

-VIA ELECTRONIC MAIL-

June 19, 2020

MEMORANDUM

TO: Stacy Taylor, Mesa Water District

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

SUBJECT: June Report

The California Legislature is currently running in full stride with a condensed schedule and several deadlines ahead. The State Senate and Assembly have both passed their respective policy bill hearing deadlines. While each house is currently operating on a different schedule, both are working to complete their fiscal hearings in order to meet their major legislative “House of Origin” deadline – both houses plan to have this work complete before leaving on summer recess.

In addition, the Legislature passed their version of an “on-time” state budget on June 15th. However, the Governor and legislative leadership have not come to an agreement on the final details – negotiations are continuing to take place. On topics that are high priorities for both the Governor and the Legislature, we may not see final agreements on budget trailer bills until later in the legislative session. The Governor now has until June 30th to sign or veto the budget that was sent to his desk. As the legislative process and budget negotiations play out, we will provide Mesa Water timely updates on all pertinent information. Stay tuned!

Economic Recovery/Climate Resiliency/Water Bonds

AB 3256 (E. Garcia) “Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020” passed out of the Assembly Appropriation Committee – the bill was on the “suspense file”. Moving out of the committee an amendment was placed in the bill to add an “urgency clause,” which means the bill is no longer subject to the legislative deadlines. However, upon passage out of the committee, the bill was referred to the Assembly Rules Committee. Given the fact that there is now an “urgency clause” in the bill, this is a strategical move by leadership to not put there caucus up on a tough vote, especially when there has not been clarity from the Governor and his administration as to whether or not there is an appetite for a bond this year. At this point, there are two bond proposals in play within the legislature, AB 3256 (E. Garcia) and SB 45 (Allen) which are in the Assembly Rules Committee. We will continue to monitor the issue and provide information as progress is made.

AB 3256 (E. Garcia) Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,980,000,000 (Billion) pursuant to the State General Obligation Bond Law. The bond

would finance projects for wildfire prevention, safe drinking water, climate resilience, drought preparation, and flood protection program.

Status: The bill passed the Assembly Appropriations Committee and was referred to the Assembly Rules Committee. The bill was amended to add an urgency clause.

Position: Watch

SB 45 (Allen) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, 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. This bill would provide for the submission of these provisions to the voters at the November 3, 2020, statewide general election.

Status: This bill is in the Assembly Rules, pending referral.

Position: Watch

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: Senate Labor Committee, pending a hearing date.

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: Senate Labor Committee, pending a hearing date.

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: Senate Rules, pending referral.

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: Senate Rules, pending referral.

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: Senate Rules, pending referral.

Position: Support Coalition

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 is on the Senate Floor.

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 Senator Labor Committee. This bill is now in the Senate Appropriations Committee.

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 is on the Senate Floor.

Position: Watch

Two-Year Bills Pending

AB 134 (Bloom) Safe Drinking Water Restoration. This bill Establishes a framework to identify and address drinking water needs throughout the state in order to ensure the long-term sustainability of drinking water service and infrastructure and to prevent the likelihood of additional and continuing failed water systems.

Status: This bill was been double referred to the Senate Environmental Quality Committee and the Senate Natural Resources Committee. This is a two-year bill.

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 was double referred to the Senate Governance and Finance Committee and the Senate Natural Resources and Water Committee. This is now a two-year bill.

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 was gut and amended. This bill is currently in Senate Rules and is a two-year bill.

Position: Watch

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 is now a two-year bill.

Position: Watch

Budget Update

On Monday, June 15th the Legislature passed their version of the state Budget and met their constitutional deadline (details in the link below). However, the legislative leaders are still in negotiations with the Governor on a final budget agreement. The budget that was approved on Monday is largely considered a framework for the remainder or the details that will be ironed out. As the state's new fiscal year looms (July 1st), the Governor has the ability to sign or veto the budget that was sent to his desk. By passing the budget "on-time" legislators will not lose their paychecks, which would have been forfeited for each day the budget was late, under 2010's Proposition 25.

In their respective budgets, both the Legislature and the Governor assume \$14 billion in federal aid. But the proposals differ on how to close a \$54 billion deficit if that help does not materialize. The governor proposed \$14 billion in "trigger cuts" if congressional aid is not approved by July 1st, whereas, lawmakers extended the deadline to October 1st and plan to lean more heavily on the state's rainy-day fund and borrowing, limiting cuts to \$7 billion if the aid does not arrive.

Democratic lawmakers argue their budget would protect the state's most vulnerable during public health and economic crises by keeping funding for education, health, and child care programs intact. The version approved by lawmakers would also expand Medi-Cal coverage to undocumented seniors beginning in 2022, provided funding exists. The Governor's version proposed canceling the expansion of coverage. Also, another topic of debate is the Governor's pandemic response, which lawmakers have criticized as lacking transparency and oversight. The Governor has asked for nearly \$3 billion in additional funds to battle the spread of the virus, and lawmakers want more oversight of the decisions.

Monday's approved budget is largely symbolic and will need to be refined once personal income tax revenues arrive from the delayed tax deadline. We should all be prepared for budget decisions to run deep into the last months of the legislative session.

A copy of the Governor's May Revise Summary can be found [HERE](#).

A copy of the Legislature's Budget Agreement Report can be found [HERE](#).

Regulatory

- May 22nd the Department of Water Resources – The State Water Project (SWP) now expects to deliver 20 percent of requested supplies in 2020 thanks to above-average precipitation in May. A 20 percent allocation amounts to 843,696 acre-feet of water. This will likely be the final allocation update of 2020.
- May 28th the California Air Resources Board – The results reported for the quarterly Cap-and-Trade auction revenue was \$25 million dollars, whereas the prior auction in February resulted in \$700 million in revenue. This was a 96% reduction in Cap-and-Trade revenue. Attached summary and chart of the May quarterly auction. May 2020 Auctions Summary and Results can be found [HERE](#).
- June 4th the California Natural Resources Agency – California and federal water regulators are trying to quickly resolve their legal dispute over competing biological opinions governing the management of their respective water projects, a top state official says. "I actually think there is strong potential" for finding common ground, California Natural Resources Secretary Wade Crowfoot said this week. "There are some clear differences ... in state and federal approach, but the men and women that do the work operating the system work really closely together. They

all wake up every morning wanting to maximize water reliability but also to avoid extinction of fish.” Crowfoot also said the agencies’ goal is to “move beyond that process as quickly as possible” and “resolve the legal disputes,” which would “allow the parties to get to the table on the voluntary agreements.”

- June 16th the State Water Resources Control Board formally adopted a definition of microplastics in drinking water. The press release can be found [HERE](#).

Split-Roll (Prop 13) Initiative Measure Qualifies for November Ballot

One of California’s highest-profile ballot initiatives qualified for the November ballot, just a week after another prominent measure did the same (Gig Economy Independent Contractors). The initiative would amend Prop. 13, the landmark 1978 measure that capped property taxes, by nixing its protections for commercial property owners. Businesses would thus pay property taxes based on their current market value, raising as much as \$12 billion for public schools, community colleges and local governments. Exempted from the proposed change are agricultural properties and owners of commercial and industrial properties with a combined value of \$3 million or less.

In an [April poll by the Public Policy Institute of California](#), 53% of likely voters supported the idea, while 47% were opposed. We will be tracking this issue closely and following all polling updates.

Important Dates and Deadlines for 2020

Assembly Calendar

June Deadlines:

- June 15th – 19th Assembly Floor session only. No committee may meet for any purpose except for Rules Committee.
- June 19th Last day for the Assembly to pass bills introduced in that house. Summer Recess begins for the Assembly upon adjournment, provided Budget Bill has been passed.
- June 25th Last day for a legislative measure to qualify for the November 3rd General Election ballot.

July Deadlines:

- July 3rd Independence Day (Observed Holiday)
- July 13th Legislature reconvenes from Summer Recess
- July 31st Last day for policy committees to hear and report fiscal bills to fiscal committees.

Senate Calendar

June Deadlines:

- June 19th Last day for fiscal committees to hear and report to the floor bills introduced in their house. Last day for fiscal committees to meet prior to June 29th.
- June 22nd – 26th Floor Session Only. No committees, other than conference or Rules committees, may meet for any purpose.
- June 25th Last day for a legislative measure to qualify for the November 3rd General Election ballot.
- June 26th Last day for each house to pass bills introduced in that house.

July Deadlines:

- July 2nd Summer Recess begins upon adjournment provided Budget Bill has been passed.
- July 3rd Independence Day (Observed Holiday)
- July 13th Legislature reconvenes from Summer Recess.
- July 31st Last day for policy committees to hear and report fiscal bills to fiscal committees.