
MEMORANDUM

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs
Date: December 6, 2019
Subject: Legislative Update — November 2019

State Legislative Update

The Legislature is scheduled to reconvene on January 6 for the second year of the 2019-20 Legislative Session. When lawmakers return, they will face fast-approaching deadlines to move legislation from last year that did not pass out of its house of origin. Due to the election cycle, the second year of the two-year session is typically more condensed than the first year, resulting in quicker policy committee and appropriations deadlines for bills. Likely issues to be taken up in 2020 will be wildfire/utility oversight, development impact fees, housing, and environmental bond measures.

Below is a list of upcoming legislative deadlines:

January 1, 2020 – Most statutes passed in 2019 take effect
January 6, 2020 – Legislature reconvenes for the 2020 Legislative Session
January 10, 2020 – Budget must be submitted by Governor
January 17, 2020 – Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house

2020 Fiscal Outlook

In November, the non-partisan Legislative Analyst Office (LAO) released its 2020-21 Fiscal Outlook Overview report. The report stated that California can expect a budget surplus of \$7 billion and the State's budget continues to be in a good position should there be a recession. While the State's overall fiscal outlook is positive, the report cautions lawmakers to prepare for weaker economic performance in the future and suggests that the Legislature should focus on using the budget surplus funds to pay down debt and continue building reserves.

The report also stated that by the end of the 2020-21 session, the State is expected to have a "rainy day fund" of \$18.3 billion. The report credits the State's fiscal condition to more than a decade of economic expansion and prudent legislative actions that have added to the State Budget's resiliency. Governor Newsom released a statement after the release of the LAO report saying that the State is "doing more than ever before to provide opportunity for all California families."

Public Safety Power Shutoff Senate Hearing

On November 18, the Senate Energy, Utilities and Communications Committee held an oversight hearing regarding the recent Public Safety Power Shutoffs (PSPS) from Investor Owned Utilities (IOUs) in California. Among those who testified were executives from San Diego Gas & Electric (SDG&E), Southern California Edison (SCE), Pacific Gas & Electric (PG&E), a representative from the LAO, a representative from the Governor's office, and the President of the California Public Utilities Commission (CPUC).

While it was apparent from the Committee members' statements that PG&E was the primary focus of the hearing, SDG&E and SCE were also asked to explain the recent PSPS from their point of view. Below is a summary of the hearing discussion:

Comments from the Committee Members

- What constitutes reasonable application of power shutoffs as it relates to public safety?
- A comprehensive action plan is needed to address the shortcomings of IOUs and their effect on communities.
- Utilities must provide financial aid to those on fixed incomes when unexpected PSPS events occur.
- A lack of investment, management, and supervision from the CPUC has added to this issue. This may be the new normal due to the growing effects of climate change.
 - More grid hardening and vegetation management needed at the State level

LAO Testimony

- The CPUC has continued to issue more specific information on regulations and requirements to IOUs regarding PSPS.
- Legislation that becomes effective January 1, 2020 will require IOUs to coordinate with mass telecommunication systems in order to best prepare consumers for PSPS.
- \$75 million allocated in the State budget is not sufficient to adequately fund backup generation systems for communities effected by PSPS.

IOU Testimony

- Committee members asked whether the State can absorb IOUs?
 - IOUs answered yes, the State can revoke their franchise and "nationalize" its assets
- PG&E and SCE must collect valuable data and information in order to help prevent widespread unnecessary PSPS.
- There should be no disparity in emergency resource investment from IOUs into localities based on affluency.
- Committee members stated that undergrounding is an expensive but necessary investment for the safety and future of California residents, as well as for IOUs.
- CPUC needs to develop performance-based metrics for IOUs which can then be memorialized into State law.

- SDG&E's wildfire mitigation program utilizes 10 years of weather collection data and constantly works to properly commit financial investments in order to protect consumers.

- SCE has invested tens of millions in their electrical grid over past decade to localize and reduce PSPS.
- SCE is working on a reimbursement process for those charged during a PSPS event.
- PG&E mentioned a 300% increase in statewide fire threats over the past two years.
- In last decade PG&E invested over \$30 million and put \$2 billion into the existing electrical system.
- PG&E stated they are now working with counties on the issue of emergency shelters during PSPS events and will work with more counties upon request.

State Agency Testimony (Governor's Office, Health and Human Services, CPUC)

- The Governor's Office of Emergency Services is working with all IOUs on ways to foster better relationship with local governments and local jurisdictions.
- CPUCs main priority is to monitor the efficacy of PSPS protocol more closely (ensuring they are reasonable and efficient).
- CPUC points to a lack of mass communication and partnerships between IOUs and local agencies as a major detriment from PSPS events.
- The results from recently held meetings between the CPUC and the three IOUs will be released to the public soon.

The lengthy hearing may have lay the groundwork for 2020 legislation that could affect PSPS event protocol for cities, State agencies, and IOUs.

Impact Fee Legislation

Throughout the month of November, Assemblymember Tim Grayson from Concord, held four stakeholder meetings to discuss how impact fees hinder the development of affordable housing. TPA attended three of the four meetings, in Fresno, Oakland and San Diego. The meetings offered perspective from local government, developers, and special districts. Director Smith and Chief Helmick joined the discussion during the meeting in Oakland. There was a lot of information shared and the only thing agreed on was that impact fees are a small part of the problem for the lack of affordable housing in California.

The Assemblymember will be spending December analyzing the information they have received and conduct a final stakeholder meeting sometime in January. This meeting should lay the foundation for what is expected to be amendments to AB 1484 or new legislation. TPA and the District Legislative Ad Hoc committee continue to engage with the Assemblymember's office and offer feedback for any policy changes that come to light.

Federal Update

Congressional Activity

With mere hours to spare before a government shutdown on November 21, the Senate approved on a 74-20 vote a Continuing Resolution (CR) to fund the federal government through December 20. President Trump signed the CR before midnight, giving Congressional leaders and White House negotiators another month to try and work out a longer-term spending plan. Despite the approval of the CR, many in Congress remain doubtful of agreement on any of the 12 appropriations bills before Christmas.

One potential outcome of the current inability to reach agreement on spending bills is a year-long measure to fund government at current levels. Many agencies, including the military departments, are looking for critical spending increases—something that could be denied without a deal. Despite support for the military, many budget conservatives in Congress and the White House could be pleased with such a spending freeze which would also preserve the President's authority to transfer funds to his border wall.

Once Congress returns from their Thanksgiving recess on December 2, the House will once again resume impeachment hearings—this time by the House Judiciary Committee.

Wildfire Legislation

On November 15, U.S. Senator Kamala D. Harris (D-CA) introduced the Wildfire Defense Act. This comprehensive legislation intends to help communities, especially in California, implement science-based methods for mitigating wildfire damage and defending life and property.

Harris' bill would provide local communities with up to \$10 million dollars to implement a Community Wildfire Defense Plan to ensure they are resilient in the face of the growing wildfire threat before disaster strikes. The *Wildfire Defense Act* would invest \$1 billion per year to:

- Establish guidelines for communities to conceptualize new Community Wildfire Defense Plans (CWDP) that are developed in coordination with community members, first responders, and relevant state agencies.
- Provide grants of up to \$250,000 to develop a CWDP and grants of up to \$10 million to implement a CWDP: Grants will be prioritized for low-income communities that are in a wildfire hazard area and communities recently impacted by a major wildfire.
- Study how a CWDP could be used as certification for insurance companies assessing a community resilience.
- Complete a report on all federal authorities and programs to protect communities from wildfires.

This year alone, hundreds of thousands of Californians have been forced to evacuate due to the threat of wildfires and over two million experienced pre-emptive power shutoffs. In 2018, California experienced the deadliest and most destructive wildfire in State history, contributing to nearly \$24 billion spent in wildfire response and recovery. According to Senator Harris' office, for every dollar invested in mitigating the impacts of disasters, the United States would save six dollars in response and recovery after a disaster.

Companion legislation to the Wildfire Defense Act will also be introduced in the House of Representatives by Congressman Jared Huffman (D-CA). It should also be noted that Senator Harris recently introduced the Accountability for Utility Executives Act, which ensures that publicly traded utility companies going through bankruptcy, like PG&E, cannot reward executives with bonuses or trips.