

-VIA ELECTRONIC MAIL-

September 18, 2020

MEMORANDUM

TO: Stacy Taylor, Mesa Water District

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

SUBJECT: September Report

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An extremely intense and chaotic end of the legislative session wrapped up September 1<sup>st</sup> at 1:30am, with tempers running high! In an already challenging environment, due to the pandemic and legal skepticism of new protocols for “remote voting” and “proxy voting,” more controversy was added to finish this year.

During the last week, Republican Senator Brian Jones tested positive with the coronavirus, creating a frenzy in the Senate, forcing them to shut down for a day and a half to clean, test Republican Caucus members and staff, and determine how to proceed. The outcome was that Senate Republicans were not allowed back in the Capitol, except for Senator Jim Nielsen. Senate Republicans were granted permission to vote remotely for floor session, which was not previously allowed upon return from Summer Recess.

In the waning hours of the end of the legislative session, with remote voting being allowed, and the constitutional deadline of August 31<sup>st</sup> at midnight, the Senate floor got extremely tense. Senate Democrats moved to limit debate to two speakers per side, infuriating homebound Senate Republicans. After an hour-plus delay, Senate Democrats rolled back the rule — and then bills started dying for lack of time as the clock ran down. Floor speeches sped up or vanished altogether as word came down from leadership to make hard choices. Democrats accused Republicans of filibustering, while Republicans accused Democrats of lack of transparency and proper vetting of legislative measures.

All the while, the Assembly Floor took many breaks of their own throughout the day, saying goodbye to termed-out members, holding Senate bills hostage, and re-referring bills back to policy committee hearings with only a few hours remaining in the session. By 11:00pm, members were no longer debating legislation, but rather, asking for “aye” votes when taking up their bills for passage.

Additionally, tempers began flaring between the Senate and the Assembly for not sending over priority legislation as it grew closer to midnight. Overall, there were around twenty-two Assembly Bills and ten Senate Bills that did not make it back over to their respective house for a final vote. These pieces of legislation died due to time running out, leaving many members very unhappy.

The Governor now has until midnight on September 30<sup>th</sup> to sign legislation that was sent to his desk. Legislation that is signed will take effect on January 1, 2021, unless it has an urgency to take effect immediately. We will keep Mesa Water apprised of all bills signed or vetoed that have been supported or opposed.

## Legislation by the Numbers

The 2020 Legislative Session has adjourned and will go down as one of the California Legislature's most unprecedented. At the start of this year, there were 2,203 bills introduced (not including two-year bills). Given the unfortunate circumstances of the COVID-19 pandemic, legislators pared down their legislative packages. In total, there ended up being roughly 550 bills from both the Senate and Assembly – approximately a 75% reduction from the beginning of the year. Further, by the end of this legislative session, 402 bills were sent down to Governor Newsom's desk. Specifically, there were 125 Senate Bills and 277 Assembly Bills. The Governor now has until midnight on September 30, 2020, to sign or veto legislation. Those bills signed by the Governor will go into effect on January 1, 2021, unless they are "urgency" measures which will take effect immediately.

Furthermore, while the Legislature adjourned on September 1, 2020, at 1:30 am, there were 32 total bills left on both the Senate and Assembly Floor that died – 22 Senate Bills and 10 Assembly Bills. Many of these measures are likely to be reintroduced when the Legislature reconvenes on Monday, December 7, 2020, to commence the 2021-22 Legislative Session.

## 2020 Legislative Tracking

### **AB 196 (Gonzalez) Workers' compensation: COVID-19: essential occupations and industries.**

This bill would define "injury," for certain employees who are employed in an occupation or industry deemed essential in the Governor's Executive Order of March 19, 2020 (Executive Order N-33-20), except as specified, or who are subsequently deemed essential, to include coronavirus disease 2019 (COVID-19) that develops or manifests itself during a period of employment of those persons in the essential occupation or industry. The bill would apply to injuries occurring on or after March 1, 2020, would create a conclusive presumption, as specified, that the injury arose out of and in the course of the employment, and would extend that presumption following termination of service for a period of 90 days, commencing with the last date actually worked.

**Status: This bill was held on the Senate Floor and died on the last night of legislative session.**

**Position: Watch**

### **AB 664 (Cooper) Workers' compensation: injury: communicable disease.**

This bill would define "injury," for certain state and local firefighting personnel, peace officers, certain hospital employees, and certain fire and rescue services coordinators who work for the Office of Emergency Services to include being exposed to or contracting, on or after January 1, 2020, a communicable disease, including coronavirus disease 2019 (COVID-19), that is the subject of a state or local declaration of a state of emergency that is issued on or after January 1, 2020. The bill would create a conclusive presumption, as specified, that the injury arose out of and in the course of the employment. The bill would apply to injuries that occurred prior to the declaration of the state of emergency. The bill would also exempt these provisions from the apportionment requirements.

**Status: This bill was held on the Senate Floor and died on the last night of legislative session.**

**Position: Watch**

### **AB 992 (Mullin) Open meetings: local agencies: social media.**

This bill would exempt the participation in an internet-based social media platform by members of a legislative body, provided that a majority of the members do not discuss among themselves, business of

a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency and the internet-based social media platform is open to the public.

**Status: This bill passed the Legislature and is on the Governor's desk, pending a signature or veto.**

**Position: Watch**

**AB 1253 (Rivas) Local agency formation commissions: grant program.** This bill requires the Strategic Growth Council (SGC), until July 1, 2025, to establish and administer a local agency formation commission (LAFCO) grant program to fund the dissolution of inactive special districts, prepare special studies and initiate other actions in disadvantaged communities.

**Status: This bill was given up to another member to use as a gut-and-amend. This original bill is dead.**

**Position: Oppose Unless Amended Coalition**

**AB 1484 (Grayson) Mitigation Fee Act: housing developments.**

This bill would prohibit a local agency from imposing a housing impact requirement adopted by the local agency on a housing development project, unless specified requirements are satisfied by the local agency, including that the housing impact requirement be roughly proportional in both nature and extent to the impact created by the housing development project.

**Status: This bill stayed in the Senate Rules Committee and died.**

**Position: Watch**

**AB 2107 (Rodriguez) Local government: securitized limited obligation notes.**

This bill would extend that authorization to a special district to issue, securitized limited obligation notes for the acquisition or improvement of land, facilities, or equipment until December 31, 2024.

**Status: This bill passed the Legislature and is on the Governor's desk, pending a signature or veto.**

**Position: Watch**

**AB 2560 (Quirk) Water quality: notification and response levels: procedures.**

AB 2560 will provide greater transparency and clarify the notification level (NL) and response level (RL) process to provide all water agencies clear and consistent information as they can continue to provide safe, clean and affordable drinking water to their constituents. Specifically, AB 2560 requires the State Water Board to do the following: Post on its internet website that it has initiated the development of a NL or RL and additionally post a draft NL or RL when it's available; Submit a draft NL or RL for external peer review; and, take a formal action to finalize the NL or RL.

**Status: This bill passed the Legislature and is on the Governor's desk, pending a signature or veto.**

**Position: Support Coalition**

**SB 414 (Caballero) Small System Water Authority Act of 2019.**

This bill establishes the Small System Water Authority Act of 2019, which both authorizes the creation of small system water authorities and requires consolidation of failing water systems.

**Status: This bill was held on the Assembly Appropriations suspense file. This bill died.**

**Position: Support Coalition**

**SB 668 (Rubio) Fire hydrants: water suppliers: regulations.** This bill would require the State Water Resources Control Board, by December 1, 2021, to develop and adopt regulations for reporting and inspections regarding public water suppliers. The bill would also require that the regulations adopted by the board ensure water suppliers' compliance with local standards for fire safety.

**Status: This bill is on the Assembly Floor and was ordered to the "Inactive File." This bill died.**

**Position: Watch**

**SB 1099 (Dodd) Emergency backup generators: critical facilities: exemption.**

This bill would require air districts to adopt a rule, or revise its existing rules, to allow critical facilities with a permitted emergency backup generator to use that emergency backup generator during a deenergization event or other loss of power, and to test and maintain that emergency backup generator, without having the usage, testing, or maintenance count toward that emergency backup generator's time limitation on actual usage and routine testing and maintenance. The bill would also prohibit air districts from imposing a fee on the issuance or renewal of a permit issued for those critical facility emergency backup generators.

**Status: This bill was referred to the Assembly Natural Resources Committee. This bill is being held by the committee for the remainder of the year. This bill died.**

**Position: Support**

**SB 1159 (Hill) Workers' compensation: COVID-19: critical workers.**

This bill would, until an unspecified date, define "injury" for a critical worker, as described, to include illness or death that results from exposure to coronavirus disease 2019 (COVID-19) under specified circumstances. The bill would create a disputable presumption, as specified, that an injury that develops or manifests itself while a critical worker is employed arose out of and in the course of the employment.

**Status: This bill passed the Legislature and is on the Governor's desk, pending a signature or veto.**

**Position: Watch**

**SB 1185 (Moorlach) Natural gas-powered generators: operation during deenergization events.**

This bill would allow businesses and homeowners to install, maintain and use a back-up natural gas generator onsite for use in the event of a public safety power shut-off (PSPS) event. Specifically, this bill would prohibit an air district or the California Air Resources Board (CARB) from adopting or maintaining regulations that limit the use of a federally compliant natural gas-powered generator during a PSPS event. The bill additionally stipulates that any use of a natural gas generator during a PSPS event would not count toward any time limitation included in the permit issued for that generator.

**Status: This bill was referred to the Assembly Natural Resources Committee. This bill is being held by the committee for the remainder of the year. This bill died.**

**Position: Watch**

### **Resources Funding**

**AB 1659 (Bloom) Large electrical corporations: wildfire mitigation: securitization and Supplemental Budget Language.**

In the last few days of session the Legislature “gut and amended” a bill and included a \$3 billion wildfire, climate resiliency fund together financed with a unique fee program extending a surcharge on electricity customers that ends in 15 years, extending the payments another 15 years and securitizing the revenue stream for current investments. The wildfire and climate resiliency programs were roughly based on the bond passed earlier in the year. However, the bill failed passage not garnering the 2/3 vote necessary for such a unique financing proposal. On the final night, the proposal was scaled down to \$500 million, funded from the general fund, specifically from GGRF and Prop 68 funds. That proposal never made it into a final budget bill.

**Status: This bill was on the Senate Floor and died on the last night of the legislative session.**

**Position: Watch**

### **Economic Stimulus Package**

The jointly supported \$100 billion-dollar “economic stimulus package” proposed by California Democrats did not come to fruition by the adjournment of this year’s legislative session. Democrats will plan to use this proposal as a framework moving into the 2020-21 session to begin positioning and advocating for an economic stimulus to help the California economy rebound from the COVID-19 pandemic. Over the Fall, Mesa Water should begin identifying projects that could be eligible in the “green economy” space in the following areas: wildfire prevention and vegetation management activities; protecting wetlands and communities from climate change impacts; and improving clean water delivery and infrastructure.

### **Regulatory**

- Monday, August 24<sup>th</sup>, the California Environmental Protection Agency issued a new report that shows that at least half of California’s landfill-bound food waste could be processed at the state’s wastewater treatment plants and serve as an innovative power source. Waste can be “co-digested” at these facilities, which involves adding organic wastes including municipal food scraps and industrial food processing wastes such as chicken blood to a facility’s anaerobic digester. Building on a survey of the nearly 225 wastewater treatment plants in California, the report finds that many have the existing anaerobic digestion capacity to accommodate diverted food waste. While maximizing the use of that excess capacity would require additional infrastructure investments, the report shows such investments would benefit California’s economy while advancing environmental goals. The report estimates the statewide capital investments required to use the co-digestion capacity range between \$900 million and \$1.4 billion. The net benefits to the state could be up to \$255 million each year.
- Tuesday, August 25<sup>th</sup>, the California Air Resources Board provided positive preliminary results from the August 2020 Cap-and-Trade Joint Auction #24. Due to various calculations that must be done CARB does not yet know the exact revenue brought in by the auction, but they are estimating the revenue is roughly \$475 million. About 90% of the current vintage allowances and 100% of the future vintage allowances were purchased. The August Auction results are significantly higher than the \$25 million raised at the May auction. The August auction saw stronger demand for allowances than the May auction, and this could be for a few reasons:
  - There is still a significant amount of uncertainty in the economy, but the second round of closures in California weren’t as far-reaching as the first round. Thus, more people are out on the road and more establishments are open for business. Without significant structural changes, COVID-induced emission reductions will be temporary, and the fast rebound that has been observed worldwide is a stark reminder of the critical

importance of policies such as California's cap-and-trade program that ensure pollution will continue to decline at the pace and scale necessary.

- The August auction was the second-to-last opportunity to purchase state-owned allowances before the end of the 2018-2020 compliance period. While entities will have until November 2021 to turn in all allowances for the current compliance period, they will not be able to use allowances purchased in 2021 for a 2018-2020 obligation.
- This was also the second-to-last auction where allowances are offered at the current floor price of \$16.68. Starting in the February 2021 auction, the minimum auction price will be higher by 5% plus inflation.

Upon adjournment from legislative session, the Legislature decided to wait to put together a GGRF expenditure plan until there is more clarity about revenue, which is wise. However, Legislators also need to find a more resilient source of funding for these essential programs, other than a mechanism that will be most successful if emissions decline and revenue decreases over time.

### **Important Dates and Deadlines for 2020**

#### **Fall Deadlines:**

- September 30<sup>th</sup> – Last day for Governor to sign or veto bills.
- October 1<sup>st</sup> – Bills enacted on or before this date take effect January 1, 2021.
- November 3<sup>rd</sup> – General Election.
- November 30<sup>th</sup> – Adjournment sine die at midnight.
- December 7<sup>th</sup> – 2021-22 Regular Session convenes for Organizational Session at 12 noon.