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**MEMORANDUM**

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**To:** East Contra Costa Fire Protection District  
**From:** Townsend Public Affairs  
**Date:** May 7, 2020  
**Subject:** Monthly Report for ECCFPD — April 2020

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**State Legislative Update**

The Governor continued his efforts on responding daily to the COVID-19 crisis. Governor Newsom has been holding daily press briefings to update the public on the status of COVID-19 cases and executive actions taken in response to the pandemic. In the month of April, the Governor has signed 17 Executive Orders and has introduced several initiatives to help the State respond to the crisis. Governor Newsom also unveiled six indicators that the Administration would be monitoring, evaluating, advancing in order to re-open the State's economy. However, the Governor has not yet provided a date for when the stay-at-home order will be lifted although offering a phased approach.

While the Legislature was not in session in April, Assembly and Senate leadership has been coordinating the details for the remainder of the legislative session. Speaker of the Assembly Anthony Rendon has announced that the Assembly will be returning to the Capitol on Monday, May 4 to consider a limited number of bills. However, citing increasing medical and logistical concerns, Senate Pro Tempore Toni Atkins has announced that the Senate is targeting a return date of May 11. No floor sessions have been scheduled, and most of the legislator's attention will be on passing a limited number bills out of their policy committees.

Legislative offices have also been alerted by both the Speaker and the Senate Pro Tempore that the number of bills remaining in the legislative session are going to be significantly reduced. Legislators have been asked to only advance bills that are essential in passing this year so that the focus of the Legislature for the remainder of the session can remain on COVID-19, housing, and wildfire resiliency. Committee hearings resumed on Monday, May 4. It is expected that policy committees will only hold one hearing each to consider the paired down number of bills.

Below are the upcoming tentative dates for the Legislature.

**May 4:** Assembly scheduled to reconvene  
**May 11:** Senate scheduled to reconvene  
**May 15:** Governor Newsom to release May Revise  
**June 15:** Budget must be passed by Midnight

## Governor's COVID-19 Action Summary

Below is a summary of the major COVID-19 actions taken by the State Administration:

- **May 6: Worker's Compensation.** The Governor signed an executive order that creates a time-limited rebuttable presumption for accessing workers' compensation benefits applicable to Californians who must work outside of their homes during the stay at home order.
- **April 24: Senior Meal Program.** The State is launching a program that will enlist community restaurants to prepare and deliver meals to older Californians who are isolating at home during California's stay at home order.
- **April 23: Stimulus Paychecks.** Governor Newsom issued an executive order to stop debt collectors from garnishing COVID-19-related financial assistance.
- **April 17: Economic Recovery Task Force.** Governor Newsom established a state task force on Business and Jobs Recovery to chart a path forward on recovery in the wake of COVID-19.
- **April 15: Unemployment Assistance:** The State Employment Development Department is implementing a new process for those applying for Pandemic Unemployment Assistance, including the self-employed and independent contractors.
- **April 14: Roadmap for Re-Opening.** Governor Newsom outlined six indicators California will consider before modifying the stay-at-home-order and other COVID-19 interventions.
- **April 9: Unemployment Benefits:** The state will begin implementing new federal benefit payments of \$600 on top of the weekly benefit received by California workers as part of the new Pandemic Additional Compensation (PAC) initiated by the CARES Act.

## Assembly and Senate Budget Hearings

In April, the Assembly and Senate Budget Subcommittees held hearings to discuss the State's fiscal status and recent COVID-19 spending. The Assembly Budget Subcommittee held its hearing on April 20, and the Senate Budget Subcommittee held its hearing on April 16.

During the hearings, presentations were provided from the Legislative Analyst's Office (LAO), the Department of Finance (DOF) and the California Budget and Policy Center. The panels pointed to an anticipated \$35 billion State revenue shortfall in the first year of the pandemic, and additional \$85 billion in subsequent years.

The LAO recommended preliminary spending with a modified baseline budget in mind, focusing only on existing safety-net programs, necessary expenditures surrounding COVID-19, and inflation. In January, DOF anticipated a recession scenario with revenue losses of up to \$70 billion over a 3-year period with the unemployment peak anticipated at 9.1 percent.

The panel expected \$7 billion in State expenditures for COVID-19 in 2020, plus additional caseload expenditures for critical safety-net programs. The panel also stated that the \$2.2 trillion

federal stimulus bill is not enough and reiterated that the Governor has requested another \$1 trillion for State and local governments.

Another relevant point of discussion was the potential for the Legislature to examine state-imposed mandate relief for local governments during the pandemic. The panel stated that additional research will be needed on which mandates could be lifted. The Legislature could also potentially fund or eliminate certain mandates on behalf of local governments.

There were several questions about the federal funds that would be directed to California and how those would be allocated. The Administration indicated that they would be addressing many of these issues, as well as addressing the ongoing financial needs of state agencies on the front lines of the coronavirus response, in the upcoming May Revise.

DOF stated that the Newsom Administration is aware of the issue related to smaller cities not receiving direct federal aid and is working with the White House to secure direct funding for cities under 500,000 in next federal relief package (Phase 4).

### LAO Reports on COVID-19

The LAO released two relevant reports on COVID-19. Below is a summary of these two reports:

#### *April 20 – “State Funding Actions Related to COVID-19”*

The report highlights the recent legislative and administrative action to allocate state funds in response to the COVID-19 public health emergency. As a reminder, the Legislature passed two funding measures in March (SB 89 and SB 117) that allows the Newsom Administration to access and use up to \$1.1 billion in emergency funding. The report also notes the Governor’s action to transfer \$1.3 billion from the Special Fund for Economic Uncertainties to the Disaster Response Emergency Operations Account (DREOA). These funds can be used during a state of emergency.

Additionally, on April 1, the Governor issued an executive order to transfer funds from other state funds in order to spend more on the State’s COVID-19 response, as needed. The LAO states that most of these costs will be eligible for federal reimbursement due to President Trump’s disaster declaration. Under these conditions, the Federal Emergency Management Agency (FEMA) can reimburse states costs up to 75 percent for expenditures associated with the disaster.

#### *April 28 – “Federal COVID-19-Related Funding to California”*

This report describes the process by which federal stimulus funding is allocated to state and local governments, private entities, and individuals. The LAO includes the Coronavirus Preparedness and Response Act (Phase 1), the Families First Coronavirus Response Act (Phase 2), and the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Phase 3) in its analysis. The analysis says that some of the funding that flows to State government agencies can also indirectly flow to local governments, but the report does not describe that process in detail.

Of note, the report shows that allocations directly to cities comes primarily from the CARES Act (Phase 3) through the following funding streams:

- Coronavirus Relief Fund to respond to the public health emergency (cities with populations over 500,000)
- Supplemental funding for HIV/AIDS grants
- Expanded grant funding for community behavioral health clinics

- Homelessness funding
- Community development to revitalize neighborhoods (Community Development Block Grants)
- Criminal justice funding to respond to COVID-19 (Department of Justice Grants)
- Emergency preparedness and response activities (FEMA)

The LAO estimates the total amount of these funds to be approximately \$7.7 billion, however this figure is subject to change based on statewide costs not yet calculated.

### Development Impact Fee Update

Earlier this year, several State lawmakers introduced legislation that would significantly affect the process that cities use for development impact fees. Impact fees and other development fees have historically been a source of funding for local governments, and legislative changes to adjust impact fee levels could potentially reduce city revenue. Throughout the year, TPA has been working diligently on this issue to communicate the local government perspective to key lawmakers, including the following:

- 1) The Senate Pro Tempore's office
- 2) The Assembly Speaker's office
- 3) The Senate Governance and Finance Committee
- 4) The Assembly Local Government Committee
- 5) The Assembly and Senate Housing Committees
- 6) Authors of impact fee legislation, specifically Assemblymember Tim Grayson (D-Concord)

Through these negotiations, TPA has learned that the Assembly Housing Committee is unlikely to move forward with development impact fee legislation this year. Moving forward, the Speaker's Office, as well as the Assembly and Senate Local Government Committees, have expressed concerns regarding prioritizing impact fee legislation in the current economic climate. Of the nine (9) bills that were introduced in February related to development fees, two (2) are moving forward now that the Assembly has reconvened.

AB 1924 (Grayson): Requires jurisdictions to assess fees on a per-square-foot basis, giving developers the option to build smaller, more affordable units without being penalized with multiple fees.

AB 3148 (Chiu): Reduces the impact fees paid on affordable housing units that are built using the state's density bonus program.

TPA will continue to advocate on behalf of the District and ensure that revenue will not be impacted by impact fee legislation in light of COVID-19.

### Federal Legislative Update

In April, the health and economic impacts of COVID-19 dominated the federal landscape as Congress and nearly every federal department focused on controlling the detrimental effects of the pandemic. Positive test cases and deaths due to the virus skyrocketed in April, and state and local stay-at-home orders continued to put strains on businesses and workers nationwide.

Congress was in recess for most of the month but continued to remain engaged on mitigating the economic and financial impacts of the COVID-19 pandemic. During the month, Congress

introduced and finalized an additional economic stimulus package, H.R. 266, commonly referred to as “Phase 3.5,” designed to bridge the funding gap for Small Business Administration loan programs as well as allocate additional funds for hospitals and testing. Phase 3.5 passed unanimously in the Senate and by a vote of 388-5 in the House. The Senate is currently scheduled to return to session on May 4, but the House will continue to remain in recess after Speaker Nancy Pelosi consulted with the House Physician about fears of members contracting and spreading COVID-19.

### Coronavirus Aid Packages

Phase 3.5 is a stopgap bill that serves as a bridge until a larger, broader package can be negotiated by Congress. The latest emergency relief package provides \$484 billion in additional funding, including \$310 billion for the Paycheck Protection Program (PPP) to help businesses with fewer than 500 employees obtain loans that can assist with expenses such as payroll and benefits.

Of this, the SBA must guarantee \$30 billion for loans made by Insured Depository Institutions or Credit Unions that have assets between \$10 billion and \$50 billion, and \$30 billion for loans made by Community Financial Institutions, Small Insured Depository Institutions, and Credit Unions with assets less than \$10 billion or community lenders such as community development financial institutions and minority depository institutions. The bill defines Community Financial Institutions as minority depository institutions, certified development companies, microloan intermediaries, and State or Federal Credit Unions. Lastly, Phase 3.5 also included \$75 billion for health care providers to cover COVID-19 expenses and lost revenue and \$25 billion to develop mass testing.

Negotiations for a broader “Phase 4” package are already underway. Passage of any new legislation will likely not occur until both chambers return from recess. House Speaker Nancy Pelosi (D-CA) indicated that House Democrats would craft their own Phase 4 bill to be considered after the chamber returns from its break. Speaker Pelosi also undertook the same efforts during Phase 3 negotiations. Speaker Pelosi discussed the possibility of including \$500 billion for state and local governments under 500,000 in population, increases in Medicaid funding to states, and provisions helping fund voting by mail in the November elections.

On April 24, 2020 the District submitted a letter addressed to Senators Feinstein and Harris and Congressman Jerry McNerney regarding Phase 4 of COVID-19 Economic Stimulus negotiations. The letter urged that special districts be considered as eligible for economic relief due to the hardships incurred as a result of the COVID-19 pandemic. In addition, TPA is working with Congressman John Garamendi who is working to address the needs to special districts specifically and has draft legislation defining language to ensure special district eligibility in federal relief programs, direct access to the Coronavirus Relief Fund moving forward.

TPA is working with Congressman John Garamendi’s (D-CA) office on the introduction of standalone legislation that would help special districts become eligible for federal COVID-19 funding. The bill would expand eligibility for the Department of Treasury’s Municipal Liquidity Facility to include special districts, expand the Department of Treasury’s Coronavirus Relief Fund’s definition of local governments to include special districts, and provide an additional \$250 billion to the Fund. We are working to gather support prior to introduction, as well as working to get this bill included as part of the Phase 4 legislative package.

## White House Releases Guidance to Re-Open the Nation

This month, the Trump Administration issued guidance entitled “Opening Up America Again” which outlines certain criteria States should meet before a phased re-opening. The criteria include States showing downward trends in COVID-19 cases and hospital cases, as well as the ability to provide adequate COVID-19 testing.

To begin implementing the guidelines, states must first meet eligibility criteria that includes downward trajectories of COVID-19 cases within a 14-day period or downward trajectories of positive tests as a percent of total tests within a 14-day period. Additionally, states should be able to show that hospitals are adequately prepared to handle influxes in COVID-19 patient increases.

If this criterion is met, states, could then enter Phase One, which would allow large venues like restaurants, movie theaters, sporting venues and places of worship to reopen if they operate under social distancing protocols. Under Phase 2, schools and activities like day care centers and camps could reopen and nonessential travel could resume. Visits to senior care facilities and hospitals, however, would remain prohibited.

Finally, under Phase 3, large venues could operate under less stringent social distancing protocols, gyms could open with strict sanitation protocols, and bars could operate with increases in standing room occupancy. The guidelines do not suggest any reopening dates, and President Trump acknowledged that it would be a gradual process.

## Federal Reserve Municipal Loans

The Federal Reserve announced it would open its Municipal Liquidity Facility (MLF) to cities with at least 250,000 residents and counties with at least 500,000. The program was previously limited to cities of 1 million residents or more and counties of at least 2 million, cutting off some of the municipalities hit hardest by COVID-19. This comes after the Federal Government previously announced it would purchase \$500 billion in debt from city and county governments through the MLF as part of an additional \$2.3 trillion in emergency loans.

## U.S. Census

The U.S. Census Bureau is pushing to delay deadlines for delivering its decennial count of U.S. residents due to the coronavirus pandemic. The agency hopes to postpone field operations until June 1, moving the deadline to finish the count to October 31. Census Bureau Director Steven Dillingham and Commerce Secretary Wilbur Ross indicated they wanted to move the deadline for delivering the tally of state populations from the end of this year to April 2021 and the deadline for giving states data for redistricting from the end of March 2021 to the end of July 2021. Such a change would require congressional approval. Congresswoman Carolyn B. Maloney (D-NY), chairwoman of the House Oversight Committee, expressed that the committee would consider the request, but she needed additional data from the Trump Administration.

## PFAS/PFOA Update

Efforts to include PFAS chemicals provisions in “Phase 4” are gaining steam in the House. A bipartisan group of more than 80 House lawmakers signed a letter asking the House Transportation and Infrastructure Committee as well as its environment subcommittee to include provisions tackling industrial discharge of toxic PFAS or “forever” chemicals in new stimulus legislation. The group requested the inclusion of provisions that would establish deadlines for the

Environmental Protection Agency (EPA) to determine how to regulate industrial discharges of PFAS under the Clean Water Act. The inclusion of these provisions will depend on whether future coronavirus stimulus packages include water infrastructure components in its scope. Some Congressional members have indicated that there is a desire to incorporate water infrastructure priorities in COVID-19 funding, however no concrete efforts have been undertaken thus far to accomplish such a task.

## **District Legislative Priorities**

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

**In light of the COVID-19 Pandemic, TPA continues to work on the District's priorities while understanding the need to adjust accordingly to modified legislative deadlines and immediate needs.**

### 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.

Specifically, Section 13916 of the Health and Safety Code states “*A district board may charge a fee to cover the cost of any service which the district provides or the cost of enforcing any regulation for which the fee is charged. No fee shall exceed the costs reasonably borne by the district in providing the service or enforcing the regulation for which the fee is charged. A district board **shall not** charge a fee on new construction or development for the construction of public improvements or facilities or the acquisition of equipment.*” Many of the District's concerns regarding impact fees would be alleviated if the **shall not** was amended to **may**.

TPA shared the above code section with Assemblymember Tim Grayson, who is spearheading the efforts to increase housing production by looking at impact fees. Many conversations have taken place both in the District and the Capitol on the importance of impact fees to fire districts. Although legislative efforts have been limited this year we continue to engage with our legislative leaders on this topic.

### 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 being quite 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 concerns with the provision above with the Senate Governance and Finance Committee. Prior to the Shelter in Place order, we were working with key stakeholders to include language in an omnibus bill to would raise the amounts to be consistent across the board. It is unclear at the moment if Committees will be pursuing ominous bills this legislative session.

### 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 has worked with legislative counsel to draft a bill 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 being developed at the same time the legislature took a recess in light of COVID - 19. As they reconvene and if there is an opportunity, TPA will move forward to have this language included in future legislation.

### Legislative Priority 4 – Proposition 218

Proposition 218 restricts local governments' ability to impose assessments and property-related fees--and requires elections to approve many local government revenue raising methods. Over the decades, though, the responsibilities expected of local fire districts have grown, and their share of local tax revenues hasn't kept pace

Every few years, efforts have failed to modify the state's Constitution to shrink the two-thirds voter requirement for parcel tax measures down to 55 percent, a threshold that many meet even as they fail to pass. That included an effort in the Legislature last year to approve language that would go before voters to modify the state's constitution to adopt 55 percent to approve local taxes. The District took part in those efforts, most recently supporting ACA 1 by Assemblymember Aguilar-Curry.

In addition, existing language is ambiguous. TPA has been in discussions with CSDA to pursue efforts that would clarify 218 to clearly include Fire and EMS service. The goal is to engage key policy stakeholders in the fall to get an idea where stakeholders are on the issue.

### Legislative Priority 5 – Building a Coalition

With the assistance of the California Special District's Association and the California Fire District's Association we will work 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 and well as priorities that are identified in the future. A coalition will support efforts to show the implications of Proposition 13 are a statewide issue and not unique to the District.