
M E M O R A N D U M

To: Orange County Sanitation District
From: Townsend Public Affairs
Date: June 21, 2021
Subject: Monthly Legislative Report

State Budget Update

On June 14, the Legislature passed AB 128 which meets the constitutional deadline of passing a budget by June 15. The bill has been sent to the Governor for consideration but does not reflect a budget compromise. Legislative leadership is still negotiating with the Governor's Office on the provisions that will be included in the final budget.

Legislative leadership will continue to negotiate with the Governor's Office in order to reach a final budget deal. Once that deal is reached in the coming weeks, a series of budget trailer bills will be amended into print. Those trailer bills will then make any necessary amendments to AB 128, as well as implement any policies contained in the final budget agreement.

These budget trailer bills will need to be in print for 72 hours before they can be voted on by the Legislature. Once a final budget deal has been reached, and the budget trailer bills have been approved by the Legislature, then the budget trailer bills, along with the budget bill, will be sent to the Governor for his consideration. At this point, it is unclear exactly how long it will take for the Legislature/Administration to reach a budget deal and finalize all of the trailer bills.

State Legislature

As it relates to legislation, bills have begun being scheduled for policy committee hearings in their second house (ie: Senate Bills in Assembly Policy Committees/ Assembly Bills in Senate Policy Committees). If a bill was heard in two policy committees in its house of origin, then it will likely be heard in the two counterpart committees in the second house.

Regular bills have until July 14 to be heard in all policy committees they are referred to in their second house. The Legislature will then go on summer recess for one month between July 16 and August 16, and upon return will begin the appropriations (fiscal) committee process for most bills that have not already gone through that committee.

As June 15 marked the reopening of California's economy, the State Capitol has also reopened to the general public with a capacity of 500 people at a time, not including Legislators, Administration officials, or Capitol Staff. Rules committees of both the State Senate and Assembly plan to continue to assess increasing the capacity to a total of 1,000 members of the public as soon as June 21.

Individual legislative offices will have the ability to decide whether they would like to take in-person meetings or if they will continue with remote meetings for the time being. If they choose the latter, signage must be posted on their Capitol office door indicating so.

COVID-19 Updates

- **Reopening of California Economy:** On June 15, the restrictions that have been in place over the past year were eliminated, including:
 - Physical distancing
 - Capacity limits
 - County tier systems
 - Masks in almost all settings for vaccinated Californians
- **Workplace Masking Regulations and Social Distancing:** The Governor is expected to issue an executive order codifying the state's new COVID-19 workplace safety rule to let workers not wear masks at work and also ending social distancing. Those not vaccinated will still have to wear masks when working indoors or in vehicles.
 - The purpose of the Executive Order is so the new regs can go into effect immediately instead of June 28 due to administrative processes.
- **Novavax Vaccine Trial:** Novavax's coronavirus vaccine candidate showed strong efficacy against disease in a large trial that signals a new option is nearing for a global community still desperate for protection against the virus and its variants. The shot was 90% effective at preventing symptomatic COVID-19 and 100% effective at preventing moderate and severe symptoms, the U.S. firm said in a statement Monday.
- **CDC on School Reopening:** The CDC's new guidance for campus reopening says colleges and universities can host full capacity in-person learning without masks or physical distancing if all of their students, faculty and staff are fully vaccinated against COVID-19.

Governor's Executive Order – Public Meetings

Governor Newsom issued an Executive Order which provides timelines and end dates on various existing executive orders. Of note, Executive Order N-29-20, which provides flexibility to state and local agencies and boards to conduct their business through virtual public meetings during COVID-19, will be effective through September 30 of this year.

LAO Local Government Fiscal Report

On May 12, the Legislative Analyst Office (LAO) issued a report entitled: "An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition". The report analyzes various impacts of the pandemic on local governments' fiscal condition over the last year. While the report admits that not all effects are yet known and the variance between local governments can be wide, the report makes initial assessments and recommendations on how the State can mitigate the financial impact to cities.

While the pandemic has resulted in unprecedented economic impacts to local governments, the report found that property tax revenue, one of local governments' most significant sources of revenue, has remained relatively stable. Sales and use tax, as well as transit occupancy tax (TOT) revenues have been more directly impacted, as have local government finances. These revenue changes have also come at a time when the pandemic has increased the costs of local governments to provide essential services to residents.

While the state and federal governments have issued flexible relief dollars to local governments, there have been significant differences in which local governments received their funding. The report states that some local governments have received sizable relief funding, particularly in comparison to their losses and overall annual budgets, and some have received less or none of the funding authorized in state and federal law.

Lastly, the LAO recommends that the Legislature not spend all of its federal American Rescue Plan Act (ARPA) dollars at once, but rather wait until the impact of the pandemic is more fully understood. Then, should the Legislature decide to assist local governments with a portion of California's ARPA funds, it should do so in a targeted way that considers whether the local government has experienced:

- Significant reduction in sales tax revenue
- Significant reduction in TOT revenue
- Significant reduction in user fee revenue
- Lower levels of federal relief funding

The report notes that the state has until December 31, 2024 to spend its ARPA allocation and recommends taking a measured, thoughtful, and slower approach to allocating its funds.

Priority Legislation

The below bills have been identified by TPA and OC San staff as priority bills that would have an impact on OC San.

AB 339 (Lee) – State and local government: open meetings. (OC San Oppose Unless Amended)

AB 339 would have required local public agencies to provide the following services:

1. Closed captioning services for live streamed meetings
2. Translation of the agenda packet and call-in instructions into languages spoken by at least 5% of the jurisdiction's population
3. In-person translation services (for public comments and other needs) for languages spoken by at least 5% of the jurisdiction's population

AB 339 was recently amended to remove the above provisions and instead narrow the scope to only require large cities and counties (over 250,000 in population) to include an opportunity for members of the public to attend via a telephonic option or an internet-based service option. This includes the ability to provide public comment both in person and remotely via a telephonic or an internet-based service option.

Status: AB 339 has been referred to the Senate Governance and Finance Committee.

AB 377 (Rivas) – Water quality: impaired waters (OC San Watch)

AB 377 has recently been significantly amended. The bill now requires the State Water Board and Regional Boards to evaluate impaired state surface waters using the most current integrated report, and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. AB 377 also creates the Waterway Recovery Account in the Waste Discharge Permit Fund. Authorizes funds within the Waterway Recovery Account to be available for the State Water Board to expend, upon appropriation by the Legislature, to bring impaired water segments into attainment. Requires an enforcement action taken pursuant to this bill to result in sufficient penalties, conditions, and orders to ensure the person subject to the enforcement action is no longer causing or contributing to the exceedance in a surface water quality standard in a surface water of the state.

Status: AB 377 is a two-year bill and will not be moving forward in 2021.

AB 818 (Bloom) - Solid waste: premoistened nonwoven disposable wipes (OC San Supports)

Would require certain premoistened nonwoven disposable wipes manufactured on or after July 1, 2022, to be labeled clearly and conspicuously with the phrase “Do Not Flush” and a related symbol. The bill would prohibit a covered entity from making a representation about the flushable attributes, benefits, performance, or efficacy of those premoistened nonwoven disposable wipes. The bill would establish enforcement provisions, including authorizing a civil penalty not to exceed \$2,500 per day, up to a maximum of \$100,000 per violation, to be imposed on a covered entity who violates those provisions.

Status: AB 818 is a reintroduction of previous CASA sponsored legislation. AB 818 has passed the Senate Environmental Quality Committee and is currently in the Senate Judiciary Committee.

AB 1500 (E. Garcia) // SB 45 (Portantino) – Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022 (OC San Watch)

AB 1500 and SB 45 would have established a general obligation bond that would appear on the November 2022 ballot. These bond bills would provide funding for a wide variety of natural resources and climate resilient projects including wildfire prevention, safe drinking water and water quality, protecting fish, wildlife, and agriculture from climate risks, and protecting coastal resources.

This proposal and conversations around a climate focused bond were put on hold in 2020 largely due to the COVID-19 pandemic. However, the framework of Governor Newsom’s Budget includes record surpluses and federal influxes of pandemic relief dollars.

The Governor and the Legislature both agree that direct water funding through the Budget in 2021 is critical, especially as California continues to experience one of the driest periods on record. This agreement, which is still being negotiated, would preclude the need for a general obligation bond this year

Status: AB 1500 and SB 45 have both been held in their respective Rules Committees and are currently not expected to move forward this year.