
MEMORANDUM

To: East Contra Costa Fire Protection District
From: Townsend Public Affairs
Date: July 5, 2019
Subject: Monthly Update – June 2019

STATE UPDATE

State Legislative Update

The State Legislature has been very active since the house of origin deadline in May. Over 1,900 bills are still under consideration by the second house, and policy committees will be holding hearings and passing bills in order to refer bills by the July 10 fiscal committee deadline and July 12 floor deadline.

In addition to policy committee activity, the Legislature, and specifically the Budget Conference Committee, had been focused on passing the FY 2019-20 State Budget by the June 15 deadline. The California Constitution states that “the Legislature shall pass the Budget bill by midnight on June 15 of each year.” The Legislature fulfilled its constitutional obligation by passing a Budget bill on June 13. On June 27, the Governor signed the Budget bill into law.

Below is a list of key upcoming deadlines in the Legislature:

July 10 – Last day for policy committees to report fiscal bills to fiscal committees

July 12 – Last day for policy committees to meet and report bills to the floor. Summer Recess begins upon adjournment

August 12 – Legislature reconvenes from Summer Recess

Fiscal Year 2019-2020 Budget

Governor Newsom approved AB 74, the authorizing State Budget legislation for FY 2019-20. The budget totals a record \$214.8 billion and includes many of the Governor’s priorities, such as healthcare for undocumented immigrants between the ages of 19-25, homelessness, and education. The 2019-20 Budget package also assumes an estimated \$19.4 billion in reserves, including \$16.5 billion in the Proposition 2 “rainy day fund”.

The 2019-20 Budget approved by the Legislature this afternoon is record setting at \$214.8 billion. It includes significant funding for Governor Newsom’s key proposals, including increased dollar amounts for healthcare, homelessness and education.

Housing & Homelessness

- \$500 million in one-time funds for housing related infrastructure to help boost needed construction;
- \$500 million in one-time funds for a mixed income loan program through CalHFA;
- \$500 million in one-time funds to expand the Low-Income Housing Tax Credit;
- \$250 million for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment;
- \$650 million in one-time funds to help local jurisdictions address the homelessness crisis.

Universal Preschool & Childcare

This Budget funds major new investments in universal preschool and childcare, including;

- Over 11,000 new vouchers and child care slots and an additional 10,000 new state preschool full-day slots;
- The Budget also adopts the Governor’s proposal to expand the duration of Paid Family Leave benefits from 6 weeks to 8 weeks, beginning July 1, 2020, and notes legislative intent to move toward the goal of providing a 90% wage replacement rate for low-wage workers using these benefits.

Public Schools

The Budget provides \$81.1 billion in state and local funds to public schools and community colleges in 2019-2020, equal to over \$12,000 per student, including;

- \$389 billion in Prop 98 funding to the Public School Stabilization Account (PSSSA);
- \$3.15 billion to moderate school districts’ future pension cost increases;
- Additional funding for special education in preschool and K-12.

Higher Education

- Funds 15,000 new slots for undergraduates at UC and CSU;
- Expands the College Promise fee waiver program to a second year at community colleges and funds over 15,000 new competitive Cal Grant awards;
- \$50 million to support state and local Child Savings Account programs, which are designed to help families build assets for their children’s post-secondary education;
- \$119.8 million ongoing General Fund appropriation to support operational cost increases in the UC system;
- \$49.9 million ongoing General Fund appropriation to support academic quality initiatives;
- \$147.8 million ongoing General Fund to support compensation increases at the Cal State University System.

Health Care

The Budget package continues California’s progress toward universal, affordable health care for all.

- It bolsters Covered California plans, including providing \$450M in additional subsidies to help low-income and middle-income Californians purchase affordable health care coverage;
- It expands Medi-Cal to more aged, blind, and disabled seniors, as well as eligible residents who need post-partum mental health services;
- It approves Governor Newsom’s proposal to expand Medi-Cal in order to increase health care access for young adults ages 19-25, regardless of immigration status;

- Includes \$8M for a competitive grant program to reduce mental health disparities across California.

Safe & Affordable Drinking Water

- \$130 million per year to provide communities with the resources to deliver clean drinking water, funded from a long-term commitment of Greenhouse Gas Reduction Funds.

Natural Resources

- \$1 billion across multiple departments to continue development and implementation of Proposition 68 bond programs;
- \$45 million in one-time funding for multiple agencies including the Department of Parks and Recreation, the Department of Forestry and Fire Protection, the California Conservation Corps, and the California Tahoe Conservancy to address their most critical deferred maintenance needs;
- \$92 million to implement multi-benefit flood improvement projects;
- Approves trailer bill language to extend the sunset of the Habitat Conservation Fund competitive grant program by 10 years, to January 1, 2030.

Public Safety

- \$34.9 million to restore funding levels and provide training for law enforcement officers;
- \$152.3 million to improve the state's emergency response and preparedness capabilities;
- \$30.4 million for 25 additional superior court judgeships by late 2019;
- \$41.9 million to improve access to justice and modernize court operations;
- \$576,000 to the California Law Revision Commission to simplify and rationalize criminal law and procedures under the criminal code;
- Increased funding for CDCR to implement health, education, substance abuse and rehabilitation efforts;
- Eliminate use of out-of-state beds for California inmates and remove all prisoners from Arizona by June 2019.

Transportation

- \$2 billion for Road Maintenance and Rehabilitation Account (RMRA) for local and capital funding under SB 1.

Cap and Trade

- Invests \$1.4 billion in discretionary Greenhouse Gas Reduction Funds (GGRF) in 2019-20.
- Specifically, the Cap and Trade expenditure plan includes the following spending programs and activities:
 - \$245 million for implementation of AB 617 (Garcia, 2018) - Community Air Protection & Local Programs to Reduce Air Pollution;
 - \$238 million for the Clean Vehicle Rebate Project;
 - \$182 million for clean trucks, buses, and off-road freight equipment including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project and advanced technology freight demonstration and pilot commercial deployment projects;
 - \$165 million for Healthy & Resilient Forests to reduce the risk of wildfire;
 - \$100 million for safe drinking water programs;
 - \$60 million for the Transformative Climate Communities program;

- \$30 million for the Urban Greening Program.

Other Issues

- The Budget provides tens of millions of dollars more for 2020 Census outreach, extending California's historic investment to help ensure a complete count;
- Over \$300 million for disaster preparedness, including communications infrastructure, and new funding to help communities affected by disasters;
- \$15 million for cannabis equity programs;
- The Budget also temporarily ends the sales tax on diapers and menstrual products.

Budget Resiliency

The 2019-20 Budget package assumes an estimated \$19.4 billion in reserves, including \$16.5 billion in the Proposition 2 "rainy day fund".

Budget Trailer Bills

The bill took effect July 1, but the Legislature is still in the process of introducing, hearing, amending, and passing "trailer bills" to implement the policies of the appropriated budget funds. TPA will continue to monitor these bills and provide timely updates.

Below is a summary of key highlights in the FY 2019-20 Budget.

[SB 85](#) (Committee on Budget and Fiscal Review) — Public Resources: Omnibus Trailer Bill

This trailer bill makes various changes to implement the resources, environmental protection, and energy budget actions. Specifically, this bill:

- Clarifies that a fee may be charged by state and local entities for enforcement of building standards adopted by the state fire marshal relating to fire, panic safety, and other regulations.
- Establishes the Cal Fire Infrastructure Projects Revolving Fund to undertake agency infrastructure improvement projects. These projects must be related to the acquisition of real property or the design, construction, alteration, repair, and improvement of facilities over which the department has jurisdiction, including equipment and furnishings.

SB 85 was approved by the Governor on June 27.

[SB 96](#) (Committee on Budget and Fiscal Review) — Emergency Telephone Users Surcharge Act

The Emergency Telephone Users Surcharge Act imposes a surcharge for intrastate telephone services to fund the 9-1-1 costs. This trailer bill amends the State Emergency Telephone Users Surcharge Act to fund additional 9-1-1 costs by implementing a monthly surcharge per access lines in the State for 9-1-1 system costs no greater than \$0.80.

These surcharges will fund updated 9-1-1 systems, including Next Generation 9-1-1 technologies. These technologies will help deliver voice and data information from the caller to the emergency responder, and interfaces needed to send information such as alerts and warnings to potential 9-1-1 callers. **SB 96 has passed the Legislature and awaits the Governor's signature.**

NEW LEGISLATIVE DEVELOPMENT

Last year, in response to the increasing threat of wildfires, Governor Brown signed into law SB 901, an extensive piece of legislation that helps to mitigate wildfire risk and increase the pace and scale of recovery efforts. As part of this legislation, The Governor's Office of Planning and Research was required to establish a Commission on Catastrophic Wildfire Cost and Recovery to examine issues related to wildfires associated with utility infrastructure, and to produce recommendations on changes to law that would ensure equitable distribution of costs among affected parties. Those recommendations were due to the Governor and the Legislature by July 1st, 2019.

Assembly Bill 1054 (Holden) was recently amended to enact many of the ideas embodied in the recently released SB 901 Commission Report. The bill would create the California Catastrophe Council consisting of the Governor, Treasurer, Insurance Commissioner, Natural Resources Secretary and a member of the public appointed by the Governor. The Speaker of the Assembly and President pro Tem of the Senate would serve as ex officio members. The Council would appoint a CEA and Wildfire Fund Administrator. A Wildfire Safety Division would be established within the PUC and a 7-person Wildfire Safety Advisory Board would be appointed by the Governor, Speaker and President pro Tem. A utility company cost recovery process would be created to permit recovery for just and reasonable costs based on reasonable conduct by the utilities. A bonding program for the utilities of up to \$1 Billion would be established. Wildfire Mitigation Plans would have to be submitted by the utility companies every 3 years for review and approval by the PUC. Since the Governor announced a deadline for emergency legislation to arrive on his desk before the July 12 Summer Recess, the Legislature is expected to hear AB 1054 on the floor very soon.

PRIORITY LEGISLATION

- Assembly Constitutional Amendment 1 (Aquiari-Curry)—Proposes amendments to the California Constitution to allow a city, county, or special district, with 55 percent voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure. **The District has taken a SUPPORT position on this bill. Not subject to the same legislative deadlines because it is a Constitutional Amendment, this bill is currently on the Assembly floor awaiting a floor vote.**
- Assembly Bill 1116 (Grayson) Would create the Firefighter Peer Support and Crisis Referral Services Pilot Program. The bill would, for purposes of the act, define a "peer support team" as a team composed of emergency service personnel, hospital staff, clergy, and educators who have been appointed to the team by a Peer Support Labor-Management Committee, as defined, and who have completed a peer support training course developed and delivered by the California Firefighter Joint Apprenticeship Committee. This bill is sponsored by the California Professional Firefighters and supported by the Fire Districts Association of California. **The District has taken a SUPPORT position on this bill. This bill will be heard in Senate Judiciary on June 9 where TPA will be present to express the District's support.**
- Assembly Bill 1486 (Ting) would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land. This bill is opposed by the California Special District's Association. **The District has**

taken an OPPOSE position. This bill has cleared the Senate Housing Committee and will be heard in the Senate Appropriations Committee upon returning from summer recess.

- Assembly Bill 1705 (Bonta) – Requires a new Medi-Cal intergovernmental transfer program (IGT) for public ground emergency medical transportation providers (public ambulance providers) that would provide additional payments to these providers in fee-for-service (FFS) Medi-Cal and Medi-Cal managed care (MCMC) plans that is equal to 100% of projected costs. This bill replaces the existing certified public expenditures program used to fund FFS public ground providers with the new IGT-funded program. This bill further exempts public ambulance providers from the Quality Assurance Fee (QAF) and the resulting Medi-Cal add on payments resulting from revenue from the QAF. Requires implementation of the new program to be on July 1, 2021. This bill is sponsored by the California Fire Chiefs Association and the Fire Districts Association of California. **The District has a SUPPORT position on this bill that will be heard in the Senate Health Committee on July 10th.**
- Senate Bill 13 (Wieczowski) - This bill makes a number of changes to law governing accessory dwelling units (ADUs) including a provision that limits impact fees. Local governments can charge a variety of fees to a development. These fees, commonly known as impact or mitigation fees, go toward infrastructure development (such as adding lanes to roads or supporting additional traffic) or other public benefits (such as new parks, schools, or affordable housing). In the wake of the passage of Proposition 13 in 1978 and the loss of significant property tax revenue, local governments have also turned to development fees as a means to generate revenue. Given that California cities have tightly restricted funding sources, fees are one of the few ways cities can pay for the indirect costs of growth. **The District has an OPPOSE position on the bill that will heard in the Assembly Local Government on July 10th.**
- Senate Bill 438 (Hertzberg) prohibits a public agency from delegating, assigning, or contracting for 911 call processing or emergency notification duties regarding the dispatch of emergency response resources unless the delegation or assignment is to, or the contract is with, another public agency or made pursuant to a joint powers agreement or cooperative agreement. **The District has a SUPPORT position on this bill. This bill will be heard in the Assembly Health Committee on July 9th, where TPA will be present to express the District’s support of the bill.**

FEDERAL UPDATE

In June, the House of Representatives scrambled to pass two minibus bills to fund the government in Fiscal Year 2020, before a week-long recess begins for Independence Day. The Fiscal Year 2020 levels approved had significant differences from the President’s budget request, essentially moving the goal post towards higher funding for many Democratic priorities. The Senate Appropriations Committee has not yet released its appropriations bills, but is expected to in the next few weeks, and is expected to propose an average of lower funding levels than the House bills.

Census Citizenship Question

On June 27, the Supreme Court released its decision on the Trump administration’s work to add a citizenship question to the 2020 census. In a mixed decision, saying that the Department of Commerce’s explanation for adding the question was inadequate, the Supreme Court blocked the

question for now.

The Court said that the lower courts were right to send the issue back to the Department for further explanation. This decision leaves the door open for the Department to provide an explanation in the future that the Supreme Court would accept, which could change the Court's decision down the line.

Commerce Secretary Wilbur Ross has said he added the citizenship question because the Justice Department had said it would help with enforcement of the Voting Rights Act, the landmark 1965 law designed to protect the rights of racial minorities at the polls. President Trump's administration has been hoping to start printing census questionnaires in a matter of days. The ruling means the administration will have to hold off, at least for now.

This is a major win for California, which was slated to lose congressional seats and federal funds should the addition of the question result in an undercount of residents.