

-VIA ELECTRONIC MAIL-

January 22, 2021

MEMORANDUM

TO: Stacy Taylor, Mesa Water District

FROM: Dennis K. Albiani, Anthony Molina, California Advocates, Inc.

SUBJECT: January Report

To start the year, Governor Newsom unveiled his record-breaking \$227.2 billion-dollar budget proposal. His budget focused heavily on COVID-19 response, economic recovery, reopening schools, housing, and wildfire resiliency. The Governor has requested lawmakers to immediately act on a few key proposals that can't wait until the June 30th deadline, when a final budget will be approved. It's anticipated that the Legislature will act on many of the Governor's key proposals by the end of January, which include the following:

- Extending the eviction moratorium
- Approving \$2.4 billion to send \$600 stimulus checks to 4 million low-income workers
- Approving a \$2 billion plan that would incentivize schools to reopen campuses
- Approving \$575 million in small-business grants.
- Approving \$250 million to help build permanently affordable housing
- Approving \$70 million in small-business fee relief

Furthermore, some lawmakers have returned to Sacramento for the 2021-22 legislative session, while others participate remotely. Legislators have begun introducing their legislative packages for the year and must have them finalized by the bill introduction deadline of February 19th. As of today, 244 Senate Bills and 295 Assembly Bills have been introduced. To our knowledge, Leadership in both the Senate and Assembly have not signaled to their membership to limit the total number of bills they carry this legislative session. As the month progresses, we commit to providing timely updates on all budget actions taken and bill introductions of interest to Mesa Water District.

ACWA Sponsored Legislation Update

Per our discussions, AWCA will be introducing legislation this year on "Validation Action on Water & Sewer Service Fees/Charges." The sponsored bill will authorize a local agency or interested person to bring a validation action in a superior court to determine the validity of a fee or charge for water and sewer service. The proposal will require an interested party bring an action within 120 days after the local agency adopts the fee or charge. ACWA is currently having the bill drafted by Legislative Counsel. Simultaneously, they are speaking with Legislators about carrying the legislative proposal. We will keep Mesa Water District informed of any information that we receive on the sponsored proposal.

Legislative Bond Proposal(s) Update

Senator Anthony Portantino has introduced SB 45, “the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.” The introduced bill is a reintroduction of last year’s bond proposal by Senator Ben Allen, which was “held” by the Assembly Rules Committee. In our conversation with Senator Portantino’s staff, they will be working directly with Senate Leadership and the Natural Resources and Water Committee on the policy as the year progresses. Additionally, we anticipate another legislative bond proposal to be introduced by Assemblymember Eduardo Garcia. He, too, had a proposal last year that was also held by the Assembly Rules Committee.

2021 Legislative Tracking

SB 45 (Portantino) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022.

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Status: Introduced, pending referral.

Position: Watch

SB 52 (Dodd) State of emergency: local emergency: sudden and severe energy shortage: planned power outage.

This bill would expand the definition of “sudden and severe energy shortage” to include a “deenergization event,” defined as a planned power outage, and would make a deenergization event one of those conditions constituting a state of emergency and a local emergency.

Status: Introduced, pending referral.

Position: Watch

SB 222 (Dodd) Water Affordability Assistance Program.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make moneys in the fund available upon appropriation by the Legislature to the state board to provide, as part of the Water Affordability Assistance Program established by the bill, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components.

Status: Introduced, pending referral.

Position: Watch

SB 223 (Dodd) Discontinuation of residential water service.

The bill would require the State Water Resources Control Board (State Water Board) to provide technical assistance to very small community water systems. The bill would require the State Board to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with this chapter. To the extent funding is available, partial loan forgiveness would be made available to systems that offer debt forgiveness to low-income residents

with past due accounts. This bill would also require an urban water supplier and an urban and community water system to update policies to comply this chapter by July 1, 2022.

Status: Introduced, pending referral.

Position: Watch

SB 230 (Portantino) State Water Resources Control Board: Constituents of Emerging Concern

This bill would require the State Water Resources Control Board to establish, maintain, and direct an ongoing, dedicated program called the Constituents of Emerging Concern Program to assess the state of information and recommend areas for further study on the occurrence of constituents of emerging concern (CEC) in drinking water sources and treated drinking water. The bill would require the state board to convene, by an unspecified date, the Science Advisory Panel to review and provide recommendations to the state board on CEC for further action. The bill would require the state board to provide an annual report to the Legislature on the ongoing work conducted by the panel.

Status: Introduced, pending referral.

Position: Watch

AB 62 (Gray) Income taxes: credits: costs to comply with COVID-19 regulations.

This bill would provide a tax credit for essential and small businesses seeking to comply with COVID-19 regulations adopted by the Occupational Safety and Health Standards Board on November 19, 2020, relating to COVID-19 prevention and approved by the Office of Administrative Law.

Status: Introduced, pending referral.

Position: Watch

Governor's 2021 Proposed Budget

Governor Gavin Newsom submitted his 2021-22 State Budget proposal to the Legislature – a record-breaking \$227.2 billion fiscal blueprint that provides funding for immediate COVID-19 response and relief efforts where Californians need it most while making investments for an inclusive and broad-based economic recovery.

The Budget reflects \$34 billion in budget resiliency – budgetary reserves and discretionary surplus including:

- \$15.6 billion in the Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies;
- \$3 billion in the Public-School System Stabilization Account;
- \$2.9 billion in the state's operating reserve; and
- \$450 million in the Safety Net Reserve.
- \$15 billion operating state surplus.

Overall, the Budget continues to progress in paying down the state's retirement liabilities and reflects \$3 billion in additional payments required by Proposition 2 in 2021-22 and nearly \$6.5 billion over the next three years. The improved revenue picture allows the state to delay \$2 billion in scheduled program suspensions for one year.

Below are key highlights from the Governor's proposed budget on Natural Resources and Water:

DEPARTMENT OF NATURAL RESOURCES

Voluntary Agreement Funding—\$125 million in Proposition 68 funds for the Protecting California's Rivers, Streams and Watersheds Program for Fiscal Year 2021-22.

DEPARTMENT OF WATER RESOURCES

Sustainable Groundwater—\$60 million one-time General Fund (\$30 million in 2020-21 and \$30 million in 2021-22) for grants to support local planning and implementation of Groundwater Sustainability Plans across critically over-drafted basins.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

Wildfire and Forest Resilience – To address the scale and urgency of wildfire risks, the Budget includes \$1 billion to support the Forest Management Task Force's Wildfire and Forest Resilience Action Plan, including \$323 million proposed for early action in 2020-21 to accelerate fire prevention projects that protect communities and other efforts to jumpstart economic recovery in the forest sector. This comprehensive strategy supports investments in the following priorities:

- Resilient Forests and Landscapes—\$512 million to enhance wildfire resilience across California's diverse landscapes by thinning forests, replanting trees and utilizing prescribed fire, which will also improve biodiversity, watershed health, carbon sequestration, air quality, and recreation.
- Wildfire Fuel Breaks—\$335 million for the Department of Forestry and Fire Protection (CAL FIRE) and the California Conservation Corps to complete at least 45 to 60 strategic fuel breaks projects each year over the next several years.
- Community Hardening—\$38 million to increase the resilience of the state's most fire-vulnerable communities.
- Science-Based Management—\$39 million to support rigorous monitoring and robust scientific inquiry necessary to achieve effective, long-term forest health and restoration in the face of a dynamic environment of high-severity wildfire and climate change.
- Forest Sector Economic Stimulus—\$76 million to invest in innovative projects and workforce preparedness in the forest sector.
- The Budget also includes statutory changes to make \$200 million of Cap-and-Trade funding for CAL FIRE's forest health and fire prevention programs available for an additional five years, beyond the existing 2023-24 sunset date.

CALIFORNIA AIR RESOURCES BOARD

Cap and Trade – The Budget proposes a \$1.37 billion Cap and Trade Expenditure Plan for existing programs, including several early actions for 2020-21. The proposed Expenditure Plan advances the state's priorities on environmental justice and protects public health by delivering clean air and safe and affordable drinking water (\$130 million total).

Regulatory

- The Governor's Forest Management Task Force today issued a comprehensive action plan to reduce wildfire risk for vulnerable communities, improve the health of forests and wildlands and accelerate action to combat climate change. The Wildfire and Forest Resilience Action Plan sets a broadly supported strategy to increase the pace and scale of forest and wildland management to meet the state's target of completing projects on 500,000 acres annually by 2025 and expanding the use of prescribed fire, particularly on state-owned lands. The plan calls for

achieving these goals largely through regional strategies tailored to the environmental conditions, risks and priorities in each area. The plan also centers on building a large network of fuel breaks around vulnerable communities, expanding home hardening, defensible space and preparedness planning to create wildfire-adapted communities, and sustaining the economic vitality of rural forested areas. The plan can be found [HERE](#).

- The Governor made the following appointments to the California Water Commission:
 - **Amy Cordalis, 40, of McKinleyville, has been appointed to the California Water Commission.** Cordalis, a member of the Yurok Tribe, has been General Counsel for the Yurok Tribe since 2016 and served as a Staff Attorney for the Tribe from 2014 to 2016. She was Staff Attorney at Berkey Williams LLP from 2012 to 2014 and at the Native American Rights Fund from 2007 to 2012. Cordalis is a member of the Klamath River Renewal Corporation Board of Directors.
 - **Kimberly Gallagher, 45, of Davis, has been appointed to the California Water Commission.** Gallagher has been Farm Operations Manager at Erdman Farms since 2014 and Owner and Operator of Gallagher Farming Company since 2009. She was a Science Teacher for the Davis Unified School District from 2012 to 2014 and an Independent Study Teacher for the Elk Grove Unified School District from 2004 to 2011. Gallagher is a member of the Colusa County Resources Conservation District, Colusa Glenn Subwatershed Program and the California Rice Commission.
 - **Fern Steiner, 71, of San Diego, has been appointed to the California Water Commission.** Steiner has been an Attorney at Smith, Steiner, Vanderpool APC since 1987 and a Shareholder there since 1993. She was an Attorney at Richard D. Prochazka APC from 1984 to 1987 and an Attorney at Karmel and Rosenfeld from 1977 to 1984. Steiner is a member of the San Diego County Water Authority Board of Directors and a trustee for San Diego Youth Services.
- The Governor has reappointed the following:
 - **Marybel Batjer, 65, of Sacramento, has been reappointed President of the California Public Utilities Commission, where she has served in that position since 2019.** Batjer was Secretary of the Government Operations Agency from 2013 to 2019. She was Vice President for Public Policy and Corporate Social Responsibility at Caesars Entertainment Inc. from 2005 to 2013, Cabinet Secretary in the Office of Governor Arnold Schwarzenegger from 2003 to 2005, Chief of Staff in the Office of Nevada Governor Kenny Guinn from 2000 to 2003 and Undersecretary at the California Business, Transportation and Housing Agency from 1997 to 1998..

Important Dates and Deadlines for 2021

February:

- Feb. 15 – Presidents' Day.
- Feb. 19 – Last day for bills to be introduced.

March:

- Mar. 25 – Spring Recess begins upon adjournment (J.R. 51(a)(2)). (add to calendar)
- Mar. 31 – Cesar Chavez Day observed.

April

- Apr. 5 – Legislature reconvenes from Spring Recess.
- Apr. 30 – Last day for policy committees to meet and report to fiscal committees' fiscal bills introduced in their house.