
MEMORANDUM

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs
Date: April 3, 2019
Subject: Monthly Update – March 2019

STATE UPDATE

By the end of March, most policy committees had held at least one hearing to consider proposed legislation. Bills must wait 30 days after introduction before being heard in a committee, so many bills won't be considered until April. Combined with the Legislature's spring recess, April will be busy with hearings prior to deadlines at the end of the month.

Looking ahead, April is a key month for tax revenues as the Governor and Department of Finance prepare updated revenue projections for inclusion in the revised budget proposal due in early May. So far this year, tax revenues have cumulatively come in approximately \$2 billion below estimates.

We will be watching carefully for additional policy specifics in the coming weeks and will keep you updated on new developments.

Below is a list of key upcoming deadlines in the Legislature:

April 11 – Spring Recess begins

April 22 – Legislature reconvenes from Spring Recess

April 26 – Last day for policy committees to hear and report fiscal bills to fiscal committees

May 3 – Last day for policy committees to hear and report non-fiscal bills to the floor

Tax Increment Financing and Related Proposals

The Legislature has been working for a number of years on various tools to replace former redevelopment, including EIFDs and Community Revitalization and Investment Authorities. The following bills are additional options being considered this year related to redevelopment and tax increment financing, as well as tools for existing programs:

- **Senate Bill 5 (Beall/McGuire)**—Creates the Affordable Housing and Community Development Investment Program (Program). The bill establishes an application process, eligible uses for the funds made available by the bill, a process for distributing funds, project requirements, and accountability measures. Specifically, this bill:

- Allows various local agencies to apply for the Program, either individually or jointly
 - Requires an applicant to submit a plan to the Affordable Housing and Community Development Committee made up of several State officials.
 - Requires the plan submitted by the applicant to the Committee to include various types of information about the projects and community outreach.
 - Allows the Committee to approve \$200 million in plans in the first year, increasing in \$200 million increments each year for five years until reaching \$1 billion after five years—over nine years, the total can reach \$2 billion.
 - Requires at least 50 percent of funding to be used on the construction of affordable housing.
 - Directs the county auditor to reduce the amount of property tax revenue the applicant would otherwise have contributed to the county's Education Revenue Augmentation Fund (ERAF).
 - Gives the Department of Finance the ability to recalculate the Proposition 98 guarantee so that schools receive the same amount of funding they would have absent this Program.
- **Assembly Bill 11 (Chiu)**—Allows a city or county to form an Affordable Housing and Infrastructure Agency to fund projects. Specifically, this bill requires agencies to:
 - Create a resolution of intention, which includes a preliminary project plan along with an extensive amount of other required actions and analysis before the Strategic Growth Council (SGC) may approve agency formation.
 - An agency may not be formed if it will result in a negative state fiscal impact, to be determined by the State Controller, and must promote statewide greenhouse gas reduction goals.
 - The SCG shall ensure that the projects proposed in the resolution of intention equitably represent rural, suburban, and urban communities, and that establishing the agency would not result in an inequitable geographic distribution of agencies throughout the state.
 - Submit an annual report and a final report of any audit undertaken by any other local, state, or federal government entity, to its governing body and to the State Controller and the Department of Housing and Community Development.
 - Report the total number of housing units the agency assisted in creating or maintained.
 - **Senate Bill 128 (Beall)**—Repeals the 55 percent voter approval requirement for an EIFD to issue bonds after the EIFD board approves the bond issuance. In its place, SB 128 requires the EIFD board to approve a bond before it can issue the bond.
 - **Assembly Constitutional Amendment 1 (Aguar-Curry)**—Proposes amendments to the California Constitution to allow a city, county, or special district, with 55 percent voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure.

Wildfire State of Emergency

Governor Newsom proclaimed a state of emergency on March 22 ahead of the coming fire season. The Governor directed his Administration to immediately expedite forest management projects that will help protect California's most wildfire-vulnerable communities.

The state of emergency provides time-saving waivers of administrative and regulatory requirements

to protect public safety and allow for action to be taken in the next 12 months, which will begin to systematically address community vulnerability and wildfire fuel buildup through the rapid deployment of forest management resources.

Further, Governor Newsom announced additional details on the \$50 million California for All Emergency Preparedness Campaign. The campaign—a joint initiative between Cal Volunteers and the Governor’s Office of Emergency Services—will augment the efforts of first responders by ensuring at least one million of the most vulnerable Californians are connected to culturally and linguistically competent support.

FEDERAL UPDATE

March was dominated by the struggle between Congress and the President over Trump’s declaration of a national emergency at the southern border. Additionally, the long-anticipated submittal of Special Investigator Mueller’s report to the Department of Justice occurred on Friday, March 22, with a summary report provided to Congress over that weekend. Democrats in Congress are demanding a quick release of the full report after the summary failed to identify collusion between the President and Russia.

Congress will begin working on appropriations activities in earnest as they prepare to respond to the President’s budget request and craft a funding plan for the next fiscal year.

President’s Budget Request

On March 11, President Trump released a blueprint version of the President’s budget request. The budget request contains the following:

Takeaways

- President Donald Trump is seeking one of the largest-ever cuts to domestic discretionary spending in a \$4.7 trillion fiscal 2020 budget proposal
- The proposal assumes 3.1 percent economic growth in fiscal 2020, 3 percent growth from fiscal 2021 to 2024, 2.9 percent in fiscal 2025 and 2.8 percent growth from fiscal 2026 to 2029. By comparison, the Congressional Budget Office’s latest projection anticipates 1.9 percent real, year-to-year gross domestic product growth in fiscal 2020

Top-Line Cuts

- The EPA would receive a 31 percent cut over last year’s funding level
- Department of State would receive a 23 percent cut
- Department of Housing and Urban Development would see a 16 percent cut
- Department of Energy would see an 11 percent cut
- Cuts also proposed for Departments of Agriculture, Education, Health and Human Services, Interior, Justice, Labor, Transportation, and the Army Corps of Engineers

Notable Increases

- Defense, Homeland Security, and Veterans Affairs would get increases larger than expected inflation
- The blueprint proposes an additional \$8.6 billion for building a border wall
- The Bureau of Offshore Energy Management, which is in charge of offshore oil and gas leases, is proposed to be funded at \$136.9 million for FY 2020, an increase over the request of \$129 million last year
- HUD's programs to eliminate lead in homes would receive \$290 million, \$60 million more than last year

Proposed Eliminations

- Economic Development Administration
- Community Development Block Grant program
- HOME Investment Partnerships Program
- Community Development Financial Institutions Fund grant and loan programs
- National Wildlife Refuge Fund payments to local governments
- National Heritage Areas

Other Changes

- Medicaid would be transformed partially into a grant program
- The blueprint would create a Labor Department paid parental leave program that would cost \$750 million in fiscal 2020 and \$20.5 billion over the next decade

As a reminder, the President's budget request serves as the unofficial launch of a lengthy debate over federal funding levels and is usually released the first week of February. However, due to the 35-day partial government shutdown and the potential for another shutdown on the horizon, the Trump Administration did not submit its FY 2020 request until mid-March.

PRIORITY LEGISLATION

ACA 1 (Aguiar-Curry) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, or city and county to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements. This bill is supported by the Special Districts Association, California Professional Firefighters and the Fire Districts Association of California. **The bill will next be heard in Assembly Appropriations Committee.**

AB 510 (Cooley) Sponsored by CSDA, this bill modernizes existing law to catch up with the technology of today and allows flexibility for public agencies to adapt to future technological advances, allowing agencies to diligently manage their financial and equipment resources by setting their own records retention policies based on the needs and the use of their cameras, radios, and telephones. **This bill is currently in Assembly Local Government Committee.**

Assembly Bill 1116 (Grayson) Would create the Firefighter Peer Support and Crisis Referral Services Pilot Program. The bill would, for purposes of the act, define a “peer support team” as a team composed of emergency service personnel, hospital staff, clergy, and educators who have been appointed to the team by a Peer Support Labor-Management Committee, as defined, and who have completed a peer support training course developed and delivered by the California Firefighter Joint Apprenticeship Committee. This bill is sponsored by the California Professional Firefighters and supports by the Fire Districts Association of California. **It will be heard in Assembly Health Committee on April 9, 2019.**

Assembly Bill 1486 (Ting) would expand the definition of “local agency” to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land. This bill is opposed by the California Special District’s Association. **This bill will be heard in Assembly Local Government Committee on April 10, 2019.**

Senate Bill 542 (Stern) would define injury within the workers’ compensation system for fire fighters and police to include post-traumatic stress or mental health disorder. **This bill will be heard in the Senate Labor, Public Employment, and Retirement Committee on April 10, 2019.**

On March 27, 2019 the District's Legislative Ad-Hoc committee met to discuss goals and strategies for 2019. The committee identified a number of strategies that have been identified as short term, medium term, and long-term.

SHORT TERM STRATEGY

The first goal is to define and prioritize the issues of the legislative policy. The purpose of the policy is to identify common goals and purpose. This Policy will serve as a road map that District can use year after year to advocate on legislation.

The Committee will meet with Federal, State, and local representatives on a quarterly basis to share the District's progress since adoption of the Strategic and Implementation Plan. Regularly scheduled meetings will build relationships and garner support for the District's efforts.

MEDIUM TERM STRATEGY

We identified 3 policy changes that can be sought to better the District's operations capabilities.

1. The Mitigation Fee Act authorizes local agencies to impose fees to offset the impacts of new development in the form of new services and/or facilities required. The Mitigation Fee Act also imposes a variety of administrative requirements on the fees collected. No voter approval is required to impose impact fees. However, fire districts may not impose fees on new construction or development. The District could pursue efforts to amend legislation allowing fire district to impose fees to mitigate the effects of new development.
2. The District's policy provides for the award of Professional / Special Services contracts by low bid for any contract over \$45,000. However, section 20812 of the Public Contract Code provides that contracts over **\$25,000** must be awarded to the lowest bidder. In addition to being quite a low threshold, Section 20812 is inconsistent with the requirements for many public agencies, and also inconsistent with other laws pertaining to Professional and Special Services. By repealing this section of the law, the District would be able to award professional/special services based on who is most appropriately qualified.
3. Currently, a parcel tax requires a 2/3 vote to pass and must be applied to all parcels equally. This means that a residential property, a commercial property, and an undeveloped property would have to be assessed the same amount for fire service even though they place different levels of demand for service on the Fire District. The District could move forward with a proposal that would allow different levels of tax to be assessed to different classes of parcels.

LONG TERM STRATEGY

An ongoing long term goal is to educate the legislature on the ramifications of Proposition 13, the 1978 ballot measure that limited property tax increases. Over the last several years there has been a lot of momentum to seek a policy change. In October of last year, an initiative qualified for the ballot that would end the state's restrictions on taxing commercial and industrial properties and increase tax receipts for cities, counties and school districts by an estimated \$6 billion to \$10 billion a year. The District can share their story about the public safety concern related to the existing funding structure.