

**To: Orange County Sanitation District**  
**From: Townsend Public Affairs, Inc.**  
**Date: January 18, 2021**  
**Subject: Legislative and Public Affairs Agenda Report**

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### **State Legislative Update**

The Legislature returned to Sacramento on January 11, 2021 to start the first year of the current two-year legislative session. For the next month, the Legislature will be focused on introducing bills prior to the February 19 bill introduction deadline. Once bills are introduced in their respective houses, they must sit for 30 days before they can be acted on. The Legislature is expected to introduce upwards of 2,7000 bills before the deadline. A significant portion of these bills will be spot bills, which are bills with little or no substantive language. These bills will be amended as the legislative session continues to address various policy topics.

Topics that are expected to dominate the Legislature's time in Sacramento this year include COVID-19 relief and response, climate resiliency, housing, homelessness, social equity, and police reform.

Below are the upcoming relevant dates for the Legislature:

**January 22** – Last day to submit bill requests to Legislative Counsel

**February 19** – Bill introduction deadline

### **Governor's January Budget Proposal**

On January 8, Governor Newsom released his January Budget proposal. The proposed budget is a \$227.2 billion fiscal blueprint that focuses on COVID-19 relief funding, economic strengthening and recovery, vaccine distribution, small business support, housing, homelessness, and education. The Governor's January Budget proposal kick-starts the process of budget hearings, subcommittee hearings, and other discussions leading up to the May Revise and then final Budget adoption by the Legislature prior to June 15.

As part of the January Budget proposal, the Governor and Department of Finance are projecting the State will have a current-year budget surplus of \$15 billion. This surplus is a result of higher than expected revenues in the budget year, as well as fewer people accessing state services than was anticipated.

The Governor is proposing to utilize most of those dollars to invest in the economic recovery of the State, as well as to combat the harmful effects of the COVID-19 pandemic. Since the budget surplus is anticipated to be one-time in nature, the Governor proposes to utilize the funds largely for one-time expenditures as opposed to ongoing spending that would need to be cut in a future budget.

Below are a few highlights of priority areas of the Budget proposal:

- **COVID-19 Relief:**
  - \$4.4B proposed in emergency response
    - \$2B for coronavirus testing
    - \$473M for contact tracing
    - \$372M for vaccine administration
- **Economic Recovery Package:**
  - \$4.5B proposed in economy recovery
    - \$1.1B immediate relief for small businesses
    - \$777M for California Jobs Initiative
    - \$353M for Workforce Development
    - \$300M for Deferred Maintenance
    - \$500M for Housing Development
    - \$1.5B for Zero-Emissions Vehicles
- **Golden State Stimulus**
  - \$2.4B total
    - \$600 direct payments to an estimated 4 million Californians
    - Extension of eviction moratorium enacted via AB 3088
- **Housing:**
  - The Budget includes \$500M for the Infill Infrastructure Grant Program to accelerate economic recovery through the creation of jobs and long-term housing development
  - \$500M for a third round of low income housing tax credits
- **Homelessness:**
  - \$1.75B in one time new investments
    - \$750M for competitive local government grants to purchase motels/hotels (Project Homekey Acquisitions)
    - \$750M in behavioral health continuum infrastructure available over 3 years for developing community mental health housing
    - \$250M for dedicated housing for vulnerable seniors
- **Climate Change:**
  - \$1B to support the Forest Management's Task Force's Wildlife and Forest Resilience Action Plan
  - \$248.6M for restoration of natural areas and ecosystems
  - \$183M for flood management
  - \$6.5M for coastal protection

Beginning this week, the Legislature will start to conduct Budget Committee hearings to receive a broad overview of the Governor's proposals. Additionally, the Administration will continue to develop trailer bill language, which will detail how various budget proposals would be implemented.

TPA will continue to keep the Orange County Sanitation District updated on the budget process, the status of those items identified as potential priority for the District, as well as the Legislature's response to the Governor's Budget proposal.

### Priority Legislation

Although the legislative session just began, there are a few bills already introduced that TPA has preliminarily identified as priority bills for the District:

#### *AB 59 (Gabriel) - Mitigation Fee Act: fees: notice and timelines*

AB 59 would repeal Section 66022 of the Government Code, which establishes the 120-day statute of limitations for legal challenges to new or increased connection fees or capacity charges. Under current law, any legal challenges for water and sewer connection fee or capacity charge must be commenced within 120 days after a water or sewer agencies adopts or amends a fee. This bill would change the statute of limitations to begin once the agency actually charges the fee to the ratepayer.

AB 59 would also require local agencies that collect fees in excess of the amount needed to provide their specific services to reimburse the ratepayer for that amount as opposed to re-investing that excess into reducing rates.

AB 59 has been double referred to the Assembly Local Government Committee and the Assembly Housing and Community Development Committee.

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

SB 45 would establish a \$5.5 billion general obligation bond that would appear on the November 2022 ballot. SB 45 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.

SB 45 is a re-introduction of SB 45 (Allen, 2018). This proposal and conversations around a climate focused bond were put on hold largely due to the COVID-19 pandemic. It is important to note that Governor Newsom's January budget request did not include a climate/natural resources bond.