



STEERING COMMITTEE

Agenda Report

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File #: 2024-3486

Agenda Date: 2/28/2024

Agenda Item No: 3.

FROM: Robert Thompson, General Manager

SUBJECT:

LEGISLATIVE AFFAIRS UPDATE FOR THE MONTH OF JANUARY 2024

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Legislative Affairs Update for the month of January 2024.

BACKGROUND

The Orange County Sanitation District's (OC San) legislative affairs program includes advocating for OC San's legislative interests; sponsoring legislation (where appropriate); and seeking Local, State, and Federal funding for projects and programs.

RELEVANT STANDARDS

- Maintain influential legislative advocacy and a public outreach program
- Build brand, trust, and support with policy makers and community leaders
- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities

PROBLEM

Without a strong advocacy program, elected officials may not be aware of OC San's mission, programs, and projects and how they could be impacted by proposed legislation.

PROPOSED SOLUTION

Continue to work with Local, State, and Federal officials to advocate for OC San's legislative interests. Help to create/monitor legislation and grants that would benefit OC San, the wastewater industry, and the community. To assist in relationship building efforts, OC San will continue to reach out to elected officials through facility tours, one-on-one meetings, and trips to Washington D.C. and Sacramento.

RAMIFICATIONS OF NOT TAKING ACTION

If OC San does not work with Local, State, and Federal elected officials, legislation could be passed that negatively affects OC San and the wastewater industry. Additionally, a lack of engagement may result in missed funding opportunities.

ADDITIONAL INFORMATION

Federal Update:

At the time of this writing, Congress continues to work on the final spending bills for FY 2024. At this point, a partial government shutdown could occur on March 1 unless the stopgap spending deadline is extended. Additionally, the President will submit his FY 2025 budget request to Congress on March 11.

State Update:

January included the release of Governor Newsom's Proposed Budget for the 2024-25 fiscal year. The Proposed Budget, released on January 10, included an estimated \$37.9 billion budget shortfall. The Governor stated that the shortfall can be attributed to two main factors; the substantial decline in the stock market that drove down revenues in 2022 and the unprecedented delay in critical income tax collections.

Proposed Bill Update:

Following the direction of the OC San Board of Directors, Townsend Public Affairs (TPA) has been working with OC San staff the past month to identify an author for the introduction of a bill to exclude certain types of wastewater treatment chemicals from the State's portion of the Sales and Use Tax. This measure is anticipated to save OC San more than \$1 million per year in Sales and Use Tax.

TPA has met with and briefed several Members of the Orange County Delegation best suited to this legislative concept to advocate for the inclusion of this proposed bill concept in their 2024 legislative bill packages. All Members have respectfully declined our request for authorship this year citing limited bill packages (a restriction of how many bills they can run per year), the multi-year nature of the request, and the current status of the State Budget.

OC San staff and lobbyists will spend the next year educating Members on the issue. This includes conducting meetings in Sacramento to learn more about the effects of this policy on stakeholders statewide as we expect that a sales tax exemption bill would be a multi-year effort. We recommend spending a year laying the groundwork and continuing the outreach and advocacy, with a plan to introduce legislation in 2025, during the first year of a two-year legislative session.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Federal Legislative Update
- State Legislative Update