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**To:** Orange County Sanitation District  
**From:** Townsend Public Affairs  
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**Subject:** Monthly Legislative Report

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**State Legislative Update**

The Legislature returned to Sacramento on January 3 to start the second year of their current two-year session. Although Legislators are eager to get to work on advancing several important policy initiatives in 2022, reemerging concerns of COVID-19 cases and hospitalizations threaten to dominate the Legislature's attention in early 2022. With COVID-19 cases surging, the Legislature is expected to maintain a hybrid virtual/in-person approach during the 2022 legislative session.

COVID-19 is not the only disruption that legislators are experiencing, as all members of the Legislature and their staff are conducting this session from a new office building deemed the "Swing Space" as the Capitol undergoes renovations. This change comes with a host of new protocols for in-person meetings, visitors, and office layouts. Furthermore, now that redistricting maps have been finalized in California, legislators who are up for re-election in 2022 must decide if and in what district they will run, adding to the challenges they are facing in 2022.

The second year of the two-year session is typically shorter than the first and has quicker deadlines for bills to pass their appropriation committees. All bills that did not pass their house of origin last year must pass their respective house of origin by January 31 or the bill will be unable to move forward this year. This creates a rush in January, as legislators hustle to move their bills that are subject to this tight deadline.

Below is a list of upcoming deadlines in the Legislature:

**January 31, 2022** – Last day for each house to pass bills introduced in that house last year  
**February 18, 2022** – Last day to introduce new bills for 2022

**Governor's January Budget Framework**

On January 10, Governor Newsom released his budget proposal framework for the 2022-2023 fiscal year, referred to by the Newsom Administration as the California Blueprint. The proposed framework includes \$286 billion in total spending through General Fund and Special Fund accounts, reflecting a 9.1 percent increase from last year's final budget. The budget framework also includes a proposed \$34.6 billion deposit into the State's reserves accounts, which includes approximately \$20 billion into the rainy-day fund and investments in the school stabilization reserve and the safety net reserve, which would be the largest investment in reserves in State history.

Included in the Governor's financial projections is a \$45.7 billion operating surplus, of which \$20.6 billion will be available for discretionary use. These numbers are likely to change over the next few months pending tax revenue information that will materialize during tax return season before the June 30 budget deadline. The proposed breakdown of the surplus funds and expenditures suggested by the Governor include:

- Total surplus = \$45.7 billion
  - \$16.1 billion in Proposition 98 school funding obligations
  - \$3.9 billion to pay down unfunded retirement liabilities
  - \$5.1 billion for other reserves
  
- Remaining discretionary total = \$20.6 billion

The proposed budget framework is largely focused on addressing what Governor Newsom referred to as "California's five existential threats" which include addressing the COVID-19 crisis and investments in climate resiliency, the rising cost of living, homelessness, and public safety.

Below is a high-level overview of some of the proposed expenditures, organized by issue area:

- **COVID-19 Relief** (\$2.7 billion total, appropriated over 2 years)
  - \$1.2 billion: bolster testing
  - \$583 million: expand vaccine distribution
  - \$614 million: support frontline healthcare workers
  - \$200 million support state response operations
  - \$110 million: support vulnerable populations and expand contact tracing
  
- **Combatting the Climate Crisis**
  - Forest Health: \$1.2 billion
    - \$582 million: forest maintenance
    - \$382 million: fuel breaks
    - \$110 million: regional investments
  - Wildfires: \$648 million
    - \$400 million: CAL FIRE firefighter support
    - \$248 million: new firefighter equipment
  - Drought: \$750 million
    - \$500 million: immediate drought support
    - \$250 million: drought contingency support
  - Nature Based solutions: \$2.1 billion
    - \$400 million: Coastal and ocean protection
    - \$325 million: community resiliency (catalytic projects, regional collaboration)
    - \$175 million: extreme heat (urban greening)

- **Transportation**
  - Zero Emissions Vehicles: \$6.1 billion (appropriated over 5 years)
  - Transportation projects: \$9.1 billion (\$4.9 billion General Fund and \$4.2 billion Proposition 1A bond funds)
    - \$4.9 billion:
      - \$2 billion: transit and rail projects
      - \$1.25 billion: local projects
      - \$750 million: Bicycle/pedestrian safety/connecting communities projects
      - \$400 million: climate adaptation
    - \$4.2 billion: High Speed Rail
- **Supply Chain Resiliency (\$2.3 billion)**
  - \$1.2 billion: investments in port, freight, and goods movement infrastructure
  - \$875 million: ZEV equipment
  - \$110 million: Workforce training
  - \$40 million: more licensed truckdrivers cut red tape at DMV
  - \$30 million: process improvements at port facilities
- **Small Business Investments**
  - \$3 billion: Paying down UI debt
  - \$1 billion: Loan guarantees
  - \$500 million: Small business tax relief: venues and restaurants
  - \$150 million: Small business COVID-19 grant program

Beginning as soon as next week, the Legislature will conduct Budget Committee hearings to receive a broad overview of the Governor's proposals. Additionally, the Newsom Administration will continue to develop trailer bill language, which will detail how the various budget proposals would be implemented, which will be released over the coming weeks.

### COVID-19 Regulations

The onset of the Omicron variant has sparked quick reactions from California leaders to mitigate its spread. In December, the California Department of Public Health (CDPH) issued statewide indoor masking mandate, beginning December 15 and ending February 15 in order to temper the spread of the Omicron variant during the holiday season. The mandate applies to all public indoor settings and all people, irrespective of vaccination status.

This mandate ultimately brings all California counties into mandatory compliance with indoor masking rules. Before, many counties had existing indoor mask mandates that have been in effect since the summer. However, roughly half of the state's population, in areas such as San Diego County, the Inland Empire, and the Central Valley, had no existing masking mandate and are now mandated to comply with this new rule until mid-February, unless it is extended further.

In addition to the new masking mandate, there have been updates to Cal/OSHA COVID-19 workplace standards. In mid-December, the Cal/OSHA Standards Board voted to readopt the COVID-19 Emergency Temporary Standard ("ETS") with changes that will take effect January 14, 2022. This readoption includes many changes to the current ETS, including an elimination of many of the current distinctions between vaccinated and unvaccinated workers.

California administrative procedure allows an emergency regulation to be readopted up to two times. The Cal/OSHA ETS was first readopted (and revised) on June 17, 2021. The recent December 16, 2021 readoption represents the second of two re-adoptions. However, also on December 16, 2021, the Governor issued an Executive Order permitting a third readoption of the ETS, so long as it does not extend beyond December 31, 2022. It is likely that Cal/OSHA will consider adopting permanent standards in 2022 instead of reconfiguring temporary standards.

The newly revised ETS includes restrictive changes, some of which are summarized below.

- *A new COVID-19 test definition:* When testing is required under the ETS, it cannot be both self-administered and self-read unless observed by the employer or an authorized telehealth proctor. Which means that employees won't be able to simply report results of a home-test to their employer.
- *Permissible types of face coverings:* Despite harsh opposition from commenters, Cal/OSHA's new standard says that permissible face coverings include surgical masks, a medical procedure mask, a respirator worn voluntarily, or a tightly woven fabric or non-woven material of at least two layers that does not let light pass through when held up to a light source (except for clear face coverings worn for accommodations purposes). This means that many of the cloth masks that have been used by employees will no longer be acceptable under this new standard.
- *A new definition of "worksite":* The revised ETS clarifies that a "worksite" does not include locations where the worker worked by themselves without exposure to other employees, or to a worker's personal residence or alternative work location chosen by the worker when working remotely. This new definition may, in some circumstances, enable employers to forego employee notification that it would have otherwise been obligated to provide under the previous version of the ETS.
- *Testing must be provided to all close-contact employees, vaccinated or not:* It used to be that employers only needed to offer COVID-19 testing to unvaccinated workplace close-contacts. But now, because of the rapidly evolving virus and breakthrough cases in the workplace, Cal/OSHA will require employers to offer testing to employees, vaccinated or not, who had a workplace close contact. The only exception for close-contact testing are employees who recovered from COVID-19 in the past 90 days and are asymptomatic.

#### AB 1434 (Friedman) - Urban water use objectives: indoor residential water use

In 2021, Assembly Member Friedman introduced AB 1434 which enacts indoor residential water use standards that are stricter than what the State set through SB 606/AB 1668 in 2018. The bills in 2018 required the Department of Water Resources to conduct a study that looked at the current standards and recommend new goals based on stakeholder feedback, technology, and current conditions.

DWR's Final Report on the indoor residential water use standard was submitted to the Legislature on November 30, 2021. AB 1434 was amended to reflect the recommended standard in DWR's Final Report and would establish, beginning January 1, 2025, the standard as 47 gallons per capita daily and, beginning January 1, 2030, 42 gallons per capita daily, representing a significant decrease.

When water and wastewater agencies agreed to DWR conducting a study in 2018, they expected the report to be crafted using an evidence-based approach. Water and wastewater agencies have expressed concerns about the way the DWR study was conducted and the conclusions that were reached. Ultimately, a key factor in the reduced per capita daily standard is the reduced flow that would be sent to regional wastewater treatment facilities, especially those that do advanced water treatment such as the Groundwater Replenishment System.

In order for AB 1434 to move forward, it must pass out of Assembly Appropriations and be sent to the floor for consideration by January 21, 2022.