

MEMORANDUM

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs
Date: February 8, 2019
Subject: Monthly Report for ECCFPD — January 2019

State Political Update

The Legislature returned to the Capitol on December 3, 2018 to be sworn into office, officially kicking off the first year of the 2019-2020 legislative session. On that day, the first day that bills could be introduced, legislators introduced 176 bills. Since then, over 400 additional bills have been introduced, although a significant number of these are spot bills and do not have any substantive language included in them. The deadline for bill introductions is February 22 and it is expected that about 2,300 bills will be introduced in 2019.

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

- **February 22** – Last day to introduce new legislation
- **April 11** – Spring Recess begins
- **April 26** – Last day for policy committees to hear and report fiscal bills to fiscal committees

Senate Pro Tem Toni Atkins and Speaker Anthony Rendon have announced their 2019 committee assignments which will set the tone for committee priorities going forward. Committee hearings are expected to start after the bill introduction deadline on February 22. Below is a snapshot of the Chairs of various relevant Senate and Assembly committees for 2019:

Committee	Chair (Senate)	Chair (Assembly)
Senate Appropriations/Assembly Appropriations	Senator Anthony Portantino (D – La Canada -Flintridge)	Assemblymember Lorena Gonzalez (D – San Diego)
Senate Budget and Fiscal Review/Assembly Budget	Senator Holly Mitchell (D – Los Angeles)	Assemblymember Phil Ting (D – San Francisco)
Senate Governance and Finance/Assembly Local Government	Senator Mike McGuire (D – Healdsburg)	Assemblymember Cecilia Aguiar-Curry (D – Winters)
Senate Natural Resources and Water/Assembly Water, Parks, and Wildlife	Senator Henry Stern (D – Canoga Park)	Assemblymember Eduardo Garcia (D – Coachella)

Senate Housing/Assembly Housing and Community Development	Senator Scott D. Wiener (D – San Francisco)	Assemblymember David Chiu (D- San Francisco)
Senate Transportation/Assembly Transportation	Senator Jim Beall (D – San Jose)	Assemblymember Jim Frazier (D – Oakley)

Governor’s Swearing-in Speech

On January 7, Gavin Newsom was sworn in as the 40th Governor of California. The swearing-in ceremony, and the events over the preceding days, served as a contrast to outgoing Governor Jerry Brown. While Governor Brown was known for low-key and downplayed events, Governor Newsom held several official events, including an outing at the Old Sacramento train museum for families, a concert benefiting wildfire victims, and the official swearing in ceremony.

Governor Newsom used these addresses to explain his vision for California. The Governor indicated that it is his desire to renew the California Dream for the next generation of Californians. Newsom set a tone that he wants California to offer an alternative to the chaos and acrimony occurring in Washington DC, and that California can offer a government that can achieve big things while being progressive, principled, and on the side of people.

During the speech, Governor Newsom did not put forth a large number of detailed policy issues and it is expected that his major policies will slowly be released throughout the year, starting with the release of the Governor’s January Budget. During his comments, the Governor vowed to take on those that are negatively affecting Californians, including: drug companies, the gun lobby, polluters and pay-day lenders. Newsom also acknowledged many of the challenges facing everyday Californians, such as the rising costs of housing and medical care, the inequality of opportunity, the homeless epidemic, and the education achievement gap.

Governor’s 2019-2020 Proposed Budget

On January 10, Governor Newsom released his FY 2019-2020 Budget proposal, the first step in the Budget process. The Budget includes \$144 billion from the State’s General Fund as well as approximately \$65 billion from special accounts and bond appropriations, bringing the total Budget amount to \$209 billion and making it the largest California Budget in history. Continuing Governor Brown’s theme of saving funds, Governor Newsom proposes banking \$4.8 billion in the State’s Rainy-Day Fund and other reserve accounts. Governor Newsom’s Budget also contributes \$4.8 billion to pay down a portion of the State’s unfunded pension liability and spends an addition \$4 billion for debt service.

The Legislative Analyst’s Office had estimated the Budget surplus for the upcoming budget year would be \$15 billion, however Governor Newsom is estimating that number to be \$21.4 billion in his proposal due to carryover of funds and expectations of slower growth in Medi-Cal. Given the large anticipated surplus, the Governor was able to propose substantial funding in several priority areas, such as early childhood and higher education, affordable housing, alleviating poverty and homelessness, expanding access to health care, paid family leave, and overhauling California’s emergency preparedness.

The Governor’s 2019-2020 Budget includes:

- \$500 million to expand childcare infrastructure

- \$80.7 billion on K-12 and Community Colleges, including \$750 million to augment full-day kindergarten
- \$415 million in funding for emergency preparedness and response
- \$500 million to build homeless shelters
- \$500 million for an affordable housing tax credit
- \$500 million for moderate housing production

Affordable Housing and Homelessness

In order to address the growing affordable housing and homelessness crisis, the Governor has included considerable one-time spending for:

- **Regional Housing Needs Assessment**– Governor Newsom introduced a new proposal aimed at incentivizing housing production during the Budget announcement press conference. The Governor’s Budget calls for the re-vamping the current Regional Housing Needs Assessment (RHNA) process, which determines the amount and type of housing regions and local jurisdictions must produce to meet their need. Utilizing local input, the Administration is proposing to move the Department of Housing and Community Development (HCD) to a more enforcement role as opposed to the traditional advisory role in the RHNA process.

During his press conference, Governor Newsom claimed that jurisdictions who are not meeting their RHNA targets will not receive their SB 1 transportation funding. Although this enforcement and compliance tool will likely not be instituted until after a full RHNA revamp that could last several years, it shows the willingness of the Administration to address the State’s housing shortage by any means necessary.

- **Short-Term Planning and Performance Incentive Grants** - \$750 million in one-time funding is proposed to increase housing production and provide technical assistance to local governments
- **Housing Tax Credits and Moderate-Income Housing Production** - \$500 million General Fund one-time funding for the development of moderate-income housing. Furthermore, the proposal calls for \$500 million (and up to \$500 million annually thereafter) for affordable housing tax credits.
- **Funds to Local Jurisdictions to Address Emergency Homeless Needs**– Like last year’s budget, this proposal once again allocated \$500 million in one-time funding for jurisdictions that site and build emergency shelters, navigation centers or supportive housing. \$200 million will be distributed to Continuums of Care, \$200 million will be made available to jurisdictions that show progress in permitting new supportive housing units, and \$100 million will be allocated to the 11 most populous cities in the State.
- **Whole Person Care Pilot Programs** - \$100 million General Fund (one-time with multi-year spending authority) is allocated for Whole Person Care Pilot programs that provide housing services. These programs coordinate health, behavioral health (including mental health and substance use disorder services), and social services.

Emergency Preparedness and Response

The Governor also highlighted the importance of increased funding for emergency preparedness and response programs. The January budget proposal includes:

- Support for Affected Communities – The budget proposal includes economic support for communities devastated by recent disaster with measures that include \$31.3 million to backfill property tax losses for cities, counties and special districts. Furthermore, the Governor requests \$155.2 million for debris removal and additional funding to backfill affects schools' Prop. 98 funding.
- Department of Forestry and Fire Protection (CAL FIRE) – the Governor's budget requests a total of \$2.6 billion for CAL FIRE. This includes
 - \$213 million for fire prevention including fuel reduction projects
 - \$120 million for aviation resources enhancement
 - \$64.4 million to expand firefighting surge capacity
 - \$6.6 million to improve emergency responder services
 - \$9.7 million for technology enhancements
- Office of Emergency Services – The budget proposal includes a request for an additional \$172.3 million for CalOES for 9-1-1 enhancements, the California Earthquake Early Warning System, Mutual Aid, and Broadband Communication improvements.

Cap and Trade

Since its inception, the Cap-and-Trade program, approximately \$9.3 billion of revenues have been appropriated to numerous programs. The Cap and Trade expenditure plan outlines how revenue generated from the auctioning of emissions permits will be distributed from the Greenhouse Gas Reduction Fund (GGRF). At least 25 percent of all revenue must go towards projects located in disadvantaged communities and benefit low-income individuals. This budget proposes a \$956 million expenditure plan, which is approximately \$400 million less than the previous fiscal year. Major investments from the draft expenditure plan include \$200 million for CalFire to address resilient forests and conduct prescribed fire and fuel modifications, as well as clean vehicle replacement and modernization programs and air quality initiatives.

Drinking Water

Governor Newsom's Budget included \$168.5 million from Proposition 68 for safe drinking water projects throughout the State. This money will be used for both grants and loans to primarily disadvantaged communities who are unable to provide access to clean drinking water for their customers. This money will also be used for technical assistance to help these communities and water systems plan and implement projects that will be long-term solutions. The Governor also included \$10 million from the General Fund for both emergency water and interim alternate water solutions as well as an additional \$10 million from the General Fund for targeted technical assistance.

One of the most significant positions in the Budget was the inclusion of the Safe and Affordable Drinking Water Fund. Although specific language is not yet available, this proposed Fund is expected to be consistent with SB 623 (Monning, 2017) and language included in Governor Brown's proposed 2018-2019 Budget. That language was ultimately not included in the 2018-2019 adopted Budget. The Safe and Affordable Drinking Water Fund will be funded through a

combination of fertilizer fees, dairy fees, and a tax on drinking water in urban and compliant water systems and will provide grants and loans to failing water systems.

Shortly after the Budget announcement, Governor Newsom and his cabinet staff took an impromptu trip to Ceres in Stanislaus County to visit with residents who lack access to clean and affordable drinking water and engage in a roundtable discussion with the community. Governor Newsom did not announce the trip to Stanislaus County to the media or any of his cabinet staff. This trip to the Central Valley merely days after being sworn in to talk to those affected the most by failing water systems signals the Governor's commitment to the issue going forward.

Pacific Gas & Electric Bankruptcy

On January 29, PG&E Corp., which owns California's largest electric utility, filed for bankruptcy protection. Citing the expected billions of dollars in potential liabilities from a series of wildfires, the utility expressed that a Chapter 11 filing was the only way to allow the company to continue operating for its customers.

PG&E and other utility companies in California have been under intensifying public scrutiny since it was determined that utility lines have caused several devastating wildfires over the last several years. Estimates list PG&E's liabilities, which include destruction of property and deaths, to exceed \$30 billion. The California Public Utilities Commission gave the company a green light to file for bankruptcy – facing intense criticism from victims who may not fully recoup the costs in a bankruptcy settlement.

Some cities such as San Francisco are beginning to explore the possibility of purchasing the utility's network in their jurisdiction to create a public controlled utility provider in an effort to ensure customers won't be affected. Governor Gavin Newsom has been mostly silent on the issue, and the Legislature assured that a public bailout is not under consideration. The Legislature passed SB 901 in 2018, which gave utility companies greater flexibility in handling the liabilities posed by the recent disasters. The legislation allowed utility companies to seek rate-payer backed loans in an effort to pay down potential liabilities. Legislators make the argument that they have already reduced the burden on the utilities – and that further changes to rate-payer protections are unpalatable.

Senate Budget Information Hearing

The Senate Budget and Fiscal Review Committee held an informational hearing on Wildfire and Emergency Response Preparedness. The hearing called on experts from the Legislative Analyst's Office, Office of Emergency Services (CalOES), Department of Resources Recycling and Recovery (CalRecycle), and the Department of Forestry and Fire Protection (CalFire). Several topics were discussed including: 1) Climate Change, 2) Funding needs, and 3) Wildland Urban Interface. The packet is attached for those interested in the background materials provided.

Priority Legislation

Some bills of relevance recently introduced include:

Assembly Bill 183 (Wood) would require the PUC to collect information from telecommunications providers relating to restoring service due to outages caused by natural disasters.

Assembly Bill 235 (Mayes) would create the California Wildfire Catastrophe Fund Authority and authorize utilities to participate by contributing funds in the Authority.

Assembly Bill 291 (Chu) would declare legislative intent to establish a Local Emergency Preparedness and Hazard Mitigation Fund to help local governments boost emergency management programs.

Assembly Bill 298 (Mathis) would call for a Legislative Analyst study on the creation of a low-interest home loan program for first responders.

Senate Bill 4 (McGuire) would state legislative intent to enact a measure to limit restrictive local land use policies that discourage housing development. Amendments have been prepared to eliminate various developer impact fees including those for fire services.

Senate Bill 13 (Wieckowski) would express legislative intent to reduce impact fees and other barriers for homeowners seeking to create accessory dwelling units.

Senate Bill 167 (Dodd) would require wildfire mitigation protocols for deenergizing the electrical distribution system to include assessment of the impacts on customers of the CARE program and who have been identified as critical care individuals relying on life-support equipment.

Senate Bill 190 (Dodd) would require the State Fire Marshal to develop a model defensible space program. The Fire Marshal would develop the program in consultation with representatives of local, state and federal fire services, local government, building code officials, utility companies, building industry and the environmental community.

Federal Legislative Update

The longest federal government shutdown in American history and the impasse between President Trump and congressional Democrats dominated Washington D.C. in the first month of 2019. Meanwhile, Congress was hard at work to organize its leadership and committee structure for the next two years. In that time, TPA has been active on Capitol Hill, interacting with your elected representatives and their offices to ensure they are up to date on issues back in California and they are receiving the support they need in Washington, DC. We look forward to continuing to work with them on your behalf in the coming months as the 116th Congress begins to ramp up.

Government Shutdown and Appropriations

On the 35th day of the longest federal government shutdown in American history, Congress and President Trump agreed to a three-week continuing resolution to reopen the government through February 15, 2019.

House and Senate leaders will be meeting in the coming weeks to work on resolving the differences on the remaining appropriations bills for Fiscal Year (FY) 2019, as funding for a wall on the southern border remains the most contentious issue. Congress has yet to approve 7 of the 12 federal appropriations bills for FY 2019 (Agriculture; Commerce, Justice, Science; Financial Services; Homeland Security; Interior-Environment; State-Foreign Operations; Transportation-Housing and Urban Development). Of the remaining bills, the Homeland Security bill is the most controversial due to disagreements on immigration and border security spending. It is the only bill that has not received a vote on the House or Senate floor.

The ongoing debate on FY 2019 appropriations legislation could also cause a delay in the negotiations for FY 2020. The President's budget request, which signals the beginning of the appropriations process, typically occurs on the first Monday of February.

TPA continues to work with congressional leaders to advocate for priority programs as they work to finalize these funding levels. Additionally, as many federal agencies are working to recover after the shutdown, please let us know if you encounter any issues regarding funding disbursements.

New Congress

In the first few weeks of the 116th Congress, TPA has been working with lawmakers as the House and Senate organize their leadership and committee structure for the 116th Congress.

Senator Dianne Feinstein (D-CA) will once again serve as the top Democrat on the Senate Judiciary Committee. She also will retain senior roles on the Senate Committees on Appropriations, Intelligence, and Rules.

As Senator Kamala Harris (D-CA) officially announced her presidential campaign in January, Senate Leadership announced that she will remain on the Senate Budget, Homeland Security and Government Affairs, Intelligence, and Judiciary Committees.

Representative Nancy Pelosi (D-CA-12) and Representative Kevin McCarthy (R-CA-23) were elected as Speaker of the House and Minority Leader, respectively, marking the first time in American history in which representatives from the same state have held their respective parties' top posts in the House of Representatives.

5G Local Control Legislation

On January 14, Congresswoman Anna Eshoo (D-CA) introduced H.R. 530, which would overturn the Federal Communications Commission's (FCC) rulings from to limit local control of infrastructure. This bill would nullify two FCC rules approved on August 2 and September 26 of last year, which unfairly restricted municipalities' wireless permitting processes.

The National League of Cities, National Association of Counties, and National Association of Telecommunications Officers and Advisors are all in support of this bill. That being said, there are multiple paths forward for the bill and none of them assured. While this bill introduction is a bold stance and great start, the next step in our coordinated strategy is encouraging Members of Congress to cosponsor this bill, work with Senators to introduce companion legislation, and support the bill's consideration in the House Energy and Commerce Committee. As we monitor the legal challenges to these FCC rules, we will continue to advocate for legislative avenues to overturn these restrictions on local authority.

Census Citizenship Question Blocked

On January 15, a federal judge blocked the Trump Administration's plan to put a question about U.S. citizenship on the 2020 census. Judge Jesse Furman, of the U.S. District Court for the Southern District of New York, issued his ruling after a two-week trial in Manhattan.

The Supreme Court is hearing an appeal related to the trial in February in hopes of handing down a decision before the Census Bureau has to finalize its questionnaire.

This decision is significant, since the census will help determine U.S. elections, congressional seats and federal funding decisions for a decade, and asking questions about citizenship may skew the participation rate. California and other states with high levels of immigrant residents would be particularly affected.

Judge Furman said Commerce Secretary Wilbur Ross violated a statute that requires him to collect this kind of data through the acquisition and use of “administrative records” instead of through “direct inquiries” on a survey such as the census. However, Judge Furman said he was unable to find that Secretary Ross’s decision to add the question was a pretext for impermissible discrimination as the challengers had argued.

State of the Union

President Trump delivered his second State of the Union address. In it, he called on a divided Congress to find opportunities to work together and enact bipartisan legislation. President Trump emphasized accomplishments during his first two years in office, including:

- the elimination of regulations;
- the passage of the Farm Bill;
- criminal justice reform;
- a package to address the nation’s opioid crisis;
- increased American oil and gas production; and
- tax cuts and doubling the child tax credit.

The President stated there is a crisis at our southern border and restated his request for funding to construct a border wall. We are currently days away from another potential federal government shutdown due to disagreements on immigration policy.

President Trump said that passing an infrastructure bill was a necessity, but in contrast to his description of infrastructure reform in last year’s State of the Union address, offered no policy details.