

-VIA ELECTRONIC MAIL-

July 17, 2020

MEMORANDUM

TO: Stacy Taylor, Mesa Water District

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

SUBJECT: July Report

The California Legislature has officially wrapped up the first half of the legislative session. The Senate and Assembly are currently on Summer Recess. While both houses planned a return on July 13th, this date has now been pushed back due to Members and staffers testing positive for COVID-19. At this moment, the Capitol is shut to all employees until they return on July 27th. The building will undergo a thorough cleaning before Members and staff can return. Both houses are working cooperatively to adjust the legislative calendar and deadlines. Given this sudden change, timelines will be more constrained to finish this year's legislative business.

Moreover, bills are being referred to their proper policy committee jurisdiction – the Senate has a more significant number of bills to dispense with than the Assembly. Specifically, 200 Senate bills remain active, whereas 500 Assembly bills remain. After conversations with both houses leadership staff, discretion on whether to set a policy bill for hearing will be left to each individual Chair.

Additionally, on June 15th, the Legislature passed its version of the state budget to meet its constitutional deadline (details below). However, the budget approved was primarily considered a framework for negotiations between the Governor and legislative leadership on a “real” budget agreement. An agreement was finally reached, and the budget was adjusted to reflect the compromise. The final version of the budget and various trailer bills was voted on passed by the Legislature. The Governor signed the budget on June 29th, two days before the start of the new fiscal year.

As the legislative session progresses, we will continue to provide Mesa Water with timely updates on critical information such as key dates and deadlines, current bills, and remaining budget trailer bills.

Economic Recovery/Climate Resiliency/Water Bonds

From participation in various water stakeholder group meetings, we have been informed that there will “not” be a climate resiliency/water bond coming together this year. However, water infrastructure may be a topic included in discussions on a statewide “economic stimulus” package. If/when details are rolled for an economic stimulus, we will provide those promptly.

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 Governance and Finance Committee, pending a hearing date.

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 a remaining 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 remaining two-year bill.

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 Governance and Finance Committee, pending a hearing date.

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 Environmental Quality Committee, pending a hearing date.

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: Assembly Appropriations Committee. Per Stacy's intel, the bill may get amended in August and move off suspense.

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 is a remaining two-year bill.

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: Assembly Natural Resources Committee, pending a hearing date.

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: Assembly Insurance Committee, pending a hearing date.

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: Assembly Natural Resources Committee, pending a hearing date.

Position: Watch

Governor Newsom Signs 2020-21 – Budget Overview

Governor Newsom signed the 2020 Budget Act – a \$202.1 billion spending plan that strengthens emergency response, protects public health and safety, and promotes economic recovery while closing a \$54.3 billion budget shortfall caused by the COVID-19 recession.

Below are the key provisions in the signed budget act:

Strengthening Emergency Response and Protecting Public Health

The Budget reflects estimated spending of \$5.7 billion to respond directly to the COVID-19 pandemic. Expenditures include personal protective equipment necessary to reopen the economy, hospital surge preparation, and other expenditures to support populations at greater risk of contracting COVID-19. Under federal law, at least 75 percent of these expenditures will be reimbursed by the federal government. The Budget also includes a \$716 million reserve within the Special Fund for Economic Uncertainties.

The Budget also strengthens the state's emergency preparedness in other areas: new investments in wildfire prevention and mitigation, including \$85.6 million to CAL FIRE for firefighting resources and surge capacity and \$50 million for community power resiliency. The Budget also supports the new state Earthquake Early Warning Program, integrates the Seismic Safety Commission into the California Governor's Office of Emergency Services, and significantly expands efforts to address cybersecurity threats.

The Budget also includes support for counties that are on the front lines of addressing the public health impacts of the pandemic. Of the \$9.5 billion in Coronavirus Relief Fund received by the state, \$4.5 billion is allocated to local school districts, \$1.3 billion is allocated to counties, and \$500 million to cities. The Budget also includes \$750 million General Fund to provide support for counties experiencing revenue losses due to the pandemic.

Protecting Public Education

The Budget takes a combination of steps to offset the more than \$10 billion in revenue loss to K-14 schools caused by the COVID-19 recession, and defers \$12.9 billion in payments into the next fiscal year to preserve programs and provide K-14 schools the resources needed to safely reopen. The state has also committed to purchasing personal protective equipment and other supplies needed to reopen schools safely.

The Budget also allocates a total of \$5.3 billion to mitigate learning loss and support the immediate needs of students and schools, with a focus on students disproportionately impacted by the pandemic. The Budget also redirects \$2.3 billion designated for long-term unfunded pension liabilities to reduce school (district) employer contribution rates in the next two years.

Supporting Californians Facing the Greatest Hardships

The Budget takes several steps to support Californians facing the greatest hardships by maintaining eligibility for the Medi-Cal program – including the expanded senior eligibility enacted in the 2019 Budget Act – and preserving optional benefits and Proposition 56 provider rate increases in the budget

year. The Budget also maintains In-Home Supportive Services (IHSS) service hours and developmental services rates at current levels for the budget year.

The Budget also protects programs for working families and students, preserving last year's expansion of the state Earned Income Tax Credit (including the Young Child Tax Credit) and expanding eligibility to include undocumented filers with a child under the age of six.

The Budget also prioritizes funds to mitigate homelessness and takes a new approach by allocating \$600 million for Project Home Key to acquire permanent housing through the purchase and renovation of motel properties throughout the state. The Budget also includes \$300 million General Fund to cities, counties, and continuums of care to support efforts to reduce homelessness.

Promoting Economic Recovery

The Budget provides an additional \$75 million for loan loss mitigation and reducing the cost of capital for small businesses to address gaps in available federal assistance. These funds will be administered by the California Infrastructure and Economic Development Bank. The Budget also expands the \$800 Minimum Franchise Tax exemption for first-year corporations to all businesses – removing a barrier to small business creation for all types of small businesses.

The Budget is balanced through the following steps:

- **Reserves** – The Budget draws down \$8.8 billion in reserves from the Rainy-Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all funds in the Public-School System Stabilization Account.
- **Triggers** – The Budget includes \$11.1 billion in reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15. If the state receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored.
- **Federal Funds** – The Budget reflects \$10.1 billion in federal funds that provide General Fund relief – including \$8.1 billion that have already been received.
- **Revenues** – The Budget generates \$4.4 billion in new revenues in FY 2020-21 by temporarily suspending the use of net operating losses and temporarily limiting to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year.
- **Borrowing/Transfers/Deferrals** – The Budget includes \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. (Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.)
- **Cancelled Expansions, Updated Assumptions and Other Solutions** – The remaining \$10.6 billion of solutions includes:
 - Cancelling multiple program expansions and anticipating increased government efficiencies.
 - Higher ongoing revenues above the May Revision forecast.
 - Lower health and human services caseload costs than the May Revision estimate.

Regulatory

- June 16th, the State Water Resources Control Board formally adopted a definition of microplastics in drinking water. The press release can be found [HERE](#).
- July 1st, the California Secretary of the State, Alex Padilla assigned number to November Ballot Measures. Specific to Mesa Water District, the Proposition 15 will be the “split roll” tax measures. The list of numbered proposition can be found [HERE](#).
- July 7th, the State Water Resources Control Board adopted the Draft Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund (Plan). The updated text for the fund can be found [HERE](#).
- Mesa Water continues to be a lead voice in the conversation for clean and affordable drinking water. Specifically, Mesa Water has been actively engaged in the SAFER Drinking water discussion on affordability ratio. Staff has been advocating to include the “full cost of water” methodology rather than a “rate only” basis. There have been meetings with all 5 State Water Board Members, numerous staff, OEHHA leadership and staff and numerous members of the SAFER advisory group.

Important Dates and Deadlines for 2020

Note: Both the Assembly and Senate calendar will now be evolving again, due to a new return date from Summer Recess. As stated above, due to increased COVID-19 cases in the State Capitol, Members and staffs will be returning on Monday, July 27th. The new dates and deadlines will be updated soon.

Assembly Calendar

July Deadlines:

- July 27th Legislature reconvenes from Summer Recess
- July 31st Last day for policy committees to hear and report fiscal bills to fiscal committees.

August Deadlines:

- August 7th Last day for policy committees to meet and report bills.
- August 14th Last day for fiscal committees to meet and report bills
- August 17th – 31st Floor Session only. No committees, other than conference and Rules committees, may meet for any purpose.
- August 21st Last day to amend bills on the Floor.
- August 31st Last day for each house to pass bills, except bills that take effect Immediately or bills in Extraordinary Session. Final recess begins upon adjournment.

September Deadlines:

- September 30th Last day for Governor to sign or veto bills.

Senate Calendar

July Deadlines:

- July 27th Legislature reconvenes from Summer Recess.
- July 31st Last day for policy committees to hear and report fiscal bills to fiscal committees.

August Deadlines:

- August 7th Last day for policy committees to meet and report bills.
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