

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs, Inc.
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Subject: Legislative Report for ECCFPD – December 2020

State Legislative Update

The California State Assembly and Senate officially convened the 2021-22 Legislative Session with an organizational session on December 7th. The organizational session provided each House the opportunity to swear members into office, as well as adopt the Rules of the House, and elect the Assembly Speaker and Senate President Pro Tem for the upcoming session. As expected, Assembly Speaker Anthony Rendon and Senate President Pro Tem Toni Atkins were selected to continue as leaders of their respective Houses.

While the business of the organizational session was the same as in previous sessions, the circumstances under which the session was conducted represented a dramatic departure from the norm. In order to protect public health, and maintain proper social distancing, the Assembly did not conduct their session in the State Capitol, but instead met several blocks away at the Golden One Center. The Senate, on the other hand, did meet in the State Capitol, but several members elected not to travel to the Capitol and instead were sworn into office over Zoom, or opted to be sworn into office in their districts at a later date.

While the organizational session marked the beginning of the 2021-22 Regular Session of the Legislature, after the session concluded, the Legislature adjourned for recess until after the holidays. The Legislature is scheduled to return from the recess on January 11th.

Perhaps most importantly, the commencement of the Legislative Session made it so legislators could introduce legislation in the new session. While the official deadline to introduce new legislation is February 19th, many legislators took the opportunity to introduce bills that need to be acted upon in an expedited fashion, bills that reflect issues that were raised in campaigns, or to just introduce legislation that is a priority for them for the coming year. Generally speaking, bills that are introduced in December are not heard before bills that are introduced closer to bill introduction deadline. That said, several legislators did make announcements today about bills that they will be introducing, those bills include:

Ultimately, the Legislature will introduce in excess of two thousand bill proposals this year, which will cover a broad range of issues. Based on comments from the Assembly Speaker and President Pro Tem at the organizational session, it is likely that there will be a significant focus placed on bills that attempt to address issues related to the coronavirus pandemic, including support for small businesses, and expanding access to broadband internet so people can more reliably work/educate at home. Additionally, the Legislature is likely to place an emphasis on bills



related to police reform; preparing for, and responding to, wildfires; affordable housing and homelessness; and issues related to the State Budget.

Below are the upcoming relevant dates for the Legislature:

January 8th – Governor Newsom to release January Budget proposal

January 11th – Legislature reconvenes to begin legislative business

January 22nd – Last day to submit bill requests to the Office of Legislative Counsel

February 19th – Last day for bills to be introduced

April 30th – Last day for policy committees to pass fiscal bills

Priority Legislation

December 7th marked the first day that members of the Legislature were able to introduce bills in the new legislative session. Approximately 225 bills have been introduced to date, which is just a fraction of the 2,000-2,500 bills that are likely to be introduced before the bill introduction deadline on February 19th. All new bills must wait a minimum of 30 days before they can be considered by the Assembly or Senate; however, it is likely that the vast majority of the bills that have been introduced in December will not receive a committee hearing until March or April.

Below are bills that have been introduced that may be of interest to the District.

AB 59 (Gabriel) – Mitigation Fee Act: notices and timelines

This bill would make changes to the notices and timelines associated with the Mitigation Fee Act. This bill would increase, for fees and service charges and for fees for specified public facilities, the time for mailing the notice of the time and place of the meeting to at least 45 days before the meeting, as well as require that information be made available to the public at least 30 days before the meeting. The bill would require a local agency to additionally make available to the public all the data demonstrating the requisite relationship between the amount of a fee for public facilities and the need for the public facilities.

ACA 1 (Aguilar-Curry) – Affordable housing and public infrastructure: voter approval

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, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, 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.

SB 45 (Portantino) – Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of



bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Federal Legislative Update

In December, federal attention rested squarely on passage of a full-year funding omnibus and an additional, “Phase 4” round of coronavirus relief and stimulus. The coronavirus package had no discrete deadline (though a number of coronavirus-related programs and provisions expired around the end of the calendar year), but to increase the likelihood of passage, Congress attached the coronavirus package to the omnibus Fiscal Year 2021 spending bill, which had to be passed by December 18th (later revised to December 28th).

Coronavirus Aid Packages

After a month of tenuous negotiations, on December 27th, President Trump signed the massive “Phase 4” coronavirus package and Fiscal Year 2021 spending package (H.R. 133) into law. The COVID-19 relief portion of the bill contained more than \$900 billion in funding for unemployment aid, direct payments to individuals, and business assistance. The bill also provides funding for vaccine administration, COVID-19 testing, airline payroll support, assistance to farmers, and funding for broadband access. It would extend a moratorium on evictions through January 31st and expand food aid programs.

While the approved legislation contains a number of different programs to provide relief from the impacts of the coronavirus pandemic, not all funding priorities were included in the final agreement. Most notably, the bill omits funding for state and local governments, including making funding available to special districts, as Democrats and Republicans were unable to reach an agreement on how much funding to provide, or how economic impact should be determined. The Democratic leadership has indicated that funding for state and local governments remains a top priority and they will work with the incoming Biden Administration to push for its inclusion in future legislation. It should be noted that HR 133 did extend the expiration of funds provided under the CARES Act for state and local aid.

A few key elements that were included in the coronavirus relief portion of HR 133:

Direct Payments to Individuals

The bill would provide another round of direct payments of as much as \$600 for an individual, \$1,200 for joint filers, and \$600 for each qualifying child.

- It would apply the similar income limits and phase-out as the CARES Act, reducing the payments by 5% for individuals with adjusted gross incomes of more than \$75,000. Filers with an AGI greater than \$87,000 wouldn’t receive a payment. The CARES Act provided payments of \$1,200 per individual.
- The bill also would provide the following amounts to deliver the payments:
 - \$509 million for the IRS.
 - \$38 million for the Social Security Administration.



- Payments would be based on 2019 taxes. Payments could be issued for certain beneficiaries who didn't file 2019 returns, including retired and disabled workers, Supplemental Security Income recipients, and veterans receiving VA benefits.
- The bill would reduce the payment to \$600 for joint filers if the Social Security Number of only one spouse is included in the most recent return. It would provide an extra \$600 for each child with an SSN or adoption taxpayer identification number.

Unemployment

The bill would restore and reduce to \$300 per week, from \$600, the Federal Pandemic Unemployment Compensation (FPUC) created under the CARES Act. The extra payments, which expired on July 31, would apply to weeks of unemployment after December 26 and through March 14, 2021.

State and Local Aid

- The bill would extend the spending deadline for the CARES Act's \$150 billion Coronavirus Relief Fund for state, local, and tribal governments to cover costs incurred – from December 31, 2020, to December 31, 2021.
- The bill would not provide any additional funding or spending flexibility.

Education

The bill would provide \$81.9 billion for the Education Stabilization Fund created by the CARES Act.

- It would allocate the following amounts:
 - \$22.7 billion for higher education institutions, including
 - \$4.05 billion for emergency relief grants to states, \$2.75 billion of which would be for private schools.
 - \$54.3 billion for elementary and secondary schools.
 - \$818.8 million for territories and tribal education programs.
- Additionally, the bill would allow work-study students and students with expected family contributions of \$0 to be eligible for SNAP until the health emergency ends.
- The bill would also exclude certain financial aid grants provided under the CARES Act from the gross income of college students for tax purposes.

The bill also includes numerous provisions on health care, housing, broadband, nutrition, agriculture, banking, and the postal service.

Appropriations

Congress attached a full-year FY 2021 omnibus bill to the coronavirus relief package that passed in December, thereby averting a government shutdown and funding the federal government through September 30, 2021.

The approved legislation contained several items that may be of interest to the District, including:

- \$705 million for the Urban Areas Security Initiative grant program
- \$610 million for the State Homeland Security Grant Program
- \$360 million for the Assistance to Firefighters Grant program



- Authorization for the FEMA Administrator to waive the local match requirement for the AFG grants and the maintenance of expenditures requirements
- \$360 million for the SAFER program at \$360 million
- \$49.27 million for the U.S. Fire Administration
- \$37.8 million for the Urban Search & Rescue system
- \$19 million to the Volunteer Fire Assistance program to fight wildland fires
- \$5.5 million for the SIREN grant program for rural EMS response

California Senate Seat

Governor Gavin Newsom announced the selection of California Secretary of State Alex Padilla to be California's next United States Senator, filling the seat soon to be vacated by Vice President-elect Kamala Harris.

Prior to his election to Secretary of State, Padilla served on the Los Angeles City Council and served eight years as a State Senator. Padilla will become the first Latino to represent California in the United States Senate and the first California Senator from Southern California in nearly three decades. Padilla will serve the remainder of Senator Harris' current term, which expires in 2022, at which point he will need to run for re-election.

With a nomination this early, Senator Kamala Harris is free to resign her seat with the knowledge that Padilla's nomination and swearing-in would happen immediately and leave very little, if any, gap in California's representation in the Senate.

District Legislative Priorities

TPA works to further the mission of the East Contra Costa Fire Protection District in Sacramento and Washington DC. In addition to providing feedback on the priorities of the State and Federal government, the District has its own priorities that we continue to advance.

Legislative Priority 1 – Mitigation Fee Act

Under existing law, 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. The same does not apply to a District board, who is prohibited from charging a fee on new construction or development.

TPA had previously discussed this issue with Assembly Member Grayson, who has spearheaded efforts in the Legislature to amend current law relating to impact fees. Numerous conversations have occurred with the Assembly Member's office, and other stakeholders, regarding the importance of impact fees to fire districts.

TPA met with several public agency stakeholders to discuss issues surrounding the Mitigation Fee Act. CSDA, as well as other state associations representing public agencies, have been working in a stakeholder group on the issue of the Act. Much of the public agency focus on the issue has been defensive in nature, as numerous bills have attempted to modify the Act in ways



that would result in a decreased ability for public agencies to collect impact fees. The aim of these legislative efforts has been to reduce the overall cost of housing in California and provide more opportunities for home ownership or for people to be able to afford to rent housing near employment centers.

TPA has met with staff for the Senate Governance and Finance Committee, as well as the Assembly Local Government Committee to discuss the issue and discuss how the committees may view mitigation fee legislation in the coming session. To date, one bill has been introduced related to the Mitigation Fee Act; however, it is anticipated that several more bills will be introduced on the topic once the Legislature returns to session in January.

Legislative Priority 2 – Professional Services

Under existing law, the Public Contract Code provides that contracts over \$25,000 must be awarded to the lowest bidder. In addition to be 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.

TPA has shared the concerns with the existing bid thresholds with the Senate Governance and Finance Committee. Additionally, TPA worked with stakeholders to determine if there was an opportunity to include language in an omnibus bill that would raise the bid thresholds to be consistent for all types of public agencies. Ultimately, the efforts to advance an omnibus bill did not materialize, as legislators and committees were forced to reduce their bill loads due to the shortened legislative calendar.

In September, TPA met with staff from the California Special Districts Association to discuss bid threshold legislation. While CSDA indicated that several of their members have brought up the issue of bid thresholds, they do not anticipate sponsoring legislation on the topic in 2021; however, they would likely be supportive of any legislation that the District would introduce.

Legislative Priority 3 – Parcel Tax

Currently, a parcel tax requires a two-thirds 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.

TPA worked with Legislative Counsel to draft bill language that would allow different levels of tax to be assessed to different classes of parcels. Efforts to secure an author were unsuccessful, as the language was developed at the same time that the legislative calendar was truncated due to impacts from coronavirus.

During the legislative interim, TPA met with staff of the Assembly Local Government Committee, to discuss this issue. In 2020, Assembly Member Aguiar-Curry attempted to advance legislation (ACA 1) that would have modified vote thresholds for certain types of parcel taxes. While the Assembly Member's legislation was ultimately unsuccessful, there may be an opportunity to work with the Assembly Member on legislation for 2021. Additionally, Assembly Member Aguiar-Curry serves as the Chair of the Assembly Local Government Committee, and as such, may have



additional insights to other agencies with similar priorities as the District, policy considerations that we may want to incorporate into the legislative effort, or other stakeholders that we may want to reach out to prior to the introduction of legislation.

On December 7th, Assembly Member Aguiar-Curry reintroduced ACA 1 which would create an exception to the 1% limit that would authorize a city, county, or special district to levy an ad valorem tax to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, if the proposed tax measure is approved by 55% of voters. For purposes of the bill, “public infrastructure” includes public safety buildings or facilities, equipment related to fire suppression, emergency response equipment, or interoperable communications equipment for direct and exclusive use by fire, emergency response, police or sheriff personnel.

Last year, ACA 1 was supported by a coalition of individual public agencies and associations, including: California Special Districts Association, League of California Cities, California State Association of Counties, East Bay MUD, and East Bay Parks. The measure also received significant support from labor, including from California Professional Firefighters.

While ACA 1 was introduced in December, it will be several months before it is likely to be considered by a policy committee.

Legislative Priority 4 – Proposition 218

Proposition 218 restrict local governments’ ability to impose assessments and property-related fees, as well as requires elections to approve many local government revenue raising methods. Over time, the responsibilities expected of local fire districts have grown, however, their share of local tax revenue has not grown to meet the increased demand.

Every few years, efforts have failed to modify the State Constitution to reduce the vote threshold for parcel tax measures to 55%. That included an effort earlier in the 2019-20 legislative session, ACA 1 (Aguiar-Curry). While that measure was unsuccessful, the Legislature was able to approve a measure, ACA 11 (Mullin), for the November ballot, which will appear as Proposition 19. If approved by voters, Proposition 19 would allow homeowners who are over 55, disabled, or victims of wildfire or natural disaster to transfer their primary residence’s property tax base value to a replacement residence of any value, anywhere in the state. An individual could use these rules up to three times in their lifetime. The measure would also limit the ability of new homeowners who inherit properties to keep their parents’ or grandparents’ low property tax payments. The measure would allocate most resulting state revenue to fire protection services and reimbursement to local governments for taxation-related changes. If approved, Proposition 19 may create a funding stream that the District can access.

In addition to ACA 11, the Legislature also approved SB 1386 (Moorlach), which subsequently signed into law by Governor Newsom. SB 1386, which received bi-partisan unanimous support in the Legislature, declares that fire hydrants are part of water service, for the purposes of Proposition 218. This bill is an important measure that can be enacted to protect fire hydrant system funding that would not increase water rates because the costs of fire hydrant system maintenance and operation are already appropriately embedded in customers’ water rates. The



success of SB 1386 may lead to additional legislation to amend the statutory definitions surrounding Proposition 218.

Legislative Priority 5 – Building a Coalition

With the assistance of the California Special District’s Association and the California Fire District’s Association, TPA is working to build a coalition with other special fire districts in California that are impacted by Proposition 13 allocations, and growth since Proposition 13 was enacted. This coalition will also provide support for the long-term priorities listed above, as well as future priorities. A coalition will support efforts to show the long-term implications of Proposition 13 are a statewide issue and not unique to the District.

To date, the efforts to identify special districts that are similarly impacted by Proposition 13 have not resulted in a robust coalition. During the legislative interim, TPA will be re-doubling our efforts with our partners, as well as reaching out to new resources to assist in the identification of similar districts. TPA will be meeting with staff from the Senate Governance and Finance Committee, as well as the Assembly Local Government Committee, that work on Proposition 13-related issues to discuss how the District is impacted, as well as to determine if other special districts have raised this issue with committee staff. Additionally, we have reached out to the Senior Consultant on Local Government Issues within the Assembly Speaker’s Office to determine if any other Assembly Members have raised this issue to the Speaker, which may help identify additional areas of the state where similar circumstances exist.

