
MEMORANDUM

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs
Date: January 3, 2019
Subject: 2018 State and Federal Recap & Looking Ahead to 2019

State Political Recap

On August 31, 2018, the Legislature concluded the final year of a two-year legislative session. Of the 1,217 bills acted upon, 1,016 bills were signed into law by the Governor and 201 bills were vetoed. Governor Brown vetoed 16.5 percent of the bills that reached his desk this year. This marks Governor Brown's highest year-end veto rate, bringing his average veto rate (2011-18) to 13.5 percent.

Several major items dominated the legislative session agenda this year, including affordable housing, wildfire prevention and mitigation, cleanup, police transparency, bail reform, and sober living home regulation. 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 a voluntary water tax.

In November, Californians took to the polls for the 2018 midterm election. The results were a resounding victory for Democrats who continue to occupy all elected constitutional positions and further bolstered their two-thirds majority in the Legislature. Governor-elect Gavin Newsom defeated John Cox and will be sworn into office on January 7, 2019 as California's 40th Governor. Democrats increased their presence in the Legislature by picking up several key seats. Democrats now control 60 of the 80 seats in the Assembly and 29 of the 40 seats in the Senate. With the two-thirds majority, Democrats will be able to approve tax measures, bills with urgency clauses, and place measures on the ballot without Republican support.

With a self-identified progressive Governor and a two-thirds Democratic majority in the Legislature, it is anticipated that this Administration will aim to hit the ground running. There have already been over two hundred bills introduced since legislators returned to Sacramento on December 3 for the official swearing in ceremonies. However, in an effort to temper expectations of spending increases, Governor-elect Newsom indicated his desire to maintain the fiscally responsible discipline of his predecessor. Nonetheless, it is likely we will see major one-time spending packages for affordable housing, early childhood education, and climate change in the new legislative session.

Summary of 2018

Affordable Housing

In 2018, Speaker pro-tem Toni Atkins remained focused on affordable housing as a top priority for the Legislature. After Senator Atkins' landmark affordable housing bill, SB-2 (2017), was signed into law she urged democrats in the Capitol that more can be done. Some of the legislation considered this year aimed to rapidly increase the available housing stock by rolling back restrictions on accessory dwelling units (ADUs) and incentivizing higher density transit-oriented housing. Although some of these proposals were successful, the most high-profile ones such as SB 827 (Weiner) regarding transit-oriented by right housing and SB 831 (Wieckowski) regarding zoning for accessory dwelling units were ultimately unsuccessful.

Wildfire Liability Legislation

In the last year, California has experienced the most devastating wildfire season on record. Billions of dollars in damages from the various wildfires have been traced to infrastructure from some of the State's electric utility companies.

One of the major concerns for lawmakers this year has been the potential for destabilization among utility companies. Pacific Gas & Electric Co. (PG&E) has warned that it faces crippling legal liability from the 2017 fires, some of which have been traced to PG&E equipment. Likewise, Southern California Edison is facing lawsuits from governments and homeowners affected by the Thomas Fire in Southern California.

In March, the Governor called for the Legislature to convene a conference committee to put forth legislation to strengthen disaster preparedness and set forth appropriate policies to respond to the potential costs incurred by utilities. The conference committee used SB 901 (Dodd) as the vehicle to implement any changes agreed to by the committee. In the last week of session, the committee approved a plan that would allow power companies to seek bonds to repay the liabilities from the wildfires. To facilitate repayment of these bonds the companies could charge customers even if the utility was found to be negligent or unreasonable in building, maintaining or operating their equipment.

The language in SB 901 directs the Public Utilities Commission to charge investors as much as possible without harming ratepayers. The Commission could then decide whether to allow the utility to pass along the remaining costs to consumers through a surcharge on bills that could potentially last for decades. SB 901 was approved by legislators and signed by the Governor in September 2018.

Public Safety Legislation

An important issue in Sacramento this year has been addressing the highly public recent police shootings. After significant public pressure, several bills were introduced that aimed to address the increasing distrust in police. One piece of legislation, SB 931 (Weber) would have drastically changed the rules governing when police officers can use deadly force in an effort to curb overall use of force. The bill was met with fierce opposition for law enforcement and was ultimately sidelined in committee. It is unclear whether proponents of this legislation aim to bring it back this session.

Another critical piece of public safety legislation, AB 148 (Ting), passed the legislature and was signed by the Governor. The bill requires the release of video or audio within 45 days of a critical incident, unless doing so interferes with an investigation. The legislation was supported by the ACLU who argue that it represents a step towards greater transparency surrounding incidents involving the use of force.

Bail Reform Legislation

Over the last two years, Democratic legislators have been working to reform the State's bail system. Senator Hertzberg (D-Van Nuys) introduced SB 10, which made California the first state in the nation to eliminate its cash-based bail system. Instead of bail, the new system orders local courts to create a "risk-based" pre-trial analysis that will be used to determine who is held and who isn't. Governor Brown signed the bill in August. Expect the implementation of this legislation to be closely watched and amended if necessary, over the next legislative session.

Proposition 68 (2018) Park Bond Update

Voters approved Proposition 68 in the June 2018 primary election. Proposition 68, the Parks, Environment, and Water Bond, authorizes \$4.1 billion in general obligation bonds for state and local parks, environmental protection projects, water infrastructure projects, and flood protection projects. The FY 18-19 budget allocated a little over \$1 billion of this funding for competitive grant programs. Various agencies such as the Department of Parks and Recreation, California Natural Resources Agency and the California Coastal Conservancy are currently working through the guidelines development process and opportunities will begin to be available in early 2019.

Cannabis Regulations

The California Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health released the latest draft of permanent regulations in October 2018. The draft permanent regulations have since underwent a public review period and the finalized regulations have been released to the public. These final regulations still include provisions that allow for the delivery of nonmedical recreational cannabis to any jurisdiction regardless of local laws and ordinances. Cities across the State feel misled by this provision, citing a desire for greater local control of cannabis delivery. The final permanent regulations set to take effect in January of 2019.

In 2019, there are expected to be legislation to help remedy any potential problems with the regulations such as the delivery of nonmedical cannabis. Legislation that addresses the business environment of the cannabis industry may be introduced to ensure a health marketplace.

Looking Ahead to 2019

State Budget

In November, the Legislative Analyst's Office (LAO) released their Fiscal Outlook report for the 2018-19 State Budget. The report indicates that California could potentially end the 2018-19 fiscal year with \$23.1 billion in total reserves. The report also indicates that the Budget's condition is in remarkably good shape, which will likely lead to another year of a budget surplus. The Legislature may have as much as \$14.8 billion in additional resources to allocate in the 2019-2020 budget process.

The report also made several inferences about the State's longer-term outlook. The report laid out two possible scenarios for the next decade. The first scenario indicates continuing economic growth and the second indicates a recession beginning in 2020. If the economy continues to grow, the State will have operating surpluses averaging around \$4.5 billion per year. In the recession scenario, the state still has enough reserves to cover its deficits (which will be compounded by a decline in sales tax and personal income tax revenues) to cover its deficits through the recession period.

Furthermore, the report notes that trade disputes, between the U.S and China in particular, will create economic uncertainties. Over the past year, the U.S. and China have entered a trade dispute that led each country to impose a series of tariffs. As of now, it is unclear what the ultimate impact of these tariffs will be.

The Governor-Elect is expected to release his 2019-2020 Budget on January 10. This Budget will lay out the Administration's first year priorities.

Changes in Leadership

On January 7, Gavin Newsom will be sworn into office as California's 40th Governor. Prior to being elected Governor, Gavin Newsom served as Lieutenant Governor from 2010 to 2018 in the Brown Administration. Before that Newsom served two terms as the Mayor of San Francisco where he became a prominent advocate for affordable housing, universal healthcare, and the legalization of cannabis.

Senator Toni Atkins (D – San Diego) will continue her tenure as the Senate Pro Tempore. Senator Atkins has vowed to continue to focus on issues surrounding affordable housing and homelessness. The Senator is also widely expected to maintain her commitment to a fiscally disciplined approach to budget negotiations.

Assemblymember Anthony Rendon (D – Los Angeles) will return as the Speaker of the Assembly. Assembly Member Rendon has hinted that his priorities will include affordable housing, early childhood education, gun violence, and healthcare.

Democrats will hold supermajorities in both houses of the legislature. Democrats will hold 60 of 80 seats in the Assembly and 29 of 40 in the Senate. It will be a crucial task for leaders to maintain fiscal discipline while proving to voters the merits of their progressive vision.

Cap and Trade Expenditure Plan

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. A breakdown of how Cap and Trade money is distributed is below

- 60% of revenue is continuously appropriated
 - 25% – High-speed Rail
 - 20% – Affordable Housing and Sustainable Communities Program
 - 10% – Transit and Intercity Rail Capital
 - 5% – Transit Operations
- 40% of revenue will be allocated to Discretionary Programs on an annual basis

It is possible that the incoming Newsom Administration may want to shift some of the funds away from transportation related projects such as high-speed rail and towards forest management efforts as wildfires are a significant source of pollution and GHG emissions. In November 2018, the State published robust emission credit auction results which totaled approximately \$800 million. The results also showed that Cap and Trade compliance is at 100 percent and overall emissions rates are declining.

To maintain the robust Cap and Trade market and stay on the path of reduced emissions, the California Air Resources Board (CARB) is in the process of updating the Cap and Trade regulations for 2021 through 2030. CARB is expected to adopt these changes in the first half of 2019. The changes will likely include minor revisions to the permitting process to incorporate feedback from various stakeholders, including the business community.

Anticipated State Topics in 2019

There were over 200 bills introduced on the first day legislators returned to the Capitol. Many of these bills are spot bills, or introductory bills that will need to be amended if they are to progress in the legislative process. It is widely anticipated that Democratic lawmakers will want to hit the ground running after a resounding victory that many see as a vote of confidence on the party's performance in Sacramento.

The following topics are expected to be discussed at length in 2019:

Pension Reform

California's two largest public pension funds, CalPERS and the California State Teachers' Retirement System each have roughly 71 percent of the assets they would need to pay all of the benefits they owe to public workers and retirees. The State has been trying to close the gap between what they have and what they owe through various means.

This year, Senator Moorlach (D – Costa Mesa) introduced a bill that would prohibit pension funds from providing cost-of-living adjustments to retirees if the pension fund has less than 80 percent of the assets it would need to pay the benefits it owes. This effort was intended to provide cities with greater ability to pay down future liabilities. It is expected that legislation addressing pension reform will return, in some form, in the upcoming session.

Redevelopment 2.0

There is growing discussion in Sacramento around reviving redevelopment agencies which were dissolved by Governor Brown in 2011. At that time the State was struggling to close a budget hole and Governor Brown viewed Redevelopment as an "unnecessary" program. With Governor-Elect Newsom taking his place in January, Democratic lawmakers are bullish on the possibility of bringing back Redevelopment to address a growing affordable housing shortage.

Assemblyman David Chiu (D – San Francisco) has already introduced legislation in the new legislative session, AB 11, which is the first step in what will be an ongoing effort. AB 11 would revive redevelopment agencies to finance affordable housing and infrastructure projects. The legislation further requires the State to conduct yearly audits of redevelopment agencies, which was added to curb distrust that may be held from the prior programs.

Sales Tax Redistribution

Last session, Senator Glazer (D- Orinda) introduced SCA 20 which would have amended the California Constitution to state that the sales tax of online retail goods is determined at the point of delivery. Current California Law states that sales tax of online retail goods is determined at the point of distribution. Many cities that have large warehousing operations benefit from this current policy. However, cities where consumers are buying large volume of products are continuing their effort to redistribute the collection of the sales tax from the point of distribution to the point of delivery. After this effort failed in committee last year, proponents may introduce language in 2019 that directs the State to further study the issue by examining the impacts of changing the sales tax on local and regional economies.

Health Care

It is widely anticipated that a universal health care bill will be re-introduced during this session. While the specifics on how the program will be funded are unclear, legislators are aware that it was the number one issue when the Public Policy Institute of California (PPIC) polled voters in November.

The state will also have to work to counteract Congress's decision to end the individual mandate component of the Affordable Care Act. Without the mandate, people may opt out of insurance which will reduce the pool of insured and could ultimately increase premiums. However, the State is wary of enacting its own state mandate before making health insurance cheaper. One option the state is weighing before implementing a mandate is the introduction an expanded public option.

Health care costs are among the State's top expenditures and are expected to rise with continued negotiations on expanding healthcare coverage. Any form of expanded healthcare coverage will squeeze the Budget and may force legislators to pool money from other areas of the Budget.

Wildfire

With the harrowing stories from the devastating wildfires in Paradise and Malibu reaching national networks, look for the Newsom Administration to push hard for future funding to mitigate potential wildfires. Potential legislation will most likely include additional funding for forest management efforts, which includes the clearing of fuel in wildfire prone areas. The State is also under increasing pressure to address the failures of emergency alert systems statewide.

The severity of wildfires is expected to progress in 2019, which will continue to strain CalFire's resources. The State will likely have to budget additional funding for CalFire in 2019 which could result in cuts to other areas and priority programs.

Federal Political Recap

The midterm elections dominated national politics and government in 2018. Republicans picked up additional seats in the Senate, retaining control, while Democrats picked up 40 seats in the House to take the majority in that chamber.

2018 Senate Election Recap

As expected, U.S. Senator Dianne Feinstein defeated State Senator Kevin De Leon, though by a slimmer voting majority than expected (54.3 percent - 45.7 percent). This will be Senator Feinstein's final six-year term, having served since her first election in 1992. While this race did not impact the overall balance of the U.S. Senate, it solidifies the Democratic hold on the seat and retains Feinstein's seniority which is crucial for any impactful action in that chamber.

Contests in other states provided Republicans with continued control of the chamber and a 53-47 seat advantage. Although Republican control was expected, Senate Republicans can consider this election a win given the number of seats flipped away from incumbent Democrats. Senate Republicans picked up seats after defeating incumbents Heidi Heitkamp (D-ND, losing to Kevin Cramer) Claire McCaskill (D-MO, losing to Josh Hawley), Joe Donnelly (D-IN, losing to Mike Braun), and Bill Nelson (D-FL, losing to Rick Scott). At the same time, Democrats picked up two seats held by Republicans as Jacky Rosen defeated incumbent Senator Dean Heller in Nevada and Kyrsten Sinema was selected to take over for the retiring Senator Jeff Flake.

The increased Republican majority in the Senate will ensure that President Trump's nominees will continue to get a friendly reception in Congress. Furthermore, a larger majority means that Republicans can afford to lose more of their own party's votes on crucial items like judicial nominations—before they must try to get votes from Democrats. In the coming weeks and months, expect to see continued changes in the Cabinet, which may be more numerous now that President Trump has more control over their replacements.

2018 House of Representatives Election Recap

In the midterm election, Democrats flipped 40 seats in the House of Representatives and will have at least a 235-seat majority at the start of the 116th Congress. After some early dissent from several Democratic Members of Congress, Nancy Pelosi (D-CA) will once again become the Speaker of the House. Steny Hoyer (D-MD) and James Clyburn (D-SC) will assume the posts of Majority Leader and Majority Whip, respectively, which they have held from 2007 to 2011. Ben Ray Lujan (D-NM) will serve as Assistant Speaker, the House Democrat's number four position. After her loss to Hakeem Jeffries (D-NY) to serve as House Democratic Caucus Chair, Barbara Lee (D-CA) has joined Rosa DeLauro (D-CT) and Eric Swalwell (D-CA) as co-chairs of the House Democratic Steering and Policy Committee, which oversees committee assignments. Representative-elect Katie Hill (D-CA) was selected as one of the two representatives of the freshman class.

House Democrats will control which legislation receives floor votes and when. Although Republicans will still control the Senate, Democrats will be able to control the ideological perspective of bills they send to the Senate for consideration and whether Senate-approved bills receive a vote on the House floor. Expect this to manifest as a collection of House-approved bills that die in the Senate. These dynamics will have the most effect on the appropriations process, where the Democrats will have a better negotiating position for more robust funding for their priority programs.

Democrats will also have control over committees, allowing them to choose hearing topics and decide which bills receive markups. Although the Senate can still kill any House legislation, committee leadership gives Democrats the power, budget, staff time, and resources to set the narrative on a variety of topics.

Although there will be roadblocks, expect the President to continue to pursue the policy priorities Republicans were not able to pass in the last Congress, including additional tax cuts for the middle class, stricter immigration laws, and increased funding for a wall along the southern border with Mexico.

Federal Budget & Appropriations Overview

Congress began calendar year 2018 on a Continuing Resolution due to disagreements over funding levels and several policy issues. Congress ultimately passed an omnibus spending package that funded the entire federal government through Fiscal Year (FY) 2018 and ended on September 30, 2018. Thanks to continued advocacy, many federal programs received increased funding in priority areas.

President Trump has so far signed 5 of the 12 federal appropriations bills for FY 2019, including funding for the Environmental Protection Agency and the Departments of Defense, Education, Energy, Health and Human Services, and Labor. Due to differences between the House and Senate versions of the remaining bills, which includes funding for the Departments of Homeland Security, Housing and Urban Development, Interior, and Transportation, and provisions related to a proposed southern border wall as well as the Deferred Action for Childhood Arrivals (DACA) program, TPA is continuing to work with congressional leaders and monitor developments to promote uninterrupted robust funding for priority federal programs.

Immigration

Throughout the year, there were continued discussions, debates, and legal interactions between the Administration, Congress, and the courts regarding sanctuary cities and the deferred action for childhood arrivals program (DACA). These items will continue to be hot topics in 2019 as Republicans push for a border wall and increased security and Democrats push for codifying the DACA program.

Surface Transportation

Although President Trump and many congressional leaders wanted to pass an infrastructure reform package during the first days of the Trump Administration, these hopes have not been realized at the end of the 115th Congress and President Trump's first two years in office.

In February, the Trump Administration unveiled a legislative outline for its infrastructure plan, which seeks to stimulate \$1.5 trillion in investment of the next 10 years, streamline the project approval process, and bolster workforce training programs. While this outline proposed the creation of new grant programs as well as modifying and provide additional funding for some existing programs, many congressional leaders expressed concerns that this plan would ultimately cut funding to other federal programs, including some current infrastructure programs, and privatize critical government functions. As such, momentum to pass an infrastructure package came to a halt ahead of the midterm elections. After control of the House has flipped to the Democrats, there is now new hope of negotiating a deal between congressional Democrats and Republicans to pass an infrastructure package in the 116th Congress.

Wireless Infrastructure

Near the end of 2017, a draft Senate bill was circulated that would have limited fees a city could charge wireless providers for use of public infrastructure, limited the time cities could consider permits for public infrastructure use, deemed granted any permits still outstanding after an arbitrary time period, and prevented cities from negotiating with wireless providers. On June 28, 2018, Senators John Thune (R-SD) and Brian Schatz (D-HI) introduced the STREAMLINE Small Cell Deployment Act (S. 3157), a new version of the draft bill from 2017. This bill as introduced had mitigated several of the most detrimental provisions due to advocacy efforts on behalf of municipalities. However, the legislation did not do enough to mitigate the effect on cities, and still included several harmful provisions, including the “deem granted” provision.

Municipalities and stakeholders were vocal in opposing the bill as soon as it was introduced in the Senate, effectively killing any momentum it had planned to accrue through committee hearings. S. 3157 has not yet received a committee vote and has not moved forward in the Senate. Given the short number of working days left before the end of this Congress, it is unlikely that this bill would receive consideration in either chamber and it is expected to die at the end of session.

In September 2018, the Federal Communications Commission (FCC) voted to approve a new rule to limit fees on wireless provider use of local infrastructure and limit the amount of time that local authorities can take to review businesses proposal for deploying wireless infrastructure.

Municipalities nationwide collaborated on a coordinated opposition effort to this rule. To date, 6 lawsuits have been filed, including 3 by local governments. Efforts to enact this rule remain the subject of ongoing litigation. The rules are slated to go into effect on January 13, 2019, however if judges ruling in the lawsuits’ cases grant a stay, the implementation of the rules will be delayed.

Land and Water Conservation Fund

In 2018, Federal authorization for the Land and Water Conservation Fund (LWCF) lapsed as Congress could not agree on legislative proposals to extend the authorization or make it permanent.

The program uses nearly \$1 billion per year in revenue from oil and gas drilling to support conservation and recreation on state and federal land, including through land acquisition and grants to aid state outdoor recreation planning and development. Without reauthorization of the program, these funds are now being diverted to the Department of the Treasury’s general account.

Despite pending stand-alone proposals in the House and Senate to permanently extend the LWCF, a reauthorization measure will likely be included in an omnibus spending package. The program was last extended for three years under the FY 2016 omnibus spending law.

Water

Water Development Resources Act (WRDA)

On October 23, President Trump signed into law the America's Water Infrastructure Act of 2018 (S. 3021), also known as the Water Development Resources Act (WRDA).

Among other provisions, this legislation is typically passed biennially to authorize, reauthorize, and deauthorize projects administered by the U.S. Army Corps of Engineers (USACE). This legislation authorizes \$1.1 billion in spending, including a federal share of \$712.2 million, for flood risk management on the lower San Joaquin River. Key funding included the authorization of \$1.17 billion in FY 2019, \$1.3 billion in FY 2020 and \$1.95 billion in FY 2021 for the Drinking Water State Revolving Fund.

Executive Order on California Water

On October 19, President Trump signed a memorandum intended to support reliable water access in California and other western states. In this document, the President directed the Interior and Commerce Departments to streamline regulatory processes, remove unnecessary burdens, and expedite ongoing environmental reviews for water infrastructure projects. This includes expediting the biological opinions for the Central Valley Project and California State Water Project. The memorandum also provides for convening water experts and resource managers to develop an action plan for improving seasonal forecast of water availability.

Looking Ahead to 2019

The 116th Congress will officially convene on January 3, 2019. Now that Democrats control the House, expect to see additional hurdles to pass legislation but also some key opportunities for bipartisan negotiations on a number of topics.

Congressional priorities for 2019 include the following:

Appropriations for Fiscal Years 2019 and 2020

The Fiscal Year 2020 budget and appropriations process is scheduled to begin in February 2019, even though full-year funding for Fiscal Year 2019 has not yet been finalized. Since the delays in finalizing Fiscal Year 2017 and 2018 funding made negotiations more difficult, funding levels are much more aligned with Obama-era priorities than those of the Trump Administration.

Fiscal Year 2019 funding has been finalized for a large part of the federal government, but the outstanding areas, including the Departments of Homeland Security, Transportation, Commerce, Interior, Agriculture, Housing and Urban Development, Justice, Environmental Protection Agency, and Treasury, will see a partial shutdown if funds are not extended by December 21, 2018. However, a plan is currently in place to extend this funding through February 2019. Although Fiscal Year 2020 does not begin until September 1, 2019, the Fiscal Year 2020 budget and appropriations process will begin in February 2020. This means that Fiscal Year 2019 funding may not yet be finalized by the time we begin planning for Fiscal Year 2020.

Now that the Administration has been in place for two years, expect a much more concerted effort to have Fiscal Year 2020 funding levels reflect President Trump's priorities. As the President has proposed in years past, we anticipate he will call for major cuts in funding or elimination of crucial programs, like 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 can be detrimental as it decreases the available funding for all regular and future applications nationwide.

Despite the fact that not all Fiscal Year 2019 funding levels have been finalized, TPA's efforts in these funding priority areas have proved fruitful. We can expect level or increased funding for the vast majority of funding priorities, including CDBG, LWCF, EDA, NEA, NEH, and AFG. We expect to fight again for these funding levels in the Fiscal Year 2020 cycle to ensure that municipalities are not boxed out of their priority funding streams and forced to endure competition too steep to adequately fund all worthy projects these programs are designed to serve.

While it is likely the Trump Administration will recommend Budget cuts, House Democrats will have their first opportunity since 2011 to flex their majority power and support their priority programs. While many of the House Democrats support municipality funding streams, the eight-year gap in power may create a free-for-all, where all 235 members of the Democratic Caucus will be trying to boost their priority programs at once. Ensuring that Democrats know which programs are most crucial to local budgets is a significant and consequential effort that TPA is currently undertaking and will continue in 2019.

Transportation and Infrastructure

President Trump identified a transportation and infrastructure plan as one of his first major legislative efforts as President. However, after his first two years in office, a meaningful legislative proposal has yet to materialize and congressional leaders have struggled to agree on how to pay for such a measure intended to spur \$1.5 trillion in investment. Although differences in priorities exist, both parties agree that transportation and infrastructure investment is badly needed. Speaker-designate Nancy Pelosi has commented that infrastructure could be an area that Democrats and Republicans might be able to negotiate a deal.

Since the authorization for federal surface transportation programs expires in September 2020, this Congress will have an important opportunity to expand funding mechanisms for surface transportation projects. 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 to see opportunities to help infrastructure projects receive more funding, increase the likelihood of infrastructure projects receiving funding, and removing barriers to executing infrastructure projects quickly.

Additionally, the House Democrats have set an ambitious deadline of May 2019 for the introduction of their own comprehensive infrastructure legislative proposal. This proposal may include initiatives to bolster water infrastructure and even support affordable housing. TPA is working with key stakeholders in both the House and Senate to shape these legislative proposals in ways to best support priority projects for the City.

Land and Water Conservation Fund Reauthorization

The Land and Water Conservation Fund has expired and is in need of reauthorization before it can continue to send funding to crucial projects nationwide.

Both the House Committee on Natural Resources and the Senate Committee on Energy and Natural Resources approved a bill that would reauthorize the Land and Water Conservation Fund and would have directed a higher proportion of total funding to be allocated to the states for disbursement. This element would be highly beneficial to California municipalities, since they would be given a bigger pot of funding to compete for funding in.

However, the bill was sponsored by Senator Maria Cantwell (D-WA), who is expected to take on a new role as the Ranking Member on the Senate Committee on Commerce, Science, and Transportation. This means that she will be stepping down as the Ranking Member on the Senate Committee on Energy and Natural Resources, and will be replaced by Senator Joe Manchin (D-WV), a Democrat who has been a topic of controversy among his own party for his pro-coal, anti-climate change views. Although he is equally a supporter of the Land and Water Conservation Fund, his leadership position may leave some feeling unsettled, which could roil future negotiations and collaboration.

The program is valued by both Republicans and Democrats, so if Congress does not attach a reauthorization to a spending bill that must pass by December 21, 2018 to avoid a shutdown, then Congress will undoubtedly tackle reauthorization in early 2019.