A summary of each of the League policy resolutions and the proposed amendments to the bylaws being considered at the annual conference is provided below along with staff recommendations. A complete copy of the League resolutions, including background information and the League's staff analysis, is also available in Attachment III and in the [2021 League of California Cities Annual Conference Resolutions Packet](https://www.calcities.org/docs/default-source/advocacy/2021-annual-conference-resolutions-packet.pdf?Status=Master&sfvrsn=a8b9f7c_5).² Additionally, the proposed amendments to the bylaws are provided in Attachment IV.

League Policy Resolution No. 1:

² League of CA Cities Annual Conference Resolutions Packet Link: https://www.cacities.org/docs/default-source/advocacy/2021-annual-conference-resolutions-packet.pdf?Status=Master&sfvrsn=a8b9f7c_5

Title: Resolution of the League of California Cities ("Cal Cities") calling on the State Legislature to Pass Legislation that Provides for a Fair and Equitable Distribution of the Bradley Burns 1% Local Sales Tax from In-State Online Purchases, Based on Data Where Products are Shipped to, and that Rightfully Takes into Consideration the Impacts that Fulfillment Centers have on Host Cities but also Provides a Fair Share to California Cities that Do Not and/or Cannot have a Fulfillment Center within their Jurisdiction

Summary:

This Resolution states that the League of California Cities should urge the State Legislature to pass legislation that provides a fair and equitable distribution of the Bradley Burns 1% Local Sales Tax with regards to In-State Online Purchases. Recently, one of the world's largest online retailers changed the legal ownership of its fulfillment centers from 3rd party vendors to instead be owned directly by the company; while seemingly minor, this has major impacts in how sales tax are distributed to California cities. If fulfillment centers were still owned by the 3rd party vendors, sales tax for online purchases would have been allocated to the county-wide pool where the purchases were delivered, but now that the company owns the fulfillment centers, sales tax for online purchases will be allocated to the jurisdiction where the fulfillment center of the order is located. This creates a situation where more than 90% of cities in California are experiencing sales tax revenue loss, due to most cities not having or being unable to host fulfillment centers within their jurisdiction. Ultimately, the proposal under this resolution, if enacted, would revitalize the sales tax conversation with the State Legislature and urge them to consider and develop a fair and equitable distribution of sales tax as it relates to online sales. The City of Eastvale sent a letter to all cities requesting modifications to the sales tax resolution (Attachment V), and the City of Rancho Cucamonga sent a letter in support of the League resolution without any modifications (Attachment VI).

Staff Recommendation: Support. Staff does not support making modifications per the City of Eastvale letter.

League Policy Resolution No. 2

Title: Resolution Calling Upon the Governor and the Legislature to Provide Necessary Funding for CPUC to Fulfill its Obligation to Inspect Railroad Lines to Ensure that Operators are Removing Illegal Dumping, Graffiti, and Homeless Encampments that Degrade the Quality of Life and Results in Increased Public Safety Concerns for Communities and Neighborhoods that Abutt the Railroad Right-of-Way

Summary:

This Resolution states that the League should urge the Governor and State Legislature to provide funding for the CPUC and urge them to inspect their railroad lines to remove illegal dumping, graffiti, and homeless encampments. The State of California has over 6,000 miles of rail lines; while the Federal Railroad Administration (FRA) has primary oversight of railroad operations, they have delegated that responsibility to the CPUC. With only 41 inspectors

covering 6,000 miles of railroad lines and a primary task of ensuring operational safety, the CPUC has not been the most active in right-of-way maintenance/overseeing right-of-way maintenance of their rail lines partially due to insufficient funds and resources.

Many cities, including Hayward, have concerns regarding this lack of maintenance, as the rail lines run through many California cities and attract illegal dumping, graffiti, and homeless encampments. Cities do not have the jurisdiction or financial resources to direct towards property maintenance of these private property rail lines, and must rely on the CPUC for assistance, which can sometimes take weeks accomplish. The delayed response and lack of maintenance negatively affects many communities' quality of life, especially those who live near the rail lines.

Ultimately, the proposal under this resolution, if enacted, will call upon the Governor and the State Legislature to provide the necessary funding to the CPUC to allocate for right-of-way maintenance of the rail lines (illegal dumping, graffiti, homeless encampments) and oversight to ensure that rail lines are being maintained/managed properly.

Staff Recommendation: Support

League Proposed Bylaw Amendments

Title: Notice of Proposed Bylaws Amendments to be Considered at General Assembly

Summary:

The Proposed Bylaws Amendments packet includes background information, a resolution for adopting the bylaws amendments, a summary of the proposed changes to the bylaws, and a full redlined version of the proposed changes to the bylaws (Attachment IV). Specifically, the proposed bylaws amendments would accomplish the following:

1. Recognize the Cal Cities diversity caucuses in the Cal Cities bylaws to reflect the full contribution the caucuses make to Cal Cities' mission and vision.
2. Adjust the composition of the Board to achieve a higher impact and be more representative by adding Director seats to the Board for each of the five Diversity Caucuses, and transitioning members of the National League of Cities Board from Cal Cities Directors to one non-voting advisor to the Cal Cities Board.
3. Update the League of California Cities' moniker to "Cal Cities" to promote consistency.
4. Make various minor technical corrections.

Staff Recommendation: Support

FISCAL AND ECONOMIC IMPACT

There are no immediate fiscal or economic impacts to the City that are associated with this report or support of these resolutions.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Roadmap.

PUBLIC CONTACT

The agenda for this item was posted in compliance with the California Brown Act and does not require additional public notice.

NEXT STEPS

Council Member Salinas, as the City's voting delegate, and/or Council Member Márquez, as the City's alternate, will represent the Council's vote at the 2021 League of California Cities Annual Business (General Assembly) Meeting on September 23, 2021.

Prepared and Recommended by:

Jennifer Ott, Assistant City Manager/
Director of Development Services

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager