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### REPORT TO COUNCIL

#### SUBJECT

Approve City Position on Proposed League of California Cities' 2021 Annual Conference Resolutions

#### BACKGROUND

Policy development is a vital and ongoing process within the League of California Cities. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and board of directors. Annual conference resolutions constitute an additional way to develop League policy. Proposed by member cities, resolutions must have at least five cities and/or city officials concur before it can be included for consideration. The League of California Cities (League) *2021 Annual Conference Resolutions Packet (Attachment 1)* has two resolutions presented for consideration by the League policy committees and membership. This report provides guidance on how to vote on these issues as they pertain to City business for Councilmembers who serve on policy committees, on the resolutions committee, or as the City's voting delegate/alternates.

#### EXISTING POLICY

**Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3C:** Participate in intergovernmental activities, including national, state, and regional groups, as a means to represent the City's interests, influence policy and legislation, and enhance awareness.

**Council Policy 7.4.14 Legislative Advocacy Positions:** City business is defined as all matters directly related to service delivery, or otherwise contributing to the City's operational success.

#### ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### DISCUSSION

This report transmits the League's *2021 Annual Conference Resolutions Packet (Attachment 1)*. The report contains the proposed resolutions to be considered at the League's Virtual Annual Conference from September 22 to 24. Below is a description of the resolutions, followed by staff's analysis and recommendation.

Staff may recommend the following positions: Support, Oppose, No Staff Recommendation, or Take No Position. While the meaning of Support and Oppose recommendations are clear, "No Staff Recommendation" and "Take No Position" are clarified as follows:

- No Staff Recommendation - Consistent with past practice, staff does not provide analysis or make recommendations on measures that do not impact *City business* as defined in Council Policy 7.4.14, *Legislative Advocacy Positions*.
- Take No Position - Despite a measure's ability to impact City business, Staff may recommend that Council abstain from taking a position. This recommendation to remain neutral on an issue may be made for a variety of reasons (e.g., ballot language is not clear; the pros and cons of the business impact cancel each other out; etc.). When this option is recommended, the reason will be explained in staff's analysis.

Any resolution submitted to the General Assembly must be concurred by five cities or by city officials from at least five or more cities; the concurring cities and/or officials are noted for each resolution.

### **Resolution No. 1 - Online Sales Tax Equity**

This Resolution calls on the League of California Cities (Cal Cities) to request the 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.

#### **Concurrence:**

Source: City of Rancho Cucamonga

Cities: Town of Apple Valley; City of El Cerrito; City of La Canada Flintridge; City of La Verne; City of Lakewood; City of Moorpark; City of Placentia; City of Sacramento

#### **Related City Policy:**

**Council Policy 7.0 B (4) Long-term Advocacy Positions - Planning and Management:** Support positive reform of the state fiscal structure and procedures.

**Staff Analysis:** Sunnyvale's Sales Tax revenue has been deeply impacted by the COVID-19 pandemic. Without people working and shopping in Sunnyvale, point of sale activity is at a minimum. Online sales, which are up, have helped mitigate the loss of revenue, however, Sunnyvale does not see the full benefit of this increase because online sales tax is distributed through the County pool. In the 1st quarter of CY 2021 the Countywide sales tax pool grew, but the growth in the City's allocation was modest due to other agencies in the pool benefiting from the presence of fulfillment centers within their jurisdiction. It is estimated that in FY 2021/22 sales taxes will come in at \$25.8M, which is \$6.4M less than pre-pandemic FY 2018/19 actuals. This estimate is reflective of an expected decrease of tax received in State and County Pools by 1.9% in both FY 2020/21 and FY 2021/22. Sunnyvale supports positive reform of the state fiscal structure and procedures. If the Legislature passes legislation that provides for a fair and equitable distribution of the Bradley Burns 1% of local sales tax for in-state online purchases, based on data where products are shipped to and will take into consideration the impacts that fulfillment centers have on host cities, Sunnyvale has a greater chance of receiving a fair portion of sales tax.

#### **Recommended Position: Support**

**Resolution No. 2 - Securing Railroad Property Maintenance**

This Resolution states that the League of California Cities should urge the Governor and the Legislature to provide adequate regulatory authority and necessary funding to assist cities with railroad right-of-way areas to address illegal dumping, graffiti, and homeless encampments that proliferate along the rail lines and result in public safety issues.

**Concurrence:**

Source: City of South Gate

Cities: City of Bell Gardens; City of Bell; City of Commerce; City of Cudahy; City of El Segundo; City of Glendora; City of Huntington Park; City of La Mirada; City of Long Beach; City of Lynwood; City of Montebello; City of Paramount; City of Pico Rivera

**Related City Policy:** N/A

**Staff Analysis:** Take no position, as this resolution does not directly impact City departments.

**Recommended Position: Take No Position**

**FISCAL IMPACT**

The resolutions will not have a direct fiscal impact on the City.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety. In addition, the agenda and report are available at the Office of the City Clerk and on the City's website.

**STAFF RECOMMENDATION**

Approve a Support for the proposed Resolution No. 1 (Online Sales Tax Equity); and a Take No Position for the proposed Resolution No. 2 (Securing Railroad Property Maintenance) and authorize the City's voting delegate/alternates to cast votes consistent with the City Council's adopted positions.

As stated, the staff recommended position is consistent with City Policy and provides Councilmembers who serve on policy committees, on the resolutions committee, or as the City's voting delegate/alternates, guidance on how to vote on the issue as it pertains to City business.

Reviewed by: Michelle Zahraie, Senior Management Analyst

Reviewed by: Jaqui Guzmán, Deputy City Manager

Approved by: Kent Steffens, City Manager

**ATTACHMENT**

1. League of California Cities 2021 Annual Conference Resolutions Packet