



Date: January 31, 2019

To: Mayor and Members of the City Council

From: Patrick H. West, City Manager 

Subject: **2019 State Legislative Proposals**

This memorandum provides a preliminary report on City of Long Beach (City) sponsored or co-sponsored legislation proposals for the year of the 2019-20 Legislative Session. These proposals are consistent with the City's 2019 State Legislative Agenda, which was approved by the City Council on November 13, 2018. These proposals are vetted by the City Manager's Office, affected departments, and the City's legislative advocates in Sacramento.

Community Hospital Seismic Extension

This proposal seeks to extend the seismic compliance deadline for Community Hospital of Long Beach (Community Hospital), which provides eight basic acute services and psychiatric care. The purpose of this proposal is to enable operations of acute and psychiatric care services at Community Hospital to service the eastside of the City. Similar to recent legislation enacted to provide other California hospitals with a seismic extension, this proposal would require that seismic compliance be achieved by July 1, 2022. Given the existing seismic compliance deadline for Community Hospital is June 30, 2019, with the potential for the California Office of Statewide Planning and Hospital Development (OSHPD) to extend to December 31, 2019, the City's proposal will contain an urgency clause. An urgency clause will enable measures outlined in the bill to be effective immediately, assuming the Legislature approves of the bill by a two-thirds vote, and Governor Newsom signs the bill into law.

Motel Conversions into Affordable Housing

This proposal would streamline the process of converting a motel into transitional, supportive or affordable housing by exempting the project from compliance with California Environmental Quality Act (CEQA). Streamlining CEQA for motel conversions would expedite the motel conversion process and encourage housing developers to work with motel owners to undergo the conversion. This will positively impact the City and thus the State's capacity of supportive, transitional and affordable housing. Currently, CEQA exemptions exist for specified sporting arenas, small infill projects, small affordable housing developments, residential projects consistent with specific plan exemptions, projects complying with specific plans, and certain transit-oriented developments. The concept for this proposal is consistent with concepts for similar CEQA exemptions that are currently being discussed by Governor Newsom and the Legislature.

State Oil Abandonment Fund

This proposal aims to remove the existing \$300 million cap on the State Oil Trust Fund (Fund). In 1911, the State granted in trust to the City control over its tidelands areas, subject to the terms of the grant and the public trust doctrine. In 1937, the Wilmington Oil Field was

discovered and the City began oil development and extraction operations in the tidelands. A large portion of the Wilmington Oil Field, one of the largest in the country, underlies the Long Beach tidelands. There are approximately 2,400 active or idle oil and gas wells, two manmade oil and gas production islands, and associated equipment and facilities in the Long Beach tidelands. The State receives a share of the net profits from the City's oil and gas operations that would otherwise go to the City as grantee. Net profits from oil operations are generally deposited in the State's General Fund. When the time comes to cap oil wells in the Long Beach tidelands, the State's share of liability associated with the plugging and abandonment of oil and gas wells, the decommissioning and removal of related equipment and facilities, and any remediation is apportioned based on its net profit interest. The State acknowledges that it retains a large majority of the total abandonment liability. SB 71 (Chapter 81, Statutes of 2005) established the Fund and prescribes for the appropriation of money to the Fund for abandonment costs, up to \$300 million. The \$300 million cap was reached in 2014. Since that time, the State Lands Commission has identified costs for oil abandonment to be closer to \$840 million, leaving the Fund underfunded by an estimated \$536 million. At current transfer rates established by existing State law, this shortfall can be met in just over 22 years, if the \$300 million cap is lifted. The action is necessary, either as part of the State's budget or via legislation, as the projected end of Long Beach tidelands oil operations is in 2036.

RDA Bond Revenues for Affordable Housing

Long Beach is working with the City of Glendale on legislation allowing cities access to existing redevelopment bond funds for affordable housing. Glendale has approximately \$25 million that is currently inaccessible due to the dissolution of redevelopment. The City of Signal Hill has \$20 million. Long Beach's amount is considerably less, at approximately \$650,000. Regionally, this legislation could infuse a considerable amount of one-time funding to the benefit of affordable housing at a time when new revenues for housing, such as the \$4 billion housing bond (Proposition 1, November 2018) and \$2 billion No Place Like Home Act (Proposition 2, November 2018), made available.

Next Steps

Staff will continue to provide updates as the legislative session progresses. If you have any questions, please contact Diana Tang, Manager of Government Affairs, at 562-570-6506.

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