

---

**MEMORANDUM**

---

**To:** East Contra Costa Fire Protection District  
**From:** Townsend Public Affairs  
**Date:** January 3, 2020  
**Subject:** 2019 State and Federal Recap & Looking Ahead to 2020

---

**State Political Recap**

The Legislature concluded the 2019 Legislative Session on September 13. Approximately 2,600 bills were introduced in the Legislature in 2019. Of the 1,042 bills that were sent to the Governor's desk, Governor Newsom signed 870 and vetoed 172. This equals a veto rate of 16.5 percent which is approximately the same as Governor Brown's highest veto rate during his total of sixteen years in office. Additionally, there are approximately 1,600 bills that are now two-year bills and will be eligible for consideration when the Legislature reconvenes in January.

Several major items relevant to the District dominated the legislative agenda this year, including affordable housing, homelessness, wildfire prevention and mitigation, utility oversight, and police use of force. Major legislative initiatives that did not make it to the Governor's desk include a sweeping transit-oriented housing bill, a proposed change to sales tax allocation, and an urban water tax. 2019 was also the first year of Governor Newsom's administration. The Governor used his first year in office to prioritize budgetary and legislative issues such as early education, clean drinking water, and healthcare.

**Summary of 2019**

**Housing**

While Senator Scott Wiener's (D-San Francisco) bill, SB 50, did not pass the Legislature this year, lawmakers were able to pass a variety of bills that dealt with housing production, regulations, and local approval processes. Of note, SB 330 authored by Senator Nancy Skinner (D-Oakland) aims to reduce the number of delayed housing projects within a city's jurisdiction. The bill makes numerous changes until 2025 to various State statutes related to housing development and imposes restrictions on City-adopted development standards.

Other bills were focused on streamlining accessory dwelling unit (ADU) housing projects, such as AB 68 authored by Assemblymember Phil Ting (D-San Francisco), AB 881 authored by Assemblymember Richard Bloom (D-Santa Monica), and SB 13 authored by Senator Bob

Wieckowski (D-Fremont). These bills reduce barriers for constructing additional ADUs and creates a tiered fee structure which charges ADUs more fairly based on their size and location.

Other proposals focused primarily on rent control and instituting additional tenant protections. AB 1482 authored by Assemblymember David Chiu (D-San Francisco) created a 10-year tenant payment limit and restricts landlords from evicting tenants without just cause. There were various iterations of this bill until the Governor threatened to veto if the bill did not include certain provisions such as a lengthened sunset date and a five percent limit on rent increases. These bills went into effect on January 1, 2020.

### Homelessness

Homelessness continues to be at the forefront of legislative and budgetary action at the State level. According to the Assembly Housing and Community Development Committee, there are now more than 15 State homeless-specific programs being delivered through eight different State agencies. The FY 2019-20 State Budget also included significant investments in homelessness, including the following:

- \$650 million to local governments for homelessness emergency aid,
- \$120 million for expanded Whole Person Care services,
- \$150 million for strategies to address the shortage of mental health professionals in the public mental health system,
- \$25 million for Supplemental Security Income advocacy,
- \$40 million for student rapid rehousing and basic needs initiatives for students in the University of California and California State University systems,
- \$20 million in legal assistance for eviction prevention,
- Over \$400 million to increase grants to families in the CalWORKs program,
- \$1 billion for the Cal-EITC Working Families Tax Credit, which aims to increase the number of participating households from 2 million to 3 million, potentially lifting some out of poverty.

The Governor also announced the State Council on Homelessness, which is designed to assist local governments in crafting regional homelessness prevention strategies. The Governor has also directed the Council to focus on providing localities with State resources to address the issue of street homelessness in communities throughout the State.

### Wildfires and Utilities

After the most devastating wildfire in California's history in 2018, as well as the announcement of Pacific Gas & Electric filing for bankruptcy, Governor Newsom approved a wildfire package that consisted of funding, increased oversight, and new statewide wildfire policies.

The package includes budget bills AB 110 and AB 111 which includes funding to implement new policies and establishes the framework for a new state council. The package also reorganizes the agencies responsible for oversight of wildfire mitigation and prevention efforts. AB 1054 authored by Assemblymember Chris Holden (D-Pasadena) also created a wildfire fund to allow electric utility companies to pay out claims for future wildfires.

The Governor stated that this package was a step forward in providing a safer, more affordable, and more reliable energy future. The package of bills aims to strike a balance of providing

protections for wildfire victims and investor owned utilities. However, lawmakers are continuing to exercise their authority of holding these utility companies accountable. After the Legislature convened for the year, the Senate Energy, Utilities and Communications Committee held a hearing and heard testimony from State regulators and investor-owned utility companies on a path forward.

### Police Use of Force

After the shooting of Stephon Clark in March 2018, the Governor and Legislature vowed to pass legislation to restrict police use of force this year. AB 392 authored by Assemblymember Shirley Weber (D-San Diego) was first introduced with significant opposition from police officers due to the bill's strong restrictions on instances for when officers can use force. However, throughout the legislative session, the bill was amended to gain a support or neutral position from police officers and unions. It was also amended to be legislatively tied to the passage of SB 230 authored by Senator Anna Caballero (D-Merced), which provides officers with training and tools to carry out the new statewide standards for use of force.

Both bills passed the Legislature this year with bipartisan support and were signed into law by Governor Newsom. The new use of force standards are being touted by State lawmakers as the strongest standards in the nation.

### Clean Drinking Water Funding

This year, the Governor and lawmakers were set to address the issue of a lack of clean drinking water in rural areas throughout the State. Several proposals were released, including a proposal that would have created a "water tax" on urban customers to offset the cost of providing clean water for these rural disadvantaged communities.

However, a deal was struck earlier this year by the Legislature and Governor to include \$100 million from the Greenhouse Gas Reduction Fund (GGRF) as well as \$30 million from the State's General Fund for safe drinking water projects in communities that do not have access to safe drinking water. The bill, authored by Senator Bill Monning (D-Monterey), includes a 5 percent GGRF continuous appropriation beginning 2020-21 with a total cap of \$130 million for safe and affordable drinking water programs.

The deal that was struck effectively killed the "water tax" proposal and provides improved access to clean water for low-income individuals in disadvantaged areas.

## **Looking Ahead to 2020**

### 2020 Elections

The March 3, 2020 election will be the first primary since Governor Brown signed legislation in 2017 to move up California's primary elections to March instead of June. California now joins 13 other states to hold their primary on "Super Tuesday". In the State Legislature, all of the 80 Assemblymembers will up for re-election, along with half of the 40 Senators. This election will determine if Democrats will continue to retain their two-thirds supermajority in the Legislature.

California's general election will be held on November 3, 2020. Since 2010, California has operated under a top two primary system, which means that the first and second place candidates

in a primary race face-off in the general election regardless of party preference. Candidates are then sworn into office on the first Monday of December following the election (December 7, 2020).

### 2020 State Fiscal Outlook

In anticipation of the Governor's January Budget release, recent reports have shown that California can expect a budget surplus of approximately \$7 billion and the State's budget continues to be in a good economic position.

By the end of the FY 2020-21, the State is expected to have a "rainy day fund" of \$18.3 billion. The State's positive fiscal condition has been credited to more than a decade of economic expansion and prudent legislative actions that have added to the State Budget's resiliency.

While we expect the Governor's January budget to reflect the anticipated revenue increase, we will have a clearer picture of the Fiscal Year 2020-21 State Budget after income taxes are collected in April. The Governor will then release his May Revise, and the Legislature will need to pass a Budget Bill by midnight on June 15. TPA will continue to keep the District apprised of any changes to the fiscal outlook for the State as we enter the 2020 legislative session.

### Development Impact Fees

We are expecting State legislation to be introduced that may affect local government's process for imposing development impact fees for housing projects. Assemblymember Tim Grayson (D-Concord) has been hosting a number of roundtable discussions on the issue and has used a recently released study from the Turner Center for Housing Innovation at UC Berkeley as the basis for these discussions. Previous legislation by the Assemblymember commissioned the report.

The Turner report has made several findings regarding fee transparency, rate, structure, and design. Generally, the report states that development impact fees vary throughout the State and have hindered the adequate production of housing development. It is possible that legislation could impact the way a City disburses its impact fees and may require cities to justify their rates.

TPA is continuing to work with the Assemblymember's office to ensure that legislation does not adversely affect the District. We will continue to work to retain the District's right to local control and to advocate on behalf of the District's best interests. Later this month, the District will be meeting with Assemblymember Grayson to discuss the importance of impact fees to the District.

### Environmental Bond Measures

In August 2019, three bills were gut and amended to potentially place bond measures on the 2020 State ballot. The bills would require two-thirds approval from the Legislature before going to California voters on November 3, 2020. Each measure is expected to issue approximately \$4 billion in general obligation bonds to address items such as climate change, wildfires, parks, water, workforce development, and flood management.

The three bills are:

- AB 352 (Garcia) – Wildfire Prevention, Safe Drinking Water, Drought Preparation & Flood Protection Bond Act of 2020
- SB 45 (Allen) – Wildfire, Drought, Flood Protection Bond Act of 2020

- AB 1298 (Mullin) – Climate Resiliency, Fire Risk Reduction, Recycling, Groundwater and Drinking Water Supply, Clean Beaches, and Jobs Infrastructure Bond Act of 2020

Since the end of the 2019 legislative session, TPA has been meeting with the bill’s authors to advocate for funding that will benefit the District’s priorities. TPA will continue to provide timely updates regarding these bond measures and their potential impacts and benefits to the District.

### Split Role Tax Ballot Measure

In August 2019, ballot organizers submitted The California Schools and Local Communities Funding Act to be eligible for the November 3, 2020 general election. The ballot measure, commonly referred to as “Split Roll” or “Proposition 13 Reform,” requires certain commercial and industrial real property to be taxed based on fair-market value and dedicates portions of any increased revenue to education and local services. This change to assessment of property taxes is likely to result in an additional \$10.8 – \$12 billion in annual revenues across the state, of which 40 percent would go to education and 60 percent would go to local services.

Proponents of the measure argue that the corporations have been abusing the intent of Proposition 13 to avoid paying their fair-share and note that the \$11 billion in annual revenues would have gone to supporting schools, county and city services, and other local needs.

Opponents of the measure argue that taxes in California are already too high and that creating a split property tax policy will create a more hostile business climate throughout the state. They also note that dramatic increases for locally owned business could cause some companies to go out of business and could drive larger entities to other markets, resulting in increased unemployment and lower overall revenues for the State.

TPA will continue to monitor this issue, provide timely updates, and determine the impact of this ballot initiative to the City.

### Criminal Sentencing Ballot Measure

A November 3, 2020 ballot measure that may impact the City is the California Criminal Sentencing, Parole, and DNA Collection Initiative. The initiated state statute, also being referred to as the “Keep California Safe” measure, would make changes to Propositions 47 and 57 that were intended to reduce the state’s prison population. The changes would include restricting early parole benefits for non-violent offenders and authorizing felony sentences for certain misdemeanor offenses. The measure would also require DNA collection for certain misdemeanors.

The initiative is being led by the group Keep California Safe, and supporters are arguing that changes in State policy have led to a shift from State responsibility of felons to counties and local governments. Proponents argue that this measure will keep communities safer and restrict felons from receiving parole benefits earlier than they should.

Opponents have argued that this measure would only increase crime rates throughout California and overcrowd State and county prison systems. Opponents argue that Propositions 47 and 57 have reduced the number of statewide inmates and provided opportunities for non-violent offenders to be eligible for sentence reductions for good behavior.

TPA will continue to monitor the status of this ballot measure and will continue to provide updates to the City in 2020.

## **Federal Political Recap**

The first half of 2019 in the federal landscape was dominated by the shift of control in the House of Representatives from Republicans to Democrats, which included shifts in leadership, committee structures, a huge number of new priorities, and a dramatically different relationship between the House and the Senate. The second half of 2019 was overshadowed by the developing presidential impeachment investigation, hearings, and eventual vote in the House of Representatives, effectively sidelining many other voting priorities to make room for the process.

## **Summary of 2019**

### **Federal Budget & Appropriations Overview**

Congress began Calendar Year 2019 in the midst of the longest government shutdown in history, beginning in December 2018 and lasting until early February, eventually resolving with a full-year funding agreement for Fiscal Year 2019.

The Fiscal Year 2020 appropriations cycle began in March 2019 with the release of President Trump's FY 2020 Budget Request, which initiated the drafting and debate over appropriations legislation to fund the federal government beginning October 1, 2019. TPA conducted a full-scale analysis of the President's Budget Request upon its publication in March, and thanks to continued advocacy, many priority federal programs received proposed increases in funding. Currently, Congress has not yet finalized any full-year funding bills for Fiscal Year 2020.

### **Surface Transportation**

The year began with positive signs of Congress and President Trump collectively working to negotiate legislation for transportation infrastructure. After an April 2019 White House meeting, Speaker Nancy Pelosi and other key lawmakers announced that President Trump had agreed to a \$2 trillion infrastructure plan to upgrade the nation's highways, railroads, bridges and broadband. Negotiations eventually soured, and Democrat lawmakers decided to focus on an infrastructure package without the support of President Trump.

In July, Senate Republicans introduced the "America's Transportation Infrastructure Act" (S. 2302) which would authorize \$287 billion in highway spending over five years. Key tenets of the bill include significant investments in the protection of roads and bridges from natural disasters, grant funding for electric vehicle and alternative fuel vehicle technology, congestion mitigation, and Highway Trust Fund solvency. This legislation has already been passed in the Senate, and there is the expectation that the House will introduce its version next year.

### **Land Water Conservation Fund**

In February 2019, Congress passed the "John D. Dingell, Jr. Conservation, Management and Recreation Act" (S. 47), which includes permanent reauthorization of America's largest conservation program, the Land and Water Conservation Fund (LWCF) at a \$900 million mandatory annual investment.

## Homelessness

The federal government stalled on homelessness issues in 2019, but the California Congressional delegation worked to keep the issue at the forefront and introduce significant pieces of legislation to tackle the issue. In March, Senator Dianne Feinstein introduced the “Fighting Homelessness Through Services and Housing Act” (S. 923), a bill to increase federal resources to battle homelessness. Specifically, the bill authorizes \$750 million in grants annually for five years for local governments to provide housing and comprehensive services like mental health care, substance abuse treatment and job training.

## Water

In October 2019, the House Committee on Transportation and Infrastructure approved the “Water Quality Protection and Job Creation Act of 2019” (H.R.1497), which authorizes approximately \$23.5 billion in direct infrastructure investment over the next five years to address wastewater infrastructure and local water quality challenges, and significantly increases the amount of federal assistance made available to states and communities through the successful Clean Water State Revolving Fund program—the primary source of federal assistance for wastewater infrastructure construction.

Additionally, in October 2019, the Trump Administration reversed the plan to push more water through the Sacramento-San Joaquin Delta after protests from California officials on the harmful impacts to endangered fish species such as the Chinook Salmon. President Trump has attempted to increase water deliveries to Central Valley farmers since taking office, and the decision to discontinue the Delta issue marks a rare example of peacemaking between the Trump Administration and California. Nevertheless, this decision will continue to affect water pumping this fall.

## **Looking Ahead to 2020**

The second session of the 116th Congress will officially convene after the holidays on January 7, 2019. At the moment, only the House has definitively announced it will be convening session on this day; the Senate has not yet released its January schedule due to the uncertainty regarding the impeachment inquiry of President Donald Trump. The Democrat-controlled House is moving quickly to vote on articles of impeachment. If the process continues at current pace and the House votes roughly along party lines, the House could impeach President Trump before the holidays conclude. He would face a trial to decide whether to remove him from office in the Republican-controlled US Senate in early 2020; if the Senate similarly votes along party lines, they will not remove him from office.

Congressional priorities for 2020 include the following:

- **Appropriations for Fiscal Years 2020 and 2021:** The Fiscal Year 2021 budget and appropriations process is scheduled to begin in February 2020, even though full-year funding for Fiscal Year 2020 has not yet been finalized.

Most priority area funding levels in FY20 are expected to see continued year to year increases during the budget process. Congress is expecting to finish work on all 12 measures by the December 20 deadline, or pass a Continuing Resolution at FY 2019 levels while federal funding is negotiated. Without a Continuing Resolution enacted by that

date (which would be the fourth Continuing Resolution this fiscal year), a full government shutdown would go into effect on December 21, 2019.

Although Fiscal Year 2021 does not begin until September 1, 2020, the process of negotiating the Fiscal Year 2021 appropriations levels will begin in February, with the predicted release of the President's Budget Request on the second Tuesday of the month. This means that it is possible that Fiscal Year 2020 funding would not yet be finalized by the time we begin planning for Fiscal Year 2021.

With the Trump Administration entering its fourth year in office, we can expect the President's Budget Request to ask for Fiscal Year 2021 funding levels that reflect the President's priorities. Similar to years past, we anticipate a call for major cuts in funding or elimination of critical programs, such as Community Development Block Grants (CDBG), the Land and Water Conservation Fund (LWCF), the Economic Development Administration (EDA), and the National Endowments for the Arts and Humanities (NEA and NEH). Although the Trump Administration frequently recommends less severe cuts to other priority programs, such as the Community Oriented Policing Services (COPS) and the Assistance to Firefighter (AFG) grant programs, any cuts to top-line amounts could be detrimental as it decreases the available funding for all regular and future applications nationwide.

Despite the fact that Fiscal Year 2020 funding levels have not been finalized, TPA's efforts in these funding priority areas have continued to prove fruitful. Using proposed levels in the House and Senate to predict outcomes, we can expect level or increased funding for the vast majority of funding priorities, including CDBG, LWCF, EDA, NEA, NEH, and AFG. We will remain steadfast in our advocacy for these funding levels in the Fiscal Year 2021 cycle to ensure that your priority funding streams are kept at the forefront of the conversation. Our goal is to ensure the adequate funding of all worthy projects in order to continue the programs they are designed to serve.

- **Transportation and Infrastructure:** With the authorization for federal surface transportation program expiring in September 2020, the 116th Congress will have the critical opportunity to implement funding parameters for surface transportation projects potentially spanning nearly half the coming decade.

Such legislation will likely focus on authorizing, making modifications to, and creating new federal grant programs that fund highway, transit, passenger rail, and other surface transportation projects, as well as authorizing funding allocated to programs administered by the State of California, including the Active Transportation Program. Expect a heavy focus on opportunities to help infrastructure projects receive more funding, increase the likelihood of infrastructure projects receiving funding, and removing barriers to executing infrastructure projects quickly. A key point of contention will be the discussion of whether to increase the gas tax, which is the simplest and most direct way of raising substantial funds for transportation. Lawmakers in both parties have already indicated that they are disinterested in any increases to the tax, so the challenge of funding this legislation will present an impasse as negotiations ensue.

Though this legislation has already been introduced and passed in the Senate, the House-led version from Transportation and Infrastructure Committee Chairman Peter DeFazio (D-OR) has not yet been released. TPA has already begun working with legislative offices and communities to ensure your priorities will be incorporated into this critical legislation.



- **Water Resources Development Act (WRDA):** Congress drafts regular reauthorizations of WRDA to authorize funding for water resource projects and studies. The focus of this legislation primarily involves setting policies for navigation, flood control, recreation, water supply and emergency management for the U.S Army Corps of Engineers (USACE). Generally passed on a biennial basis, WRDA covers any and every interest from ports and inland waterways to levees, dams, wetlands, watersheds and coastal restoration. The current authorization will expire at the end of September 2020, and the Committee on Transportation and Infrastructure will lead the effort to implement new legislation to ensure reauthorization. We expect to see a major focus on issues such as drought mitigation, drinking and wastewater. The framework of this bill will be entrenched in the concept of ensuring our nation's infrastructure is built to withstand and protect against future extreme weather events and other man-made disasters. TPA is already working with key water legislators such as Senator Dianne Feinstein (D-CA), Congressman John Garamendi (D-CA), and Congresswoman Grace Napolitano (D-CA) to ensure that your concerns will be incorporated into this important legislation.