

FILE NUMBER: 2025-108

DATE: Tuesday, April 15, 2025

SUBJECT: State and Federal Legislative Update

DESCRIPTION: Provide the Board an update on what's happening in Sacramento and Washington, D.C.

EXECUTIVE SUMMARY:

At the January 14, 2025 Board Meeting, staff presented the proposed 2025-2026 Legislative Priorities, which were adopted. These legislative priorities, in conjunction with the adopted 2023-2028 Legislative Platform, guide the Port's legislative work at the state and federal level for a two-year timeframe, concurrent with the 2025-2026 California legislative session. Since that time, the new Presidential administration's policy goals have shifted how our federal government typically legislates, and the California legislative process has also evolved in response. The result is extreme economic uncertainty facing all levels of government. As a result, staff will provide a spring update on ongoing and evolving legislative efforts in Washington, D.C. and Sacramento.

RECOMMENDATION:

Receive the presentation on the State and Federal Legislative Update and give direction to staff.

FISCAL IMPACT:

This agenda item has no fiscal impact.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.
- Not applicable.

DISCUSSION:

At the January 14, 2025 Board Meeting, staff presented the proposed 2025-2026 Legislative Priorities, which were adopted. These legislative priorities, in conjunction with the adopted 2023-2028 Legislative Platform, guide the Port's legislative work at the state and federal level for a two-year timeframe, concurrent with the 2025-2026 California legislative session. Since that time, the new Presidential administration's policy goals

have shifted how our federal government typically legislates, and the California legislative process has also evolved in response. The result is extreme economic uncertainty facing all levels of government. As a result, staff will provide a spring update on ongoing and evolving legislative efforts in Washington, D.C. and Sacramento.

Staff has invited Jonathan Clay, the Port's state lobbyist, to share his thoughts as to how the California government is responding to what's happening in Washington, D.C. and how these activities may impact the work we do at the Port. Jonathan manages JGC Government Relations and has over 20 years of experience in the legislative arena, representing San Diego clients at the state capitol.

Jonathan and Port staff will brief the Board on a few bills the Port has signed on to support during the current state legislative session, consistent with the Board adopted 2025-2026 Legislative Priorities.

Port Supported State Bills

SB 10 – Otay Mesa East Toll Facility Act: Toll Revenues (Padilla)

The Otay Mesa East Toll Facility Act allows the San Diego Association of Governments (SANDAG) to manage construction projects on State Highway Route 11, which include highway improvements and international border crossing facilities using tolls. Current law permits SANDAG to set and collect tolls for accessing this corridor and to use these revenues for certain costs, including agreements with the Mexican government. The act proposes that toll revenues can also fund the maintenance of the South Bay International Boundary and Water Commission sewage treatment facility and development of sanitation infrastructure related to the Tijuana River, subject to federal and state regulations. The bill mandates that bond repayments should take precedence over other uses of toll revenues. Additionally, it emphasizes the unique necessity of this statute for the sewage facility in San Diego County.

This bill aligns with Legislative Priority 11a: Support legislation, priorities, and funding to improve Tijuana River Valley environmental concerns, including but not limited to water quality and emissions.

AB 399 – Coastal Resources: Coastal Development Permits: Blue Carbon Demonstration Projects (Boerner)

The California Coastal Act of 1976 mandates that any development in the coastal zone must obtain a coastal development permit from the California Coastal Commission or local government, in addition to any other permits required by law. This bill proposes that the commission can authorize "blue carbon demonstration projects," which aim to showcase and measure the carbon sequestration capabilities of certain projects. This is intended to support the state's strategies for natural lands and climate resilience. Furthermore, the bill allows the Commission to require applicants of nonresidential projects that affect coastal, subtidal, intertidal, or marine environments to either establish or contribute to a blue carbon demonstration project.

This bill aligns with Legislative Priority 4b: Support legislation, policies, research, and funding to enhance marine ecosystem protection.

AB 1236 – Insurance: Climate and Sustainability Insurance and Risk Reduction Grant Program (Rodriguez)

Existing law sets up the Department of Insurance, led by the Insurance Commissioner, who has specified duties including leading a working group to explore risk transfer methods. These methods aim to encourage investments in natural infrastructure to mitigate climate change risks, protect communities, and incentivize private investment in natural lands.

The proposed bill introduces the Climate and Sustainability Insurance and Risk Reduction Grant Program, which would be funded by the Legislature. The program's goals include developing new insurance options and testing community insurance models to lower insurance costs. The department is required to report on the program's outcomes to the Legislature by January 1, 2029, and every three years afterward. These provisions will expire on January 1, 2035.

This bill aligns with Legislative Priority 3b: Support legislation, policies, and funding that support District-led programs that assist in the creation, development, and scaling of market solutions for water-dependent business ventures that will benefit coastal resilience.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda sheet, as presented to it, and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation providing the Board an update on state and federal legislative activity in Sacramento and Washington D.C., does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Section 35 of the Port Act which allows for the Board to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct impact on District workforce or contract reporting at this time.

PREPARED BY:

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