

# CBPA Weekly Update- October 22, 2021

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## **BUSINESS GROUPS CALL FOR ACTION ON PORT BACKLOG**

As the backlog at our California ports continues to grow, urgent action is needed. Along with our partners at the California Business Roundtable, California Retailers Association and California Manufacturers & Technology Association, we created a new goods-movement coalition to come up with solutions and call for action on this issue that challenges all parts of the California economy.

This issue doesn't just challenge our ports, it impacts the availability of all goods from construction materials, to plumbing fixtures, to simply keeping stores shelves stocked for everyday Californian's upcoming holiday seasons. This is an issue that has grown much worse over the last two years, accelerated by new laws and regulations and lack of Executive action, and must be addressed with the same alacrity and sense of urgency that natural disasters such as wildfires and earthquakes are dealt with.

We are calling on the Governor to take immediate steps to address the problem:

1. Declare a State of Emergency at the ports and the associated transportation links to enable quick action to resolve bottlenecks as they arise;
2. Suspend implementation of AB 701 until the supply chain has normalized and goods movement has been restored;

3. Suspend AB 5 and allow independent truckers to operate in and through California until the supply chain has normalized; 3
4. Provide flexibility on existing Air Resources and local port drayage truck regulations, and ensure upcoming deadlines on new regulations take into account delays in manufacturing and delivery of new trucks;
5. Suspend implementation of the Indirect Source Rule recently promulgated by the South Coast Air Quality Management District until the supply chain has normalized;
6. Suspend local and regional mandates that interfere or limit goods movement, including local prohibitions on unloading goods at stores after hours; and
7. Direct already appropriated state resources to clean up homeless encampments in and around goods movement corridors; and 8. Expedite the CEQA and permitting processes, including conditional use permits, for warehouses, rail line and other critical components of goods movement.

To read the full letter and as well as view the entire coalition, [click here](#).

#### **WALGREENS CLOSES 5 SF STORES DUE TO ORGANIZED RETAIL CRIME**

Organized retail crime has been an ongoing issue that is devastating our brick-and-mortar retail stores in California. Our industry is working to address this issue, but the consequences of this problem are still being felt throughout the state. Most recently, Walgreens has decided to close 5 of its stores in San Francisco.

A story was written in the SFGATE stating,

“Organized retail crime continues to be a challenge facing retailers across San Francisco, and we are not immune to that,” said Walgreens spokesperson Phil Caruso. “Retail theft across our San Francisco stores has continued to increase in the past few months to five times our chain average. During this time to help combat this issue, we increased our investments in security measures in stores across the city to 46 times our chain average in an effort to provide a safe environment... California law dictates that theft of less than \$950 in goods is penalized as a nonviolent misdemeanor... Walgreens has closed at least 10 stores in San Francisco since 2019.”

To read the full story [click here](#).

We applaud Governor Newsom for signing AB 331 (Jones-Sawyer) which gives the CHP more flexibility in protecting our brick-and-mortar retail from this organized crime. We are taking action to defend this vital part of our California economy and keep businesses and their customers safe.

## **BAY AREA EXODUS?**

A poll of 1,610 registered voters has shown that residents in the Bay Area are more likely to look elsewhere and have a less than favorable opinion on the quality of life in their area. This issue may have been highlighted by the issues of the pandemic, but it is not pandemic alone related.

A story in SFGATE went into detail,

“A shocking 71% of respondents said the quality of life in the greater Bay Area is worse now compared to five years ago. Fifty-six percent of respondents said they are considering leaving in the next five years — including 53% of respondents who work in the tech sector.

“It’s the cost of living, high housing costs. I think that is the dominant thing. It’s housing housing housing,” said Russell Hancock, President and CEO of Joint Venture Silicon Valley, in a press briefing. “...That is driving almost all of the results.”

Hancock said the 53% figure is the highest percentage of people who have said they want to leave the Bay Area compared to previous polls conducted outside of Joint Venture.”

We are working with other groups to push for legislation and reform that will keep the cost of living for all Californian’s manageable and realistic. We are aware that the weight that the Bay Area residents are feeling is not exclusive to only their region. To read the full story on the poll, [click here](#).

## **ANOTHER HISTORIC BUDGET SURPLUS**

Governor Newsom announced California will have another historic budget surplus going into next year. This comes following a massive budget surplus for California in 2021. The last surplus was used to send out relief to Californians via checks, as well as relief programs for small businesses struggling with the negative effects the pandemic had on California’s economy.

The Sacramento Bee went into detail on the Governor’s announcement:

“Newsom said he’ll propose using next year’s surplus to pay down \$11.3 billion in pension obligations, but didn’t give further details. In addition to a surplus for next year’s budget, Newsom said California has already collected \$14 billion more in tax revenue than expected for the current budget year. The state had such a massive surplus this year in large part because the state slashed money during the first year of the pandemic, anticipating a much deeper recession than materialized. Instead, high earning individuals and businesses in California largely escaped the economic pain from COVID-19 and continued to pay high taxes, filling the state’s coffers, while low-income people bore the brunt of the recession.” To read the full story, [click here](#).

We hope Governor Newsom continues to use our surplus in much needed areas helping the Californian’s that really need it and allowing our economy to transition into a bounce back mindset as we continue out of the pandemic.

#### **STRATEGIC ISSUES CONFERENCE – REGISTER NOW**

Several major groups have come together to host an event you don’t want to miss! California Business Properties Association (CBPA), American Council for Engineering Companies (ACEC), Building Owners and Managers of California (BOMA CAL), California Alliance for Jobs (CAJ), California Building Industry Association (CBIA), California Business Roundtable (CBRT), California Manufacturers & Technology Association (CMTA), California Retailers Association (CRA), invite you to attend one of the premier California policy gatherings, 2021 Strategic Issues Conference.

California’s leading home builders, retailers, manufacturers, business property owners, managers, and developers will come together to increase public policy and political awareness of state and national issues and foster collaborative efforts among business leaders from all sectors of the California economy. The topics of discussion

that impact California's economy are as follows – Upcoming 2022 Elections and Statewide Politics California's Response to the Drought, Storm Water Runoff, Housing in California, Goods Movement and the Supply Chain, and How Crime affects California.

[REGISTER HERE](#)

December 2-3, 2021

Embassy Suites by Hilton Napa Valley

1075 California Boulevard, Napa, CA – [CLICK HERE FOR HOTEL ROOM BLOCK](#)

The Strategic Issues Conference offers a unique opportunity, in an intimate setting, to enjoy significant exposure to key decision-makers and policymakers from both the public and private sectors. Your sponsorship will signal your strong support for improving the business climate in California.

[CLICK HERE](#) for sponsorship details or contact Melissa Stevens at [mstevens@cbpa.com](mailto:mstevens@cbpa.com)

## **2022 STATEWIDE BALLOT INITIATIVE PREVIEW**

It is that time of year again where ballot initiatives are being submitted and we wanted to keep you informed on some of the more interesting ones, including the return of a Split Roll Tax Measure. Remember, it's very early in the process so a lot of

these are subject to change in the coming months but here is a preview of the general topics.

**Public Employee Labor Organizations** – Amends the California Constitution to prohibit public employees from forming, joining, or participating in the activities of a public employee labor organization for the purpose of representing said employees on matters of employer-employee relations. This is an interesting measure backed by a high-tech billionaire.

**Local Land Use** – Amends the California Constitution to allow counties and cities to make and enforce all local land use controls, police, sanitary, and other ordinances, and regulations that don't conflict with general laws. The initiative retains state control in the coastal zone, certain power plants, the development and construction of water, and certain communication or transportation. This is local government's response to statewide action on housing.

**Housing Affordability and Tax Cut Act of 2022 AKA *Split Roll Tax*** – Amends the California Constitution to increase the homeowner property tax exemption from \$7,000 to \$200,000. Establishes an annual surcharge of 1.2% on all properties with full cash values of \$5 million or more. The initiative also streamlines the review processes for housing development projects. CBPA will be actively fighting this measure.

**Ballot Measure Transparency** – Amends the California Constitution by changing the responsibility of writing official title and summary for statewide ballot initiatives from the California Attorney General to the independent and non-partisan Legislative Analyst's Office. This is an effort to end the politicization of title and summaries through the ballot initiative process.