LEGISLATIVE SUBCOMMITTEE

Agenda

Regular Meeting
Feb. 13, 2024, 9 a.m.

Council Chamber
1200 Carlsbad Village Drive
Carlsbad, CA 92008

Welcome to the Legislative Subcommittee Meeting

We welcome your interest and involvement in the city's legislative process. This agenda includes information about topics coming before the Legislative Subcommittee and the action recommended by city staff. You can read about each topic in the staff reports, which are available on the city website.

How to watch

In Person

City Council Chamber
1200 Carlsbad Village Drive

Online

Watch the livestream at
carlsbadca.gov/watch

How to participate

If you would like to provide comments to the Legislative Subcommittee, please:

- Fill out a speaker request form, located in the foyer.
- Submit the form to the City Clerk before the item begins.
- When it's your turn, the City Clerk will call your name and invite you to the podium.
- Speakers have three minutes, unless the presiding member changes that time.
- You may not give your time to another person, but can create a group. A group must select a single speaker as long as three other members of your group are present. All forms must be submitted to the Clerk before the item begins and will only be accepted for items listed on the agenda (not for general public comment at the beginning of the meeting). Group representatives have 10 minutes unless that time is changed by the presiding officer or the City Council.

- **In writing:** Email comments to clerk@carlsbadca.gov Comments received by 5 p.m. the day prior to the meeting will be shared with the subcommittee prior to the meeting. When e-mailing comments, please identify in the subject line the agenda item to which your comments relate. All comments received will be included as part of the official record. **Written comments will not be read out loud.**

Reasonable accommodations

Reasonable Accommodations Persons with a disability may request an agenda packet in appropriate alternative formats as required by the Americans with Disabilities Act of 1990. Reasonable accommodations and auxiliary aids will be provided to effectively allow participation in the meeting. Please contact the City Manager's Office at 442-339-2821 (voice), 711 (free relay service for TTY users), 760-720-9461 (fax) or manager@carlsbadca.gov by noon on the Monday before the meeting to make arrangements. City staff will respond to requests by 9 a.m. on Tuesday, the day of the meeting, and will seek to resolve requests before the start of the meeting in order to maximize accessibility.

CALL TO ORDER:

ROLL CALL:

PUBLIC COMMENT:

APPROVAL OF MINUTES:

Minutes of the Regular Meeting held Dec. 12, 2023

DEPARTMENTAL REPORTS:

1. STATE AND FEDERAL LEGISLATIVE REPORTS – Receive updates from representatives of U.S. Congressman Mike Levin, State Senator Catherine Blakespear, and State Assemblymember Tasha Boerner, and provide feedback. (Staff contact: Jason Haber, City Manager Department)

   Recommendation: Receive the updates and provide feedback.

2. LEGISLATIVE AND ADVOCACY UPDATE – Receive updates on federal and state legislative and budget activity and recent and ongoing advocacy efforts; discuss and provide feedback to staff, including identifying high-priority bills, advocacy positions, funding opportunities, and items for future City Council consideration; and receive an informational update on March 5, 2024, statewide ballot measure Proposition 1 – Behavioral Health Infrastructure Bond Act of 2024. (Staff contact: Jason Haber, City Manager Department)

   Recommendation: Receive the updates and provide feedback.

SUBCOMMITTEE MEMBER REQUESTS FOR FUTURE AGENDA ITEMS:

SUBCOMMITTEE MEMBER COMMENTS & ANNOUNCEMENTS:

ADJOURN:

LEGISLATIVE SUBCOMMITTEE
Minutes

Council Chamber
1200 Carlsbad Village Drive
Carlsbad, CA 92008

Regular Meeting
Dec. 12, 2023, 9 a.m.

CALL TO ORDER: 9 a.m.

ROLL CALL: Acosta, Burkholder.

PUBLIC COMMENT: None.

APPROVAL OF MINUTES:
Minutes of the Regular Meeting held Sept. 12, 2023
Minutes of the Regular Meeting held Oct. 10, 2023

Motion by Subcommittee Member Burkholder, seconded by Subcommittee Member Acosta, to approve the minutes as presented. Motion carried unanimously, 2/0.

SUBCOMMITTEE COMMENTS & ANNOUNCEMENTS: None.

DEPARTMENTAL REPORTS:

1. STATE AND FEDERAL LEGISLATIVE REPORTS – Receive updates from representatives of U.S. Congressman Mike Levin, State Senator Catherine Blakespear and State Assemblymember Tasha Boerner, and provide feedback. (Staff contact: Jason Haber, City Manager's Department)

   Recommendation: Receive the updates and provide feedback.

   The subcommittee received an informational report from Salome Tash from Congressman Mike Levin's office, Francine Busby from State Senator Catherine Blakespear's office and Assemblymember Tasha Boerner.

   Assemblymember Tasha Boerner presented a $350,000 check to the City of Carlsbad to fund installation of electric vehicle charging stations at the State Street parking lot.

   The subcommittee received the updates.

2. LEGISLATIVE AND ADVOCACY UPDATE – Receive updates on federal and state legislative and budget activity and recent and ongoing advocacy efforts; discuss and provide feedback to staff, including identifying high-priority bills, advocacy positions, funding opportunities, and items for future City Council consideration. (Staff contact: Jason Haber, City Manager's Department)

   Recommendation: Receive the updates and provide feedback.

Carpi and Clay's Laura Morgan-Kessler presented the report on federal lobbying efforts.

Renne Public Policy Group Managing Director Dane Hutchings presented the report on state lobbying efforts and key highlights from 2023.

The subcommittee received the reports.

3. SAN DIEGO COUNTY BEHAVIORAL HEALTH PROGRAMS UPDATE – Receive an informational report from Luke Bergmann, PhD, County of San Diego Behavioral Health Services Department Director, on the county's mental health and substance use disorder services, including the Community Assistance, Recovery and Empowerment (CARE) Act Program.

   Recommendation: Receive the report and provide feedback.

   Intergovernmental Affairs Director Jason Haber introduced San Diego Behavioral Health Services Department Director Dr. Luke Bergmann who provided an update on the CARE Act Program.

SUBCOMMITTEE MEMBER REQUESTS FOR FUTURE AGENDA ITEMS:
Subcommittee Member Burkholder requested that the Legislative Subcommittee engage with City of Carlsbad Boards and Commissions to increase awareness of the Subcommittee's efforts.

ADJOURNMENT: Subcommittee Member Acosta adjourned the duly noticed meeting at 10:58 a.m.

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Tamara R. McMinn, C PMC, CMC
Senior Deputy City Clerk

LEGISLATIVE SUBCOMMITTEE

Staff Report

Meeting Date: Feb. 13, 2024

To: Legislative Subcommittee

From: Jason Haber, Intergovernmental Affairs Director

Staff Contact: Jason Haber, Intergovernmental Affairs Director
jason.haber@carlsbadca.gov, 442-339-2958

Subject: State and Federal Legislative Reports

District: All

Recommended Action

Receive updates from representatives of U.S. Congressman Mike Levin, State Senator Catherine Blakespear and State Assemblymember Tasha Boerner, and provide feedback.

Next Steps

None.

Exhibits

None.

LEGISLATIVE SUBCOMMITTEE

Staff Report

Meeting Date: Feb. 13, 2024
To: Legislative Subcommittee
From: Jason Haber, Intergovernmental Affairs Director
Staff Contact: Jason Haber, Intergovernmental Affairs Director
jason.haber@carlsbadca.gov, 442-339-2958
Subject: Legislative and Advocacy Update
District: All

Recommended Action

Receive updates on federal and state legislative and budget activity and recent and ongoing advocacy efforts; discuss and provide feedback to staff, including identifying high-priority bills, advocacy positions, funding opportunities, and items for future City Council consideration; and receive an informational update on March 5, 2024, statewide ballot measure Proposition 1 – Behavioral Health Infrastructure Bond Act of 2024.

Discussion

Staff and the city's contract lobbyists – Federal: Carpi & Clay / State: Renne Public Policy Group – will present updates and overviews of federal and state legislative activity (Exhibits 1 and 2) and the priority legislation and intergovernmental matters being tracked on behalf of the city.

The Subcommittee is requested to provide feedback to help city staff and the city's lobbying consultants focus the city's advocacy efforts on high-priority bills and to identify bills for future City Council consideration.

Exhibit 2 includes a reference to statewide ballot measure Proposition 1 – Behavioral Health Infrastructure Bond Act of 2024, which voters will decide on the March 5, 2024, ballot.

The city's legislative platform does not provide a basis for taking a position on a proposed ballot measure, therefore, if the Subcommittee determines that this issue warrants the city taking a position, it will need to be referred to the full City Council for consideration.

State law allows a public agency to adopt a position on a ballot measure as long as the position is taken at an open meeting where all voices have the opportunity to be heard. However, state law prohibits the use of public resources to campaign for or against a ballot measure. A summary of permissible and impermissible activities is included in Exhibit 3.

Next Steps

Staff and the city's contract lobbyists will monitor, evaluate, and engage the Legislative Subcommittee in a discussion of legislative activity and proposed measures that may impact city operations and policy priorities throughout the 2023/2024 Legislative Session.

If the Subcommittee decides to recommend that the city adopt a position concerning state ballot measure Proposition 1, staff will work with the City Manager to place an item on a future City Council agenda for consideration.

Exhibits

1. Carpi & Clay – Federal Update
2. Renne Public Policy Group – State Update
3. Ballot Measure Activities & Public Resources

City of Carlsbad Federal Update

February 1, 2024

Congress Passes CR

Still unable to finalize the Fiscal Year 2024 (FY24), Congress passed another short-term Continuing Resolution (CR) to avoid a federal government shutdown. Prior to Thanksgiving, Congress passed a laddered CR that extended current funding levels for a portion of federal agencies until January 19th, and the remainder of federal agencies until February 2nd. This new CR keeps with the laddered approach with the following deadlines for the various appropriations bills:

Extends the agencies funded under the below bills through **March 1st**:

- Agriculture-FDA
- Energy and Water
- Military Construction-Veterans Affairs
- Transportation-Housing and Urban Development

Extends agencies funded under the below bills through **March 8th**:

- Commerce-Justice-Science
- Labor-HHS-Education
- Defense
- Financial Services
- Homeland Security
- Interior-Environment
- Legislative Branch
- State-Foreign Operations

This new CR will provide Congress with more time to try and finalize the FY24 appropriations bills. Speaker of the House Mike Johnson (R-LA) and Senate Majority Leader Chuck Schumer (D-NY) have agreed on an overall funding level for FY24. Additionally, just this week the leadership of the House and Senate Appropriations Committee announced that they have reached a deal on the top-line funding levels of the twelves FY24 appropriations bills. With the top-line funding levels for the bills in place, the respective subcommittees can now get to work on putting together the final FY24 appropriations bills.

House Subcommittee Holds Hearing on Cybersecurity for Water Sector

On January 31st, the House Energy and Commerce Committee Environment, Manufacturing, and Critical Materials Subcommittee held a hearing entitled ""Ensuring the Cybersecurity of America's Drinking Water Systems." This hearing is the second hearing the Committee has held on the subject of protecting the nation's infrastructure from cybersecurity threats this Congress (last May, the Subcommittee on Oversight and Investigations held a hearing entitled "Protecting Critical Infrastructure from Cyberattacks: Examining Expertise of Sector Specific Agencies"). As a part of their opening statements, Members on both sides of the aisle raised concerns about the growing cybersecurity threats in the water sector, as well as acknowledging the challenges that water and wastewater systems are facing related to cybersecurity.

During the hearing, the Subcommittee heard testimony from the following witnesses:

- Cathy Tucker-Vogel, Kansas Department of Health and Environment on behalf of the Association of State Drinking Water Administrators;
- Scott Dewhirst, P.E., Tacoma Water on behalf of the Association of Metropolitan Water Agencies;
- Rick Jeffares, Georgia Rural Water Association on behalf of the National Rural Water Association; and,
- Kevin Morley, Ph.D., American Water Work Association

In their testimonies, as well as the questions from the Members, the witnesses highlighted some of the specific challenges that water agencies face in their ability to protect their systems from cybersecurity attacks. Additionally, the witnesses provided their recommendations for tools and support needed from the federal government to better support their efforts including:

- Federal funding to support costs associated with cybersecurity upgrades and improvements
- Training and technical assistance
- Improved communication from federal agencies to water and wastewater systems, especially small and rural systems
- Better information sharing among water utilities from trusted partners

House Ways and Means Committee Releases Bipartisan Tax Package

On January 19th, the House Ways and Means Committee approved the *Tax Relief for American Families and Workers Act of 2024* (**H.R. 7024**) by a vote of 40 to 3. The bipartisan tax package resulted from several months of negotiations between House Ways and Means Committee Chair Jason Smith (R-MO) and Senate Finance Committee Chair Ron Wyden (D-OR). The measure would increase the refundable portion of the child tax credit and direct the Treasury Department to redetermine a taxpayer's child tax credit for early filers based on changes made by the measure. It also includes bipartisan priorities to reduce double taxation of US-Taiwanese businesses and extends the boosted low-income housing and disaster relief tax credits. The deal would also end claims for the pandemic-era employee retention tax credit after January 31st and apply penalties for violating due diligence requirements and aiding in understatement of tax liability. The measure also includes other provisions of interest to state and local governments:

- Restores the 12.5% increase to the 9% low-income housing tax credit ceiling on annual state allocations for calendar years 2023 through 2025. States and local agencies could carry over the increased allocations for 2023 for this year's affordable housing projects.
- Makes it easier for bond-financed affordable housing projects to receive a 4% low-income housing tax credit separate from the amounts allocated by a state.
- Extends special rules for deducting certain disaster-related personal casualty losses.
- Any amount received by an individual for expenses, damages, or losses related to a qualified wildlife disaster would be excluded from gross income for tax reporting purposes. The exclusion would apply to compensation received from 2020 through 2025 for any federally declared forest or range fire disaster after December 31st, 2014. It wouldn't apply to losses already covered by insurance.

Now that the bill has passed the Committee, it is awaiting consideration on the floor of the House, which could happen as early as this week.

State of the Union Scheduled for March 7th

Speaker of the House Mike Johnson invited President Biden to give the State of the Union address on March 7th. It is the second time in the last two decades that the State of the Union has been scheduled in March and is the latest date for the address in the last century.

FEMA Releases Individual Assistance Program Interim Final Rule

The Federal Emergency Management Agency (FEMA) released an **interim final rule** (IFR) for the Individual Assistance Program. The IFR aims to increase equity by streamlining application and administrative processes, removing barriers to entry, and increasing eligibility for certain types of assistance through the program. The IFR:

- Establishes the Serious Needs Assistance program;
- Establishes the Displacement Assistance program;
- Removes certain loan application requirements;
- Assists underinsured disaster survivors;
- Simplifies assistance for entrepreneurs;
- Expands habitability criteria;
- Expands accessibility improvements;
- Removes barriers for late applicants;
- Streamlines temporary housing assistance applications;
- Simplifies the appeals process; and
- Improves the DisasterAssistance.gov and the Transitional Sheltering Assistance websites.

The IFR is effective March 22nd, and comments are due by July 22nd.

House Approves Resolution Blocking FHWA Buy America Waivers for EV Chargers

On January 11th, the House passed a **resolution** by a vote of 209-198 that would overturn a Federal Highway Administration (FHWA) rule regarding Buy America requirements for electric vehicle (EV) chargers. The resolution entitled *"Waiver of Buy America Requirements for Electric Vehicle Chargers"* has already been approved by the Senate in July by a vote of 50-48. It is expected that President Biden will veto the resolution. To override the President's anticipated veto, two-thirds of both the House and the Senate would need to vote to do so.

Senator Padilla Leads Colleagues Urging Restoration of LIHWAP

Senator Alex Padilla (D-CA) led 24 colleagues in a **letter** to the Senate Appropriations Committee urging the restoration of funding for the Low-Income Household Water Assistance Program (LIHWAP) for FY24. The program was created in the American Rescue Plan Act to establish a temporary low-income water assistance program to assist in paying water and wastewater bills during the COVID-19 pandemic. The program's funding expired last fiscal year, and as a result the letter urges the Appropriations Committee to provide funding for the program in FY24.

Senate Committee Holds NFIP Hearing

On January 25th, the Senate Banking, Housing, and Urban Affairs Committee held a **hearing** titled, "Reauthorization of the National Flood Insurance Program: Local Perspectives on Challenges and Solutions." The hearing focused on reauthorizing the National Flood Insurance Program (NFIP), which is currently set to expire on March 8th unless Congress reauthorizes or extends the program. During the hearing, witnesses testified that the current program is burdensome and broken. Additionally, increased insurance rates have created an affordability issue, and that flooding accounts for two-thirds of the cost of all natural disasters while only four percent of homeowners nationwide carry flood insurance.

Additional Members Announce Departure

In January, more Members of the House announced their intent to resign or retire at the end of the 118th Congress. Rep. Bill Johnson (R-OH) resigned on January 21st to become President of Youngstown State University. Rep. Brian Higgins (D-NY) announced his intent to resign on February 2nd, citing frustration with the institution. Reps. John Curtis (R-UT), Blaine Luetkemeyer (R-MO), Doug Lamborn (R-CO), Larry Bucshon (R-IN), Greg Pence (R-IN), Jeff Duncan (R-SC), and Kelly Armstrong (R-ND) announced they will not be running for reelection. Additionally, Majority Leader Steve Scalise (R-LA) announced he is undergoing a stem-cell transplant to treat cancer and will be away from Washington until February. As a result, Republicans currently have a 219-213 majority in the House. Finally, California Governor Gavin Newsom scheduled a special election to fill former Speaker of the House Kevin McCarthy's House seat on March 19th. A runoff, if required, would be held on May 21st.

Federal Funding Opportunities & Announcements

DOE Announces VTO Program Grant Awards. The Department of Energy (DOE) **announced** $71 million in Vehicle Technologies Office (VTO) grants to 27 projects that will assist in developing innovative and equitable clean mobility options, and to help supply chain concerns for electric vehicle (EV) batteries, increasing EV drive range. DOE also **announced** $32.5 million in VTO Program grants for 16 projects to help:

- Reduce EV infrastructure soft costs;
- Increase consumer familiarity with electric vehicles (EVs) and their benefits;
- Demonstrate and deploy novel clean transportation solutions, including electric construction vehicles and school buses;
- Provide regional clean transportation outreach, education, and training for underserved communities.

DOE Releases Grid Resilience State and Tribal Formula Grant ALRD. DOE released the FY24 Administrative and Legal Requirements Document (ALRD) for the **Grid Resilience and Tribal Formula Grant program**, beginning the allocation application and request process. DOE intends to grant $562 million for projects that modernize the power grid for resilience against wildfires, extreme weather, and other natural disasters. Applications are due by April 17th and FY24 allocations can be found **HERE**.

DOT Announces Mega Grant Awards. The Department of Transportation (DOT) **announced** funding for 11 projects through the National Infrastructure Project Assistance (Mega) Program. The Mega program helps to fund projects that are uniquely large, complex, and difficult to fund under traditional grant programs.

DOT Announces INFRA Grant Awards. DOT **announced** funding for 28 projects through the Infrastructure for Rebuilding America (INFRA) grant program. The INFRA grant program funds projects to assist with improving the safety, efficiency, and reliability of the movement of freight and people in both urban and rural areas.

DOT to Host Webinar on New Electric Vehicle Grants and Technical Assistance. DOT is hosting a webinar on new electric vehicle grant opportunities and technical assistance resources on February 14th at 1:00 PM ET. The webinar will feature Deputy Assistant Secretary Polly Trottenberg and other DOT leaders to discuss environmental reviews of EV charging projects, the National Environmental Policy Act (NEPA) Categorical Exclusion (CE) that DOT adopted from DOE, and the FY24 Low or No Emission Grant program. **Registration** is required to attend the webinar.

EPA Announces $965 Million for 67 Clean School Bus Grant Program Awards. EPA **awarded** $965 million to 67 applicants through Clean School Bus Program Grant awards. The program supports eligible applicants that purchase zero emission school buses to replace existing internal combustion engine school buses. Applicants may use funding to purchase electric, propane, and compressed natural gas buses, along with related infrastructure.

EPA Announces $3 Million Centers of Excellence for Stormwater Infrastructure Technologies NOFO. EPA announced a $3 million NOFO for the Centers of Excellence for Stormwater Control Infrastructure Technologies Grant Program. The program will fund the establishment and maintenance of regional Centers of Excellence for new and emerging stormwater control infrastructure technologies, with the goal of improving the effectiveness, cost efficiency, and protection of public safety and water quality. EPA is also accepting applications to create and maintain a national electronic clearinghouse to centrally manage data from the Centers of Excellence. Applications are due March 18th.

FAA Announces Airport Grant Awards. The Federal Aviation Administration (FAA) announced $66.2 million in Round 1 Airport Infrastructure Grant (AIG) awards to airports in 23 states and Puerto Rico. FAA also announced $245.9 million in Round 2 AIG awards to airports in 37 states. The non-discretionary grant awards will be used to modernize terminals, replace equipment, rehabilitate towers, and make airfield improvements.

FEMA Releases $324 Million Assistance to Firefighters Grant NOFO. FEMA released a $324 million NOFO for the Assistance to Firefighters Grant (AFG) program. The primary goal of the AFG is to meet the firefighting and emergency response needs of fire departments and non-affiliated emergency medical service organizations. AFG has awarded funds to help firefighters and other first responders obtain critically needed equipment, protective gear, emergency vehicles, training, and other resources necessary for protecting the public and emergency personnel from fire and related hazards. Applications are due March 8th.

FHWA Publishes Bridge Investment Program, Planning and Bridge Project Grants NOFO. The Federal Highway Administration (FHWA) published a NOFO for the availability of $9.7 billion to improve the nation's bridges through the competitive Bridge Investment Program's Planning and Bridge Project categories, which fund bridge planning, repair and replacement projects under $100 million. The NOFO includes funding for FY 2023-FY 2026 and is soliciting applications for the following categories of projects:

- "Planning" grants for planning, feasibility analyses, and revenue forecasting associated with the development of a project; and,
- "Bridge Project" grants for bridge replacement, rehabilitation, preservation, and

Deadlines for submission:

FY Funding	Planning Application Deadline	Bridge Project Application Deadline
FY 2023 and 2024	February 19, 2024	March 19, 2024
FY 2025	October 1, 2024	November 1, 2024
FY 2026	October 1, 2025	November 1, 2025

FHWA Announces Charging and Fueling Infrastructure Grant Awards. FHWA announced $623 million in Charging and Fueling Infrastructure Grant awards to 47 electric vehicle EV charging and alternative-fueling infrastructure projects, including construction of approximately 7,500 EV charging ports.

FHWA Announces Charger Reliability and Accessibility Accelerator Program Grant Awards. FHWA announced $148.8 million to 24 entities that will assist in repairing or replacing almost 4,500 broken or non-operational electric vehicle charging ports to improve the reliability of existing charging infrastructure.

FHWA Announces $729.4 Million in ER Program Funding. FHWA announced $729.4 million through the Emergency Relief (ER) Program due to major disaster declarations. FHWA's ER Program helps address climate change by providing funding to assist states in performing infrastructure repairs following major natural disasters and extreme weather events.

HUD Announces $3.16 Billion for Continuum of Care Program. The Department of Housing and Urban Development (HUD) announced 3.16 billion in Continuum of Care (CoC) program awards for over 7,000 housing assistance and supportive services providers. The CoC program provides funding to nonprofit providers, states, tribes, and local governments for permanent and short-term housing assistance, supportive services, planning, data, and other costs.

HUD Releases $40.25 Million Comprehensive Housing Counseling NOFO. HUD released a $40.25 million NOFO for the FY23 Comprehensive Housing Counseling Grant Program. The program will support individuals and families with education and resources to make informed housing decisions and will provide funding for counseling services through HUD-approved agencies on topics such as financial management and literacy, homeownerships, and affordable rental housing. Applications are due February 8th.

Joint Office of Energy and Transportation Announces Ride and Drive Electric Grant Awards. DOE and DOT's Joint Office of Energy and Transportation (Joint Office) announced $46.5 million in Ride and Drive Electric Grant Awards to 30 projects in 16 states. The grants will help fund projects that assist with building a convenient and efficient EV infrastructure for drivers; accelerate a resilient national EV charging network; grow the clean energy workforce; extend the benefits of clean transportation to rural, urban, and tribal communities; and validate real-world performance and reliability of high-power EV chargers. In addition, the grants fund projects that help to address barriers to charging in multifamily housing facilities, explore new approaches to curbside charging in urban areas, promote seamless connections across modes through e-mobility hubs, and test new incentive structures to provide affordable public charging access.

Federal Agency Personnel/Regulatory Announcements

White House Infrastructure Coordinator Departs. The Administration has announced that White House Infrastructure Coordinator Mitch Landrieu left his position on January 12th to join the President's campaign. A new infrastructure coordinator has not yet been named.

White House Releases National Emerging Contaminants Research Initiative Implementation Plan. The White House Office of Science and Technology Policy's National Emerging Contaminants Research Institute released the **National Emerging Contaminants Research Initiative Implementation Plan**. The implementation plan will help federal agencies identify and prepare for newly discovered water contaminants that may be harmful for human health, including plastics, disinfectants, industrial solvents, and other manufactured chemicals. The plan includes steps to coordinate research, monitor emerging contaminants, identify mitigation technologies, and communicate risks to the public.

CEQ Extends Comment Deadline for EJ Scorecard RFI. The Council on Environmental Quality (CEQ) **announced** an extension to its November 20th Request for Information (RFI) on its Environmental Justice (EJ) Scorecard. The new deadline for comments is February 22nd.

DHS Inspector General Criticizes CISA for Handling of Water/Wastewater Cybersecurity Issues. The Department of Homeland Security (DHS) Inspector General issued a **report** entitled "CISA Needs to Improve Collaboration to Enhance Resiliency in the Water and Wastewater Sector." The report criticizes the Cybersecurity and Infrastructure Security Agency (CISA) for a failure to "consistently collaborate" with both EPA and water and wastewater utilities to address cybersecurity threats. Additionally, the report highlights CISA's difficulty with communicating available tools and resources to assist water and wastewater utilities, particularly for smaller agencies.

DOT Publishes RRIF and TIFIA NPRM. DOT published a **NPRM** that would implement provisions of the Infrastructure Investment and Jobs Act (IIJA) that expand or modify the authorities applicable to the Railroad Rehabilitation and Improvement Financing (RRIF) and Transportation Infrastructure Finance and Innovation Act (TIFIA) programs, and make other necessary updates, by amending the RRIF program and TIFIA program regulations. Comments are due by February 26th.

DOT Publishes Final Rule on Civil Penalty Amounts. DOT published a **final rule** that provides the statutorily prescribed 2024 adjustment to civil penalty amounts that may be imposed for violations of certain DOT regulations. The rule became effective on December 28th.

DOT Publishes FAQ on Incorporating Accessibility in Transportation Projects. DOT published a new **frequently asked questions** (FAQ) for grant applicants to help understand accessibility-related requirements and best practices throughout the transportation project planning process. The FAQ provides insight on how DOT initiatives such as ADA Transition Maps, the Department's Disability Policy Priorities, and the Promising Practices for Meaningful Public Involvement in Transportation Decision-Making guide can be used to advance accessibility in the many projects funded by the Bipartisan Infrastructure Law (BIL) and more.

DOT Announces Intersection Safety Challenge Winners. DOT **announced** the winners of the Intersection Safety Challenge Stage 1A. The Challenge aims to transform roadway intersection safety by incentivizing new and emerging technologies that identify and address unsafe conditions involving vehicles, and vulnerable road users at intersections.

DOT Publishes Project Readiness Checklist for DOT Discretionary Grant Applicants. DOT published the **Project Readiness Checklist**, which was created to help project sponsors and grant applicants develop projects that are well positioned to receive federal funding. The checklist provides generalized background and guidance on factors to consider for project readiness including transportation planning requirements, public engagement, and coordination with state or regional implementation partners; working through federal environmental and other compliance requirements; and positioning your organization to manage the project and federal grant processes. The checklist does not constitute a standard, specification, or regulation or create requirements other than those stipulated in statute and regulation.

DOT Publishes RRIF and TIFIA NPRM. DOT published a **notice of proposed rulemaking** (NPRM) that would implement provisions of the Infrastructure Investment and Jobs Act that expand or modify the authorities applicable to the Railroad Rehabilitation and Improvement Financing (RRIF) and Transportation Infrastructure Finance and Innovation Act (TIFIA) programs, and make other necessary updates, by amending the RRIF program and TIFIA program regulations. Comments are due by February 26th.

DOT to Host SS4A Technical Assistance Office Hours. In advance of the next Safe Streets and Roads for All (SS4A) grant NOFO, DOT is hosting **technical assistance office hours** to answer any questions applicants may have. Entities considering applying for the FY24 SS4A grant program are encouraged to request technical assistance in preparation to apply for the grant.

EPA Assistant Administrator Announces Departure. Assistant EPA Administrator Radhika Fox announced her intention to leave her role at the end of February. EPA has not yet announced who will assume her role following her departure.

EPA Adopts NEPA CE for EV Charging Stations. EPA **adopted** DOE's Electric Vehicle Charging Stations CE under the NEPA to use in EPA's program and funding opportunities. The action is effective immediately.

EPA Announces Appointments to Local Government Advisory Committee. EPA **announced** 16 new members will join 13 current members on the Local Government Advisory Committee (LGAC). In 2024, LGAC will provide input to the EPA Administrator on the proposed Lead and Copper Rule Improvements, the draft Strategy for Reducing Plastic Pollution, the development of a cumulative impact framework, and improving community-level communication and engagement.

EPA Announces Required TRI Reporting for Seven Additional PFAS. EPA announced that seven additional per- and polyfluoroalkyl substances (PFAS) were automatically added to the **list of chemicals** covered by the Toxics Release Inventory (TRI), requiring their reporting. For TRI Reporting Year 2024, reporting is required for these seven additional PFAS, bringing the total PFAS subject to TRI reporting to 196.

EPA Finalizes Significant New Use Rule for Inactive PFAS. EPA issued a **final significant new use rule** (SNUR) for 329 PFAS that are designated as inactive on the Toxic Substances Control Act Chemical Substance Inventory. Entities subject to the SNUR will be required to notify EPA at least 90 days before manufacturing, importing, or processing any of the listed chemicals for a new significant use. EPA must review and make an affirmative determination on the notification before the covered entity can begin manufacturing, importing, or processing listed PFAS. The SNUR is effective March 11th.

EPA Updates Residential Soil Lead Guidance for CERCLA Sites and RCRA Corrective Action Facilities. EPA released **updated guidelines** for screening sites and facilities with residential lead exposures under Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Resource Conservation Recovery Act (RCRA) corrective action authorities. EPA updated the screening level for lead in soil at residential properties from 400 parts per million (ppm) to 200 ppm. At residential properties with multiple sources of lead exposure, EPA will use 100 ppm as the screening level. The guidance is effective immediately, but EPA is accepting feedback on the updated guidelines until March 17th.

EPA, HUD, and DOE Send Joint Letter to Utilities Requesting Energy and Water Usage Data for Multifamily Properties. EPA, HUD, and DOE sent a **letter** to utility regulators requesting that energy and water data be made available to owners of multifamily properties. The letter mentions that utility companies fail to share this data with multifamily property owners which will hinder implementation of Inflation Reduction Act programs like HUD's Green and Resilient Retrofit Program and DOE's Home Efficiency Rebate Program.

EPA, CISA, and FBI Release Cybersecurity Guidance for Water & Wastewater. EPA, CISA, and the Federal Bureau of Investigation (FBI) released joint **guidance** to water and wastewater utilities on how to prepare for, detect, contain, and evaluate cybersecurity incidents. The guidance with drafted with input from water utilities, trade associations and state agencies, According to CISA, the goal of the guidance is to help with the following:

- Establishing clear guidance for reporting cyber incidents,
- Connecting utilities with available cybersecurity resources, services, and no-cost trainings,

- Empowering utilities to build a strong cybersecurity baseline to improve cyber resilience and cyber hygiene, and
- Encouraging utilities to integrate into their local cyber communities.

FCC Sends Letters to Auto Manufacturers and Wireless Companies on Connected Cars for Domestic Abuse Survivors. The Federal Communications Commission (FCC) sent **letters** to automakers asking about ways to limit the location tracking tools on their vehicles after reports found they could be used by stalkers or abusive partners.

FHWA Publishes MUTCD Final Rule. FHWA published a **final rule** that updated the Manual on Uniform Traffic Control Devices for Streets and Highways (MUTCD). The purpose of this final rule is to revise Standard, Guidance, Option provisions, and supporting information, relating to the traffic control devices in all parts of the MUTCD to improve safety for all road users by promoting uniformity, and to incorporate new provisions that reflect technological advances in traffic control device application. The MUTCD, with these changes incorporated, is being designated as the 11th Edition of the MUTCD. The rule is effective on January 18th.

FHWA Publishes National Performance Management Measures NPRM. FHWA published a **NPRM** that makes updates to the National Performance Management Measures regulations to consider impacts of national emergencies on performance achievement, address compliance determinations and penalty assessment for the pavement condition measures, clarify data collection standards and requirements, adjust freight reporting to align with the 4-year update cycle for State Freight Plans in the Bipartisan Infrastructure Law (BIL), and provide select clarifying technical corrections. The rulemaking would also incorporate by reference the Highway Performance Monitoring System (HPMS) Field Manual, which includes updated fields related to the collection of Transportation Performance Management (TPM) data. This rulemaking also would provide for greater opportunities for meaningful safety performance targets and outcomes, consider approaches to alternative safety performance measures, and align performance targets for the three common measures that must be identical with the National Highway Traffic Safety Administration (NHTSA). Comments are due by February 26th.

FHWA Seeks Nominations for Working Group on Covered Resources. FHWA is seeking **nominations** to the Working Group on Covered Resources (Working Group). The Working Group will conduct a study on access to covered resources for infrastructure projects. In carrying out the study, the Working Group shall analyze the use of covered resources in transportation projects funded with Federal dollars; how the proximity of covered resources to such projects affects the cost and environmental impact of those projects; whether and how State, Tribal, and local transportation and planning agencies consider covered resources when developing transportation projects; and any challenges for transportation project sponsors regarding access and proximity to covered resources. The Working Group shall submit to the Secretary of Transportation the findings of its study and any recommendations to preserve access to and reduce the costs and environmental impacts of covered resources in infrastructure projects. Nominations are due by March 11th.

FHWA Releases Guidebook on Trails as Resilient Infrastructure. FHWA released a new **guidebook** entitled "Trails as Resilient Infrastructure." The guide includes information on how trails are part of resilient transportation infrastructure, how to plan and design trails to be resilient and sustainable, and the role of trails in emergency planning and response.

FRA Publishes Emergency Escape Breathing Apparatus Standards Final Rule. The Federal Railroad Administration (FRA) published a **final rule** that amends its regulations related to occupational noise exposure in three ways. FRA is expanding those regulations to require that railroads provide an appropriate atmosphere-supplying emergency escape breathing apparatus to every train crew member and certain other employees while they are occupying a locomotive cab of a freight train transporting a hazardous material that would pose an inhalation hazard in the event of release during an accident. FRA is changing the name of this part of its regulations from "Occupational Noise Exposure" to "Occupational Safety and Health in the Locomotive Cab" to reflect the additional subject matter of this final rule and to make other conforming amendments. The rule is effective on March 26th.

IRS Issues Guidance on the Qualified Alternative Fuel Vehicle Refueling Property Credit. The Internal Revenue Service (IRS) issued **Notice 2024-20** which provides guidance on eligible census tracts for the qualified alternative fuel vehicle refueling property credit and has also announced the intent to propose regulations for the credit. Additionally, the agency has released a **frequently asked questions document related to the alternative fuel vehicle refueling property credit**. Finally, **DOE has published a mapping tool** to help households and businesses quickly identify whether they are eligible for the tax credit under the proposed regulations.

Joint Office of Energy and Transportation Publishes Technical Assistance to Support EV Deployment. The Joint Office, in partnership with FHWA, FTA, and EPA, **published** information on the free technical assistance (TA) offered by the Office on the planning, deployment, operation, and maintenance of a national network of electric vehicle chargers, zero-emission fueling infrastructure, and zero-emission transit and school buses. TA is available to states, communities, tribal nations, school districts, and transit agencies.

NOAA Announces New Land Cover Data for Coastal Communities. NOAA **announced** new, higher resolution land cover data for coastal communities to improve resiliency planning. The data also allow year-to-year comparison, so communities can document changes in land cover and associated impacts.

OSHA Releases Emergency Response Standard NPRM. The Occupational Health and Safety Administration (OSHA) released a **NPRM** titled "Emergency Response Standard" to replace the existing Fire Brigades Standard. The NPRM would address emergency responders beyond fire brigades and would include programmatic elements to protect emergency responders from various occupational hazards. Comments will be due 90 days following publication of the NPRM in the *Federal Register*.

##

California State Senate

SENATE COMMITTEE ON INSURANCE

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AGENDA

Oversight Hearing

Wednesday, January 24, 2024
1021 O St. Room 2100
1:30pm-2:30pm

CALIFORNIA DEPARTMENT OF INSURANCE: SUSTAINABLE INSURANCE STRATEGY

A Progress Report on Insurance Market Stabilization

I. Introduction and Opening Remarks

Senator Susan Rubio, Chair, Senate Insurance Committee
Other Members

II. Sustainable Insurance Strategy

***Honorable Ricardo Lara**, Commissioner, California Department of Insurance*

III. Public Comment and Closing Remarks

Attachment B

MEMBERS
JANET NGUYEN
VICE CHAIR
MARIE ALVARADO-GIL
BILL DODD
BRIAN W. JONES
ROGER W. NIELLO
ANTHONY J. PORTANTINO

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CALIFORNIA DEPARTMENT OF INSURANCE:

SUSTAINABLE INSURANCE STRATEGY

A Progress Report on Insurance Market Stabilization

Summary

In September 2023, Governor Newsom issued executive order N-139 which urged Insurance Commissioner Lara to take immediate action to address the current homeowners insurance crisis, protect and expand coverage options for consumers, and keep plans affordable. A copy of the executive order can be found here.

Background

Citing the role of climate change and its threat to communities via more extreme wildfires, floods, and droughts, Governor Gavin Newsom highlighted the crisis in the state insurance markets. In September 2023, he urged Insurance Commissioner Ricardo Lara to take action to stabilize and improve California's property insurance marketplace with the following goals:

First, expand coverage choices for consumers, particularly in underserved areas of the state while maintaining the long-term availability of homeowners and commercial property insurance coverage. Second, improve the efficiency, speed, and transparency of the rate approval process. This included tailoring the rate approval process to account for all factors necessary to promote a robust, competitive insurance marketplace. Third, maintain the solvency of the FAIR Plan to protect its policyholders and promote long-term resiliency in the face of climate change, including by identifying mechanisms to reduce its share of the overall market in underserved areas and move its customers into the admitted insurance market. Finally, the executive order directed the Department of Finance to consult with the California Department of Insurance to support the rulemaking process and help accelerate implementation of potential regulations.

California's Sustainable Insurance Strategy

In response to a convergence of factors, including the climate crisis, rising inflation, and unprecedented challenges in California's insurance market, Commissioner Lara developed the California Sustainable Insurance Strategy. This strategy is a comprehensive initiative aimed at modernizing the state's insurance market to ensure accessible insurance for all Californians, create a resilient insurance marketplace, and protect consumers and communities from the adverse impacts of climate change. It addresses the challenges posed by rising global inflation, increased insurance costs for rebuilding, and the growing risk of natural disasters. The California Sustainable Insurance Strategy is crucial because it addresses the pressing issues faced by both the insurance market and consumers in California. It responds to the changing landscape of insurance by enhancing market stability, improving consumer access to coverage, and safeguarding against the escalating financial burden of climate change-intensified catastrophes and global inflation.

Commissioner Lara's strategy sets forth three primary goals, with a clear commitment to consumer protection and insurance market sustainability:

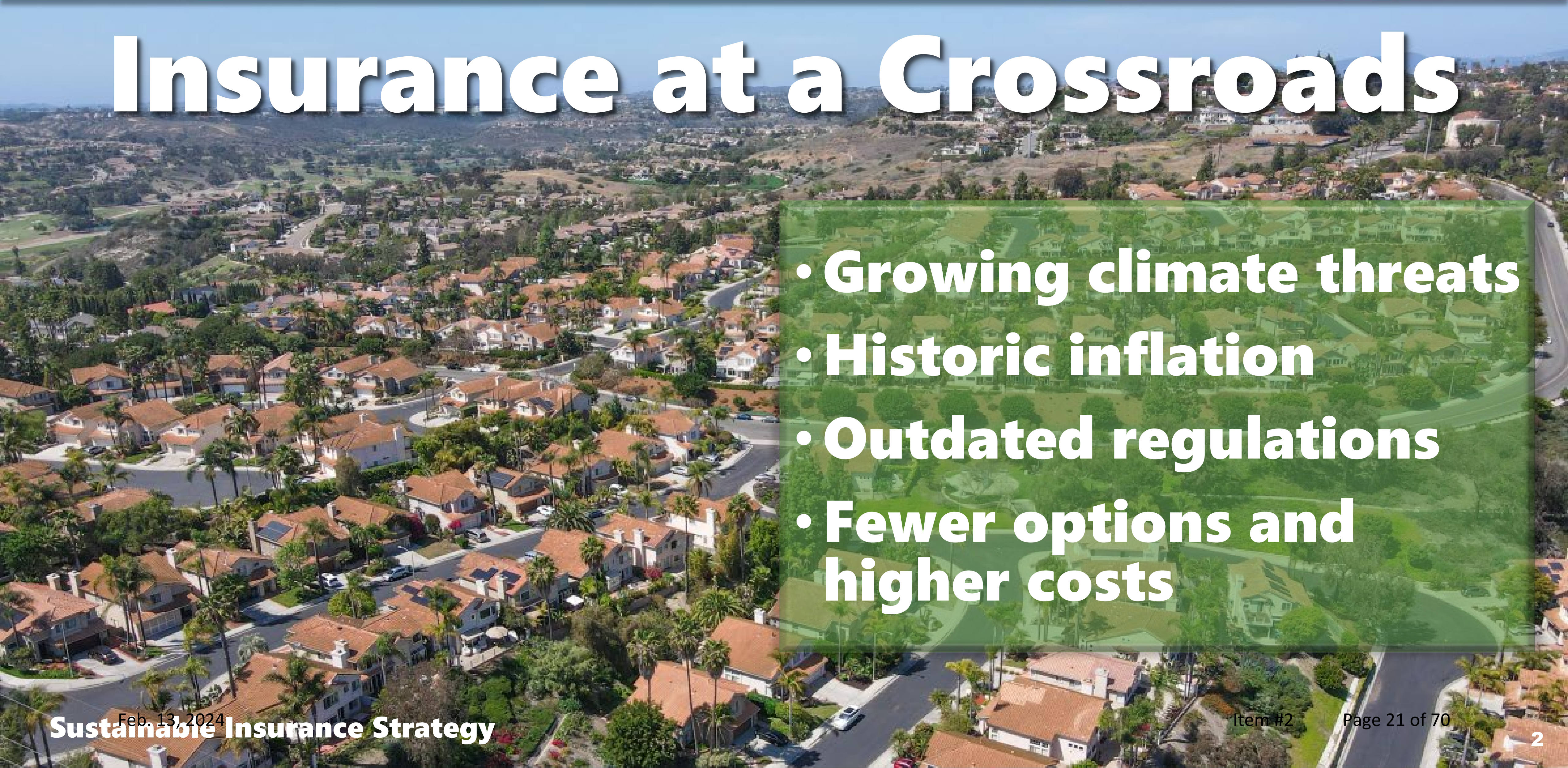
- Accessible Insurance for Californians: This goal emphasizes the importance of making insurance available and affordable, especially in high-risk areas affected by climate change.
- Create a Resilient Insurance Market: The strategy aims to fortify the insurance market's resilience in the face of climate change and economic fluctuations, ensuring it can effectively weather these challenges.
- Protect Communities from Climate Change: Implementing measures to shield communities from the devastating impacts of climate change, such as wildfires and other natural disasters, is a paramount objective.

Conclusion

The committee's purpose in this hearing is to provide the Insurance Commissioner Lara with feedback on his progress toward his stated goals in his California Sustainable Insurance

Strategy. Specifically, the implementation of his regulations and timelines to date. Most importantly, the Senate will be focused on how this strategy is benefitting and protecting consumers.

California's Sustainable Insurance Strategy



Insurance at a Crossroads

- Growing climate threats
- Historic inflation
- Outdated regulations
- Fewer options and higher costs

Core Strategy Components

- Streamline rate application process
- New risk management tools — catastrophe modeling and California-only net cost of reinsurance
- Insurance companies write a minimum of 85% of homes and businesses in distressed areas and depopulate FAIR Plan
- Strengthen the FAIR Plan

Insurance Group*	Major Actions in Homeowner Policies (2023)	Rate Increases Approved by CDI (2023)
State Farm	Paused new policies	20% increase → homeowners 11.43% increase → rental dwelling
Farmers	Limited new policies to 7,000 a month	17.7% increase → homeowners 12.5% increase → homeowners
Allstate	Paused New Policies	Rate Increase application (pending)
USAA	Restricted underwriting to low-risk only	3.5% increase → homeowners
Travelers	Limited new policies	Rate Increase application (pending)
Nationwide	Limited new policies	19.9% increase → homeowners
Chubb	Ceased writing high-value homes with higher wildfire risk and non-renewed some high-value homes	No rate filings received in 2023

* These insurance groups fall within the top 12 of insurance groups that hold 85% of the homeowner market share.

Growing FAIR Plan

- FAIR Plan increased by 20% in 2023
- Market restrictions push more consumers into FAIR Plan

Rate Application Process

- Improve rules for insurers and intervenors under Department direction
- Hire more actuaries and analysts

Catastrophe Models

- **Models that account for the current risks being intensified by climate change**
- **Examine the use of private and public models**
- **Models used in rate approval with transparency and wildfire mitigation considerations**

Reinsurance

- **Goal is to increase insurance availability to Californians**
- **Insurers paying more to manage growing natural disaster losses**
- **Need to recognize reinsurance to accurately reflect the cost of writing insurance in California**

FAIR Plan Improvements

- **$20 million commercial coverage *per structure* for larger HOAs and businesses**
- **More comprehensive coverage option**
- **Increase FAIR Plan responsiveness and reporting to CDI and policymakers**

How Do Consumers Benefit

- Greater insurance availability
- Move policyholders from the FAIR Plan back to the admitted market
- Insurers' commitment to write at least 85% of policies in distressed areas

Legislative Partnership

- Continued investment needed in greater safety for Californians
- FAIR Plan clearinghouse programs created by Legislature
- Safer from Wildfires regulation

Thank You

January 12, 2024

Attachment D

To: Jason Haber, Intergovernmental Affairs Director
Allegra Frost, Assistant City Attorney
City of Carlsbad

From: Sharon Gonsalves
Director of Government Affairs
Renne Public Policy Group

RE: **RPPG Analysis of Governor Newsom's State Budget Proposal for Fiscal Year 2024-2025**

INTRODUCTION

The following is a topline summary of Governor Gavin Newsom's proposal of the fiscal year 2024-25 (FY 24-25) State Budget highlighting specific areas of interest to the City of Carlsbad. In addition to the summary below, you will also see occasional line items that have an ***"RPPG Note".*** These are specific line items that we have identified based on both our "Deep Dive" process and/or ongoing conversations with agency staff. These notes indicate where there may be fiscal or policy opportunities which align with the Administration's proposal. If there are other areas or line items of interest expressed by Council or department heads, please do not hesitate to reach out to our team to ask questions or to request additional information. A copy of the Governor's budget proposal can be found here.

ADMINISTRATIONS BUDGET NARRATIVE

Governor Newsom unveiled his proposed Budget Plan with an introductory narrative as "a story of correction, a story of normalization, after a period of tremendous amount of distortion." The theme of his presentation was one of meeting promises, stretching tax dollars, and corrective action to close the gap while also inserting a new narrative regarding how big that gap really is.

The Governor stated that the Legislative Analyst's Office (LAO) reports of a $68 billion deficit were in error, with the real number of $37.9 billion, and the state was simply experiencing "normalization" of state revenues following the massive surpluses in 2021 and 2022. Contributing factors to the state's budget challenges – beyond the state's overreliance on the top one percent of taxpayers to supply half of all income tax revenue – were stock market declines in 2022, and income tax collection delays in 2023. The Governor proposes to close the gap with $18.8 billion in from internal borrowing and pulling from state reserves, $11.9 billion in spending reductions and fund shifts, and $7.2 billion in delays and deferrals, all while "keeping promises" to important state policy priorities.

> ***"I don't live in a bubble. I live in reality. I've been out there, as you know, making a case for this economy,"*** **the Governor said, "*We're just a little more optimistic than all the naysayers."***

BUDGET DEFICIT: WHAT'S THE RIGHT NUMBER?

The large discrepancy between the Newsom Administration's projected deficit ($37.9 billion) and the Legislative Analyst's Office (LAO)'s projected deficit ($68 billion) is front and center. Since budget deficits are calculated based on the state's future revenue projections, one reason for the $30 billion gap between the Administration and LAO may be the use of different projected numbers in their respective calculations.

To this point, the Governor's team seems to be assuming $15 billion more in projected revenues than the LAO. A contributing factor to the difference in forecasted revenues is the tax delay of 2023, where the IRS granted Californians affected by the 2022 winter storm disasters an extension until November 16, 2023 to file their taxes, as opposed to the typical April deadline. This delay significantly impacted the state's tax income for FY 22-23. Both the Department of Finance (DOF) and the LAO acknowledge that the numbers are subject to significant change, as the projections are based on volatile numbers, making the forecast highly uncertain. The LAO brief states, "It is entirely possible that revenues could end up $15 billion higher or lower than our forecast for 2023-24."

Clarification surrounding the budget deficit is expected to be made during the Governor's May Budget Revise. The Governor himself stated in his press conference that the "May Revise is the prime time," this January proposal seems poised as a warmup to calculations that will be predicated on more real numbers at a later date. RPPG will continue to monitor and provide updates as this process unfolds.

STATE DEFICITS AND LOCAL GOVERNMENTS: HISTORICAL CONTEXT

Some historical perspective is warranted for local governments. While delays, deferrals or cuts to state programs are never pleasant, it is beneficial to local agencies that the state has significant reserves and other cash available for internal borrowing. State budget deficits used to mean dangerous times for local governments. Prior to the constitutional establishment of a state reserve fund—based on efforts by former governors Arnold Schwarzenegger[1] and Jerry Brown[2] -- the state typically faced deficits with no reserves. Reluctant to cut programs or raise revenue, legislators often turned to local government to try to balance their budget. The state archives are littered with actions that affected local agencies: shifting or borrowing local property taxes, eliminating vehicle license fees, attempting to take local sales taxes and transportation revenues, enacting unpaid mandates, and eliminating redevelopment and enterprise zones. Now, local governments at least have additional constitutional protections for their revenues, thanks to voter approval of Prop. 1A of 2004 and Prop. 22 of 2010. The state also has a required reserve fund to help balance its budget deficits.

FY 2024-25 JANUARY BUDGET PROPOSAL: TOPLINE SUMMARY

At a brief glance, the $291.5 billion Budget (a 1.9% decrease from 2023-24) continues to support major projects and programs in the homelessness, public safety, and economic development realms. However, major reductions, delays, or shifts to climate change, housing, workforce and sustainable infrastructure programs have been proposed in order to balance the Budget. Additionally, the proposal includes a $350 million reduction to Legislative Requests – which is the funding that lawmakers are able to draw on to provide dedicated funding for district projects.

> ***RPPG Note:*** ***It is unclear if this will apply to previously approved projects or if additional funding will be placed in the budget at a later date, however it emphasizes a reality that it will be difficult to secure (legislative) "district-specific" special funding requests***.

General Obligation Bonds

During his budget presentation, the Governor alluded to his support for Proposition 1 on the March ballot, the Behavioral Health Infrastructure Act of 2024. This measure proposes $6.38 billion in bond funding to support the development of new treatment beds for those suffering from homelessness, mental health and substance use issues, and also includes reforms to the Mental Health Services Act. The passage of this

[1] Prop. 58 of 2004.

[2] Prop. 2 of 2014.

measure will be a top priority this Spring. In addition, here is the status of several other possible bonds for the November ballot:

- **School Bond:** The Governor discussed support for a school bond for the November ballot and acknowledged that the details and potential size of the bond was still be discussed with the Legislature and stakeholders.
- **Climate Bond:** As we advised our clients, the Governor made no mention of a climate bond, nor did his budget document. This stood in contrast, however, with his 2023 presentation where he expressed his support for a climate bond, one which would include several allocations to offset several proposed budgetary reductions in the FY 2023-24 budget to climate programs. However, later in a budget briefing by Administration's agency secretaries, it was conveyed that the Administration was tracing several legislative climate bond proposals and was "open" to discussion with the legislature. Stakeholders anticipate legislative action and Administrative engagement later in the year.
- **Housing Bond:** Despite the Budget cutting or deferring over $1.2 billion in housing funding, the Governor did not mention the housing bond proposals.

FY 2024-25 SNAPSHOT: BY THE NUMBERS

Total Budget: $291.5 billion	• $208.7 billion general fund ○ Decrease of about $22 billion from FY 23-24 • $18.4 billion in reserves • $900 million in safety net reserve withdrawal • $11.1 billion in rainy day fund
Total Deficit: $37.9 billion	• Increase of $6.4 billion in deficit from FY 23-24
Measures Taken to Address Shortfall:	• Reserves withdrawn: $13.1 billion • Reductions: $8.5 billion • Borrowing: $5.7 billion • Delays: $5.1 billion • Shifts: $3.4 billion • Deferrals: $2.1 billion
(LAO Total Deficit Projection: $68 billon)	• $58 billion: Revenue outlook below budget act assumptions across 2022-23 through 2024-25 • $30 billion: Identified as an annual state operating deficit per year

Budgeting Mechanisms

The Governor proposed the following mechanisms to address the projected deficit:

- **Reserves – $13.1 billion**: Draws upon funds from the state's reserves.
  - ***RPPG Note:* *The Governor has stopped short of declaring a fiscal emergency at this time, which is constitutionally required for the State to access its reserve funds. Given that we are in an election year, it will be interesting to see if the Governor will make the formal declaration in order to access these funds or look to other funding sources/ cuts to close the gap.***
- **Reductions – $8.5 billion**: Reduces funding for various items. Significant solutions in this category that impact local government include:
  - Climate infrastructure Investments (Reductions $2.9 billion)

    - Affordable Housing Programs (Reductions $1.2 billion)
    - Student Housing Revolving Loan Fund Program (Reduction $494 million)
- **Revenue/Internal Borrowing – $5.7 billion:** The Budget includes support from revenue sources and borrows internally from special funds.
- **Delays – $5.1 billion**: Delays funding for multiple items and spreads it across the three-year period, beginning in 2025-26, without reducing the total amount of funding through this period. Significant solutions of potential impact to local government in this category include:
    - Transit and Intercity Rail Capital Program ($1 billion)
    - Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program ($550 million)
    - Clean Energy Reliability Investment Plan ($400 million)
    - Behavioral Health Bridge Housing Program ($235 million)
    - Vulnerable Community Toxic Clean Up ($175 million)
- **Fund Shifts – $3.4 billion**: Shifts certain expenditures from the General Fund to other funds. Significant solutions of interest in this category include:
    - Various shifts to the Greenhouse Gas Reduction Fund ($1.8 billion)
    - Unemployment Insurance Interest Payment ($100 million)
- **Deferrals – $2.1 billion**: Defers specific obligations to the 2025-26 fiscal year. Significant solutions in this category include:
    - June to July Payroll Deferral ($1.6 billion)

PRIMARY AREAS OF INTEREST TO LOCAL GOVERNMENT

The proposed 2024-25 Budget reflects $291 billion spending, which is down from the $306 billion proposed in 2023-24. Although the estimated shortfall of $37.9 billion is lower than expected, the Governor reiterated caution regarding future spending on state and local levels. This could have impacts on various pieces of legislation and discretionary programs. For local government this has the potential of cutting both ways. On the one hand, policies that have an adverse impact on local governments' operations or their legal or legislative authority may be vetoed based on budgetary constraints that come with mandating a new duty or local program. On the other hand, this means less potential funding for local earmarks as well as the potential that the Legislature will try to create mandated programs which are unfunded. With this in mind, RPPG has identified the following areas of general interest to local agencies in the following categories:

1. **Housing and Land Use**
2. **Homelessness and Mental Health**
3. **Resources and Environment**
4. **Energy**
5. **Transportation**
6. **Economic Development**
7. **Public Safety**

<u>Housing and Land Use</u>

For local agencies looking for affordable housing resources, this is a major disappointment. Unlike other areas of the budget where funding is proposed to be delayed or deferred, the budget proposes $1.2 billion in cuts to popular housing development and planning programs, leaving the total General Fund investment in affordable housing and homeownership programs at approximately $4 billion.

Reversions/Reductions

- $200 million from the Infill Infrastructure Grant Program, leaving $25 million.
- $250 million from the Multifamily Housing Program, leaving $75 million.
- $152.5 million from the CalHome Program.
    - ***RPPG Note:* This reduction builds upon a prior $50 million reduction approved as part of the 2023-24 budget, meaning a total of $202.5 million will be removed from this program from the original $350 million.**
- $300 million from the Regional Early Action Planning Grants 2.0 (REAP 2.0).
- $247.5 million from the Foreclosure Intervention Housing Preservation Program over the next three years ($85 million in 2024-25, $100 million in 2025-26, and $62.5 million in 2026-27).
    - ***RPPG Note:* These same amounts were included as "deferrals" in the final FY 2023-24 Budget.**
- $300 million from the California Student Housing Revolving Loan Fund Program previously intended to be appropriated for the program for each year, and $194 million that was appropriated in 2023–24.
- $50 million, out of $125 million allocated, from the Veteran Housing and Homelessness Prevention Program.
- $15 million from the Seismic Retrofitting Program for Soft Story Multifamily Housing authorized in Chapter 48, Statutes of 2022 (SB 189).
- $13.7 million ongoing from foster youth housing navigators, thus eliminating all funding.

***RPPG Note:* Not much can be discerned in the language accompanying these cuts. There is no reference to a potential housing bond, and there are only high-level references to the following tactics the Administration may be working on:**

→ identifying opportunities to pursue additional federal funding that supports housing development.

→ identifying opportunities to streamline and rationalize the process by which the state and local governments plan for housing.

→ advancing and developing strategies to facilitate housing construction and adaptive reuse in infill areas, as well as strategies to reduce the cost of housing construction overall.

- ***RPPG Note:* There have been recent legislative attempts to require local agencies to prioritize all infill development prior to approving suburban developments.**

→ continuing to engage with tribal partners and the Legislature to help address tribal housing needs.

<u>Homelessness and Mental Health</u>

Homelessness

Despite several proposed delays and shifts, the Governor's budget at least maintains previous allocations for the Homeless Housing, Assistance and Prevention (HHAP) program. All discussions of additional discretionary spending in the FY 2024-25 budget have been deferred to discussions with the Legislature and the May Revise, based on revised revenue forecasts.

Language in the budget document states that "addressing the homelessness crisis remains a top priority of the Administration," and that it "will commit to working closely with the Legislature on additional funding to support local governments' response to the homeless crisis—assuming local governments deliver on the performance commitments made under HHAP 3 and HHAP 4, and on the regional planning and coordination requirements of HHAP 5. "

> ***RPPG Note:* Planning and Coordination requirements under Round 5 refers to recent statutory changes which state that a City or County must have a "Compliant" housing element. This is both for HHAP and any Homekey Set-Aside funding.**

When questioned by the press, the Governor maintained that he continued to want to see more "accountability, focus, and a collaborative spirit" from local agencies. "It's still the same issues," he said. "I want to see these encampments cleaned up." While reluctant to offer additional details, he mentioned desiring to see "one simple plan" like those required in Proposition 1 the Behavioral Health Infrastructure Act of 2024, on the March ballot. He also touted the enforcement successes of the "Housing Accountability Unit."

> ***RPPG Note*: Should Prop. 1 be approved by voters in March, it will influence discussions of homeless funding in May. We are providing the Prop 1 analysis distributed in October as a separate attachment for reference.**

For homeless programs, the budget:

Maintains

- $1.1 billion in Homeless Housing, Assistance and Prevention Program (HHAP) 5 across 2023-24 and 2024-25, however, $260 million will be delayed until 2025-26 to align with when those funds will be available to eligible applicants. An additional $100.6 million] in HHAP administrative set asides will be reverted as General Fund savings, leaving $51.1 million for program administration The Administration's final FY-2023-24 budget document states that the first half of these funds will be released in mid-2024, after regional plans have been submitted and approved, and second half released in early 2026, after the regions report on their progress in carrying out the respective actions outlined in their regional plans.

Shifts

- $265 million from the Mental Health Services Fund to the General Fund for Behavioral Health Bridge Housing, and delays $235 million General Fund originally planned for 2024-25 to 2025-26.

Delays

- $140.4 million for the Behavioral Health Continuum Infrastructure Program from 2024-25 to 2025-26, for a total of $380.7 million for the final round of grants in 2025-26.
- $80 million for the Bringing Families Home Program to 2025-26.
- $65 million for the Home Safe Program to 2025-26.
- $50 million for the Housing and Disability Advocacy Program to 2025-26.

Other

- Increases by $1.5 million support for Homeless Education Technical Assistance Centers established through the American Rescue Plan Act's, Homeless Children and Youth Program.
- Continues the transition of specified homelessness grant programs from the California Interagency Council on Homelessness to the Department of Housing and Community Development (AB 129 of 2023).

Mental Health

The January proposed Budget maintains most of the recent investments in mental health programs from previous years. The Mental Health Services Fund (funded by sources such as Proposition 63 and personal income tax) is forecasted to have annual reserves of $2.6 billion for 2022-23, $2.4 billion for 2023-24, and

$2.6 billion for 2024-25. The Governor's Budget includes $253.4 billion ($73.9 billion General Fund) for overall health and human services programs in 2024-25, with specific funding for mental health programs such as:

- $8 billion maintained across various Health and Human Services departments to expand the continuum of behavioral health treatment and infrastructure capacity.
- $9.5 million ($4.1 million General Fund) in 2024-25 increasing annually to $78 million ($33.8 million General Fund) in 2027-28 for Children and Behavioral Health Initiative Wellness Coaches.

Significant proposed Budget solutions regarding mental health resources and programs:

Shifts

- $265 million shift from the Mental Health Services Fund appropriated in the 2023 Budget Act to the General Fund in 2024-25.

Delays

- $140.4 million delay to the Behavioral Health Continuum Infrastructure Program from 2024-25 to 2025-26. The Budget maintains $300 million General Fund in 2023-24 and $239.6 million General Fund in 2024-25. The final round of the program will have $380.7 million available in grants for FY 2025-26.

Resources and Environment

Climate

One of the areas most impacted by the proposed Budget is climate. The proposed Budget maintains $48.3 billion (about 89%) of the original $54 billion in climate funding from previous fiscal years. Most climate funding has been frontloaded, with $36 billion already out the door to California communities. The Budget:

Maintains

- $1.4 billion for nature-based solutions
- $1.2 billion for community resilience investments
- $660 million for coastal resilience projects
- $346 million for extreme heat projects
- $20 million for the first-round of funding for the Extreme Heat and Climate Resilience Grant Program. The NOFO is anticipated to be released in February 2024.

Shifts

- $23.8 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) for the Urban Greening Program. This shift maintains $75 million over four years and is delayed to 2024-25.
- $15.6 million from the General Fund for Enhanced Protections for Vulnerable Populations to the Labor and Workforce Development Fund, which maintains $16 million over three years.

Delays

- $175 million delay for the Department of Toxic Substances Control's Cleanup in Vulnerable Communities Initiative Program. The Budget includes $85 million in funding for the program in 2025-26 and $90 million in 2026-27.

Reversions/Reductions

- $475 million of the planned investment for the Climate Innovation Program beginning in 2024-25.
- $220.9 million reversion for Sea Level Rise activities. The Budget maintains $333.6 million previously allocated for this program.

- $171.1 million reversion for Coastal Protection and Adaptation activities. The Budget maintains $154.9 million previously allocated for this program.
- $40.1 million reduction for the Extreme Heat and Community Resilience Program, which includes a reversion of $40.1 million and a shift of $70 million General Fund to the GGRF. Funding being shifted for the Program is delayed to 2024-25. The Budget maintains $95 million previously allocated to this program.
- $25 million reduction to the Outdoor Equity Grants Program. The Budget maintains $90 million General Fund previously allocated for this program.
- $25 million reversion and a $50 million reduction for the Regional Climate Resilience Program at the Office of Planning and Research. The Budget maintains $25 million previously allocated to this program.
- $25 million reversion and $36.8 million shift to the GGRF in 2024-25 for SB 1 implementation. The Budget maintains $77 million previously allocated for this program.
- $15 million reduction to the Low Carbon Economy Program at the California Workforce Development Board. The Budget maintains $30 million ($15 million General Fund and $15 million GGRF) over two years for this program.
- $9.8 million reversion for Regional Climate Collaboratives Program at the Strategic Growth Council within the Office of Planning and Research. The Budget maintains $10 million previously allocated to this program.
- $6.7 million reversion for the Compost Permitting Pilot Program at the Department of Resources Recycling and Recovery. The Budget maintains $800,000 previously allocated to this program.
- $6.4 million reduction to the California Electric Homes Program by the CEC.
- $5 million reversion for Climate Adaptation and Resilience Planning Grants at the Office of Planning and Research. The Budget maintains $20 million previously allocated to this program.
- $5 million reversion for Resource Conservation Investment Strategies

Fire and Forest Health

The 2021 and 2022 Budget Acts committed $2.8 billion over four years to continue strengthening forest and wildfire resilience statewide. The proposed Budget maintains $2.7 billion of these investments over the next five years. However, like other climate related programs, proposals to reduce fire resilience funding are found rather heavily in the Budget:

Shifts

- $162.5 million to the GGRF across 2023-24 and 2024-25 to maintain critical investments in direct fuels treatment programs that restore forest health, build wildfire resilience, and reduce Greenhouse Gas emissions from catastrophic wildfires, including:
    - Fire Prevention Grants ($82 million shift within 2023-24)
    - Department of Forestry and Fire Protection Unit Fire Prevention Projects ($26 million shift to 2024-25)
    - Regional Forest and Fire Capacity ($20 million shift to 2024-25)

Reversions

- $100.7 million reversion for various programs with indirect benefits to fuels treatment or limited-term projects, including:
    - Biomass to Hydrogen/Biofuels pilot ($43.5 million)
    - Conservancy Project Implementation in High-Risk Regions ($27.7 million)
    - Home Hardening Pilot ($12 million)
    - Monitoring and Research ($5.7 million)

- Prescribed Fire and Hand Crews ($5.3 million)
- Forest Legacy ($3.6 million)
- Interagency Forest Data Hub ($2.9 million)

Water
The 2021 and 2022 Budget Acts committed $8.7 billion over multiple years to support drought resilience and response programs to help communities, agriculture, and fish and wildlife avoid immediate impacts from extreme drought. The Budget maintains $7.3 billion of these investments, but over multiple years. The Newsom Administration specified that state water revolving funds will remain in place and additionally allocates $93.9 million one-time funding for critical flood safety efforts.

To balance the Budget, various programs have been proposed for funding shifts, reductions, and delays:

Shifts
- $20.6 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) for the State Water Efficiency and Enhancement Program. Funding being shifted for the Program is delayed to 2024-25.

Delays
- $100 million delay until 2025-26 for Water Recycling and Groundwater Cleanup. The Budget maintains $348 million previously allocated to this program.

Reversion/Reductions
- $174.4 million reversion for the Water Recycling and Groundwater Cleanup program. The Budget maintains $348 million previously allocated to this program.
- $88.4 million reversion and a reduction of $350 million over the next two years for various Watershed Climate Resilience Programs within the DWR and the Wildlife Conservation Board. The Budget maintains $56 million previously allocated to these programs.
- $71.6 million reversion and $30 million reduction for Per-and Polyfluoroalkyl (PFAS) support. The Budget maintains $53 million previously allocated to this program.
- $50 million reversion for Dam Safety Investments. The Budget maintains $50 million previously allocated to this program.
- $6.75 million reduction to the Forecast Informed Reservoir Operations for runoff forecasting. The Budget maintains $10 million ongoing in baseline support for the program.

Energy
The 2022 Budget Act provided a total of $7.9 billion in energy investments to expedite the state's transition to clean energy, fund critical grid reliability programs, and address energy affordability challenges. The proposed Budget maintains approximately $6.6 billion of the planned 2022 energy investments. A particular highlight includes $1 billion over the next three years beginning in 2023-24 to fund initiatives under the Clean Energy Reliability Investment Plan, subject to future appropriation.

Shifts
- $56.9 million to the Greenhouse Gas Reduction Fund (GGRF) in 2024-25 for the Long Duration Storage Program at the CEC. The Budget maintains $330 million for the program with this shift.
- $50 million to the Greenhouse Gas Reduction Fund (GGRF) for the Oil and Gas Well Capping program at the Department of Conservation. Funding being shifted for the program is delayed to 2024-25.

Delays

- $400 million in 2024-25 and $400 million delay in 2025-26 for the Clean Energy Reliability Investment Plan (CERIP).
- $200 million ($75 million in 2024-25 and $125 million in 2025-26) for the Residential Solar and Storage Program. Instead, $100 million in 2026-27 and $100 million in 2027-28 would be available. The Budget maintains the $630 million to the CPUC for this program.
- $55 million for the Distributed Electricity Backup Assets Program at the California Energy Commission (CEC), with $25 million delayed until 2025-26 and $25 million delayed to 2026-27. The Budget maintains $595 million, with $495 million in 2023-24, $25 million in 2024-25, $50 million in 2025-26, and $25 million in 2026-27 for the program and $100 million for DWR for this program through 2027-28.

Reversions/Reductions

- $283 million reduction and a shift of $87 million to the GGRF for the Equitable Building Decarbonization Program at the CEC. The Budget maintains $639 million to the CEC for this program.
- $40 million reversion for the Carbon Removal Innovation Program at the CEC. The Budget maintains $35 million to the CEC for this program.
- $35 million reversion for the Hydrogen Grant Program at the CEC. The Budget maintains $65 million to the CEC for this program.
- $22 million reversion for the Industrial Decarbonization Program at the CEC. The Budget maintains $68 million to the CEC for this program.
- $20 million reversion for the Capacity Building Grants Program at the California Public Utilities Commission (CPUC). The Budget maintains $10 million for this program.
- $10 million reversion for the Displaced Oil and Gas Worker Pilot Fund at the Employment Development Department. The Budget maintains $30 million General Fund for this program.
- $6.4 million reduction to the California Electric Homes Program by the CEC.

Transportation

The 2024-25 Budget maintains $13.6 billion for transportation investments that align with the state's climate goals, which is similar to allocations in recent years:

- $7.7 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to reduce traffic congestion and greenhouse gas production.
- $4.2 billion to Proposition 1A for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- $1.4 billion for Active Transportation Program projects, the Highways to Boulevards Pilot, and climate adaptation projects.
- $1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- $350 million for grade separation projects that support critical safety improvements and expedite the movement of traffic and rail by separating the vehicle roadway from the rail tracks.

The Budget makes reductions, shifts, and delays in funding across various transportation programs to help address the shortfall, totaling $200 million in General Fund reductions, $791 million in shifts, and $3.1 billion in delays.

Reductions

- $200 million to the Active Transportation Program.
    - *RPPG Note:* ***This leaves the Active Transportation Program with $850 million in one-time funding. To ensure no impact on previously awarded projects, the $200 million reduction will be backfilled from ATP funding that was anticipated to be available for allocation in future cycles. This, however, means that future awards may be considerably more competitive.***

Shifts

- $529.7 million from transit and rail project competitive grants to the Greenhouse Gas Reduction Fund.
- $261.4 million of the remaining $1 billion to the Greenhouse Gas Reduction Fund.

Delays

- $2.1 billion to the Competitive Transit and Intercity Rail Capital Program from 2021-22 to as late as 2027-28 to align the budget with expenditure schedules. This will not have a programmatic impact.
- $1 billion of transit and rail project formula grants from 2024-25 to 2025-26, leaving $1 billion remaining in 2024-25.

ZEV Infrastructure

The 2021 and 2022 Budgets committed $10 billion over five years in investments to the state's zero-emission vehicles (ZEV) agenda. The 2024-25 Budget maintains the $10 billion in investments, with specific focus on disadvantaged and low-income communities. Particular highlights include:

- $1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- $1.1 billion for the Zero Emission Transit Capital Program.

Reductions

- $38 million in total reductions in the General Fund for various programs including:
    - $23.5 million reduction in Drayage Trucks and Infrastructure Pilot Project.
    - $7.3 million reduction in ZEV Manufacturing Grants.
    - $7.3 million reduction in Emerging Opportunities.

Shifts

- $475.3 million in total shifts from the General Fund to the Greenhouse Gas Reduction Fund for various programs including:
    - $218 million shift to ZEV Fueling Infrastructure Grants.
    - $157 million shift to Drayage Trucks and Infrastructure.
    - $28.5 million shift to Transit Buses and Infrastructure.
    - $71.3 million shift to Clean Trucks, Buses and Off-Road Equipment.

Delays

- $600 million in total delays from the General Fund to the Greenhouse Gas Reduction Fund across 2024-25 to 2027-28 for various programs including:
    - $45 million delay in Clean Cars 4 All and Other Equity Projects.
    - $120 million delay in ZEV Fueling Infrastructure Grants.
    - $80 million delay in Equitable At-home Charging.
    - $98 million delay in Drayage Trucks and Infrastructure.
    - $137 million delay in Clean Trucks, Buses and Off-Road Equipment.

- $100 million delay in Community-Based Plans, Projects and Support/Sustainable Community Strategies.
  - *RPPG Note:* ***As the Agency continues to meet its obligations under the Clean Fleet regulations these funding sources will be important for conversion. Delays in funding run counter to the policy goals set by the Administration.***

Economic Development

RPPG Note: ***For major economic development programs tracked by local agencies, the Governor's budget proposal is a "glass half-full." Compared to cuts made in housing and other policy areas, these programs were relatively spared, and some even augmented. CERF is funded at $100 million annually over three years, and having $300 million in funding "delayed," is better than having it permanently "reduced or reverted." An additional $60 million is proposed for California Competes grants, and $50 million to recapitalize the IBank's Infrastructure State Revolving Fund.***

In brief, the Budget:

Allocates

- $60 million to extend the California Competes grant program for one additional year.
- $50 million to recapitalize the IBank's Infrastructure State Revolving Fund.

Delays

- $300 million (out of the original $600 million appropriated) to the Community Economic Resilience Fund (CERF), now called California Jobs First, while still including $100 million General Fund annually in 2024-25 through 2026-27 for this program to support resilient, equitable, and sustainable regional economies.

Reductions

- $10 million reduction to the Emergency Medical Technician training program at EDD. The Budget maintains $30 million General Fund for this program over two years.

Public Safety

During the January 10 press conference, the Governor mentioned "creating a safer California" as one of his top priorities and said that as part of his public safety plan, the state would be hiring 1,000 new California Highway Patrol officers. He also touted the county and city partnerships that his Administration has made to fund grant programs to address organized retail theft. He further stated that, "A state's vision and commitment is realized at the local level."

Maintains

- The Budget maintains $1.1 billion in recent public safety investments to keep Californians safe, including:
  - $373.5 million in General Fund over four years to combat organized retail theft and to bolster local law enforcement efforts to address retail theft and other crimes.
  - $200 million in General Fund over three years for the California Violence Intervention and Prevention (Cal VIP) Grant Program.
  - $15 million in one-time General Fund across 2021-22 and 2023-24 on raising awareness on gun violence restraining orders.
  - $75 million in one-time General Fund over three years to increase support for local law enforcement mutual aid, including support during disasters and emergencies.

- $15 million in one-time General Fund over three years for the California Internet Crimes Against Children Task Force.
- $65 million in one-time General Fund for officer wellness and training, including research and grants to support peace officers' physical, mental, and emotional wellness. Additionally, a Use of Force and De-escalation Training pilot program was added to fortify positive policing strategies.
- $10.7 million over three years in General Fund to the California Highway Patrol for the Highway Violence Task Force.
- $5.5 million in one-time General Fund to the California Highway Patrol for the Sideshow Task Force, which is meant to combat illegal street racing and sideshow activities.
- $30 million in General Fund over two years to further expand the Military Department's existing drug interdiction efforts to prevent drug trafficking by transnational criminal organizations throughout the state, with a particular focus on assisting federal, state, local, and tribal law enforcement agencies in combatting fentanyl.
- $87.8 million in net General Fund savings from Proposition 47. These funds are allocated according to the formula specified in the ballot measure, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use treatment services).

Reductions

- $21 million in the Office of Emergency Services Gun Buyback Program.
- $20 million in the Judicial Council Firearm Relinquishment Grant Program.
- $835,000 reduction in the Proud Parenting Grant Program.

Loans

- A Budgetary loan of $100 million from the Cannabis Tax Fund to the General Fund is proposed from resources not currently projected to be used for operational or programmatic purposes.

TIMELINE: STATE BUDGET ADOPTION

Budget Hearings Begin: Budget committees in each house of the Legislature will meet and confer over specific items germane to their respective policy areas. Each house will move to adopt its version of the state Budget leading into final negotiations with the Governor.

Mid-May: The Governor will release an updated fiscal forecast with potential revisions of the number shown above in mid-May, known as the "May revise".

June 15: The Legislature must vote on a balanced Budget package, the main Budget bill, to send to the Governor by June 15th to adhere to the constitutional deadline.

Budget Deal: Prior to the Democratic supermajority in both houses, the Assembly and Senate would convene a Budget conference committee to resolve differences in their respective spending plans. However, it is now more commonplace that the Administration and legislative leadership negotiate a deal privately.

June 30: The Governor then has a deadline of June 30 to sign the balanced Budget package and the Budget deal. For both, the Governor may line-item veto specific appropriations. July 1 marks the start of the new fiscal year.

It is important to note that the June 30 constitutional deadline does not apply to Budget Trailer Bills (BTBs), which are bills that 'trail' behind the main Budget bill for purposes of augmentation. BTBs are typically germane to one specific policy category. However, it is commonplace that a general BTB, also referred to as a "Budget Bill Jr," is introduced which amends many sections of the adopted balanced Budget. There can be several iterations of a Budget Bill Jr in any given Budget year.

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EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS in late December 2023 and early January 2024 severe winter storms struck southern California bringing intense rainfall to San Diego and Ventura counties; and

WHEREAS on January 22, 2024, San Diego County experienced historic rainfall for the month of January; and

WHEREAS these winter storms caused widespread flooding, mudslides, and debris flows threatening life and safety, structures, and other critical infrastructure; and

WHEREAS the impacts from these winter storms also caused evacuations, road and school closures, and widespread damage to public and private property; and

WHEREAS under the provisions of Government Code section 8558(b), I find that conditions of extreme peril to the safety of persons and property exist due to these winter storms; and

WHEREAS under the provisions of Government Code section 8558(b), I find that the conditions caused by these winter storms, by reason of their magnitude, are or are likely to be beyond the control of the services, personnel, equipment, and facilities of any single local government and require the combined forces of a mutual aid region or regions to appropriately respond; and

WHEREAS under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the magnitude of the damage caused by these winter storms; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this Proclamation would prevent, hinder, or delay the mitigation of the effects of these winter storms.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in San Diego and Ventura counties due to these winter storms.

IT IS HEREBY ORDERED THAT:

1. All agencies of the state government utilize and employ state personnel, equipment, and facilities for the performance of any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan. Also, all residents are to obey the direction of emergency officials with regard to this emergency in order to protect their safety.

2. The Office of Emergency Services shall provide assistance to local governments, if appropriate, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.

3. As necessary to assist local governments and for the protection of public health and the environment, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services necessary to quickly assist with the response to and recovery from the impacts of these winter storms. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of these winter storms.

4. Any fairgrounds the Office of Emergency Services determines suitable to assist individuals impacted by these winter storms shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and may immediately utilize the fairgrounds without the fairground board of directors' approval.

5. Any state-owned properties the Office of Emergency Services determines are suitable to address the impacts of these winter storms shall be made available to the Office of Emergency Services for this purpose in accordance with Government Code section 8570.

6. The provisions of Unemployment Insurance Code section 1253 imposing a one-week waiting period for unemployment insurance applicants are suspended as to all applicants who are unemployed as a direct result of these winter storms and apply for unemployment insurance benefits during the time period beginning December 21, 2023, and ending on the close of business on June 21, 2024, in San Diego and Ventura counties, and who are otherwise eligible for unemployment insurance benefits.

7. Vehicle Code sections 9265(a), 9867, 14901, 14902, and 15255.2, requiring the imposition of fees, are suspended with regard to any request for replacement of an identification card, driver's license card, vehicle registration certificate, certificate of title, or registration stickers, by any individual who loses such records as a result of these winter storms in San Diego and Ventura counties. Such records shall be replaced without charge.

8. The provisions of Vehicle Code sections 4602 and 5902, requiring the timely registration or transfer of title, are suspended with regard to any registration or transfer of title by any individual who is unable to comply with those requirements as a result of these winter storms in San Diego and Ventura counties. The time covered by this suspension shall not be included in calculating any late penalty pursuant to Vehicle Code section 9554.

9. Health and Safety Code sections 103525.5 and 103625, and Penal Code section 14251, requiring the imposition of fees, are suspended with regard to any request for copies of certificates of birth, death, marriage, and dissolution of marriage records, by any individual who loses such records as a result of these winter storms in San Diego and Ventura counties. Such copies shall be provided without charge.

I FURTHER DIRECT that as soon as hereafter possible, this Proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Proclamation.

This Proclamation is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 23rd day of January 2024.

GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY N. WEBER, PH.D.
Secretary of State

January 5, 2024

The Honorable Blanca Pacheco
California State Assembly
1021 O Street, Suite 6240
Sacramento, CA 95814

RE: AB 817 (PACHECO) LOCAL GOVERNMENT: OPEN MEETINGS – SUPPORT AS AMENDED MARCH 16, 2023

Dear Assembly Member Pacheco:

On behalf of the California Association of Recreation and Parks Districts (CARPD), League of California Cities (CalCities), Urban Counties of California (UCC), Rural County Representative of California (RCRC), and California State Association of Counties (CSAC), we are pleased to sponsor this important legislation and thank you for your leadership in removing barriers to entry into civic leadership.

We and the undersigned organizations write to express our strong support for AB 817.

This measure would remove barriers to entry for appointed and elected office by allowing non-decision-making legislative bodies that do not have the ability to take final action to participate in two-way virtual teleconferencing without posting location.

Local governments across the state have faced an ongoing challenge to recruit and retain members of the public on advisory bodies, boards, and commissions. Challenges associated with recruitment have been attributed to participation time commitments; time and location of meetings; physical limitation, conflicts with childcare, and work obligations. The COVID-19 global pandemic drove both hyper-awareness and concerns about the spread of infectious diseases, as well as removed barriers to local civic participation by allowing this same remote participation. This enabled individuals who could not otherwise accommodate the time, distance, or mandatory physical participation requirements to engage locally, providing access to leadership opportunities and providing communities with greater diversified input on critical community proposals.

Existing law (Stats. 1991, Ch. 669) declares "a vast and largely untapped reservoir of talent exists among the citizenry of the State of California, and that rich and varied segments of this great human resource are, all too frequently, not aware of the many opportunities which exist to participate in and serve on local regulatory and advisory boards, commissions, and committees." Under the Local Appointments List, also known as Maddy's Act, this information must be publicly noticed and published. However, merely informing the public of the opportunity to engage is not enough: addressing barriers to entry to achieve diverse representation in leadership furthers the Legislature's declared goals of equal access and equal opportunity.

Diversification in civic participation at all levels requires careful consideration of different protected characteristics as well as socio-economic status. The in-person requirement to participate in local governance bodies presents a disproportionate challenge for those with physical or economic limitations, including seniors, persons with disability, single parents and/or caretakers, economically marginalized groups, and those who live in rural areas and face prohibitive driving distances. Participation in local advisory bodies and appointed boards and commissions often serves as a pipeline to local elected office and opportunities for state and federal leadership positions.

AB 817 would help address these issues by providing a narrow exemption under the Ralph M. Brown Act for non-decision-making legislative bodies that do not take final action on any legislation, regulations, contracts, licenses, permits, or other entitlements, so that equity in opportunity to serve locally and representative diversity in leadership can be achieved. For these reasons, we are collectively pleased to support AB 817 and reiterate our appreciation for your leadership on this most important issue.

If you have questions regarding this letter, please contact Alyssa Silhi at (916) 505-4978 and/or Johnnie Pina at (916) 802-4997.

Sincerely,

Alyssa Silhi
Legislative Representative
California Recreation and Park Districts

Johnnie Pena
Legislative Representative
League of California Cities

Jean Hurst
Legislative Advocate
Urban Counties of California

Sarah Dukett
Policy Advocate
Rural Counties Representatives of California

Eric Lawyer
Legislative Advocate
California State Association of Counties

Dorothy Johnson
Legislative Advocate
Association of California School Administrators

Marjie Kirn
Executive Director
Santa Barbara County Association of Government

Kim Levy Rothschild, CAE
Executive Director
California Association of Public Authorities for IHSS

Bill Higgins
Executive Director
California Association of Councils of Governments

Sarah Bridge
Senior Legislative Advocate
Association of California Healthcare Districts

Oscar Villegas
Chair
Yolo County Board of Supervisors

Danielle Blacet-Hyden
Deputy Executive Director
California Municipal Utilities Association

Erik White
President
California Air Pollution Control Officers Association

Dane Hutchings
Legislative Advocate
City Clerks Association of California

Keith Blackburn
Mayor
City of Carlsbad

James Corless
Executive Director
Sacramento Area Council of Governments

CC: The Honorable Juan Carrillo, Chair, Assembly Local Government Committee
The Honorable Marie Waldron, Vice Chair, Assembly Local Government Committee

February 2, 2024

The Honorable Catherine Blakespear
Member of the California State Senate
California State Capitol
Sacramento, CA 95814

Re: Support for SB 689 (Blakespear): Local Coastal Programs

Dear Senator Blakespear:

I write in support of SB 689 (Blakespear), which will reduce unnecessary delays in developing bike lanes along California's coastline. To accomplish this, SB 689 will streamline coastal permitting to convert a travel lane to a bike lane by providing that these changes qualify to be processed as 'de minimis' LCP amendments.

Local Coastal Programs (LCPs) are critical coastal planning documents that allow California's 76 coastal zone cities and counties to implement the Coastal Act at the local level. The standard LCP amendment process can be costly and time consuming, as thorough studies and public hearing testimony may be required. 'De minimis' amendments have no individual or cumulative impact on coastal resources; therefore, their review requires minimal noticing and no public hearings if authorized by the Executive Director of the Coastal Commission.

In Carlsbad, injury collisions involving bikes and e-bikes increased over 200% from 2019 to 2022. The City of Carlsbad proclaimed a local emergency on traffic safety Aug. 23, 2022, and the City Council approved emergency funding of $2 million to immediately launch a range of education, engineering and enforcement actions to enhance traffic safety throughout the city. Although the emergency proclamation has ended, the city continues to prioritize traffic safety initiatives, including several coastal road improvement and bike lane enhancement projects.

The City of Carlsbad supports legislation that provides for safe, effective and efficient transportation alternatives for all travel modes, and which promotes the enhancement of coastal access and coastal public infrastructure. For these reasons, the city supports SB 689 (Blakespear) and your efforts to allow for a 'de minimis' LCP amendment process for establishing new bike lanes in the coastal zone. Should you have any questions, please contact our legislative advocate Sharon Gonsalves with Renne Public Policy Group at (916) 974-9270.

Sincerely,

Keith Blackburn, Mayor
City of Carlsbad

City of Carlsbad City Council
City Hall 1200 Carlsbad Village Drive | Carlsbad, CA 92008 | 442-339-2820 t

January 18, 2024

Attachment H

To: Jason Haber, Intergovernmental Affairs Director
Allegra Frost, Assistant City Attorney
City of Carlsbad

From: Sharon Gonsalves
Director of Government Affairs
Renne Public Policy Group

RE: **AB 205 Status Update: Utility Income Graduated Fixed Charge**

Below is a general summary of the AB 205 enacted utility graduated income fixed charge proposal currently under consideration by the California Public Utilities Commission (CPUC). This memo is informational only and reflects the current status as of this date—not a final decision. RPPG has been monitoring activities since this Budget Trailer Bill was passed and will continue to track new developments. We hope that this will be a useful general background document to prepare your agency for questions that ratepayers in your community may have as more of the public becomes aware of the pending rate increases. Please contact our office with questions, should you have them.

BACKGROUND: "UTILITY TAX"

On June 30, 2022 Governor Newsom signed Assembly Bill 205 (AB 205), a Budget Trailer Bill which contained a variety of energy measures and a little-noticed provision to mandate an income-graduated fixed charge on all ratepayers. The provision removed the previous fixed charge cap of $10 per month, making the potential fixed charge unlimited. AB 205 establishes an income-graduated basis with no fewer than three income thresholds. This means that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage. The intention of this legislation was to make electrification affordable by subsidizing electricity for low-income customers. However, the bill will impact all other ratepayers by increasing their monthly fees before a single kilowattage of energy is used.

AB 205 requires the CPUC to authorize a fixed charge for default residential rates and implement the Legislature's three-tiered income-based system no later than July 1, 2024. The bill was passed in three days with no public discussion. It was signed into law by the Governor on June 30, 2022 and the CPUC issued an Order Instituting Rulemaking on July 14, 2022 to set forth the process to implementation.

STATUS UPDATE: FIXED CHARGE PROPOSALS

Parties involved in the CPUC have been addressing the fixed charge and structuring income brackets for the fixed charge through submissions of opening briefs.

Current Pricing Proposals

The joint opening brief from major utilities suggests fixed charges ranging from $13-$51 (PG&E), $24-$73 (SDG&E), and $10-$51 (SCE). Clean Coalition proposes lower fixed charges ranging from $0-$18.51. Utility Reform Network and NRDC propose charges ranging from $5-$40.17. The proposals aim to balance the need for higher fixed charges with lower volumetric rates to address California's high electricity costs while ensuring affordability. However, the proposals also would represent the highest fixed charges in the country, between $30 to $70 per month, which is three to seven times the national average.

Proposed Ruling Timeline

The ruling on the fixed charges is expected to arrive in early Spring with a final decision, as mandated by AB 205, coming by July 1, 2024.

Rising Opposition: Potential Legislative Solution

Many state lawmakers now admit they were not aware of the fixed charge provision in AB 205. Since the fixed charge proposals were presented earlier last year, there has been significant public outcry in response.

Early last fall, a coalition of over 200 organizations sent a letter to the CPUC opposing the high fixed charge. In October, 22 Assemblymembers sent a strongly worded letter to the CPUC sharply criticizing the proposed high fixed charge and asking for robust public participation. Senator Josh Becker (D, Menlo Park) and Assemblymember Marc Berman (D, Menlo Park) have also authored an op-ed with a similar message.

Opposition stakeholders are calling on the Legislature to immediately repeal Public Utilities Code Section 739.9, as enacted by AB 205, through a current Budget Trailer or other bill. They cite high costs and impacts on working families, higher charges discouraging energy conservation—which runs counter to state goals, and a disconnect between the Utility Tax proposals and incentivizing electrification. Additionally, the CPUC proceeding has shown that the income verification of all customers that would be needed to implement a three-tiered fixed charged program is riddled with issues, raising privacy and data security concerns that have not yet been solved for.

BACKGROUND: CALIFORNIA PUBLIC UTILITIES "UTILITY TAX" PROCEEDING

- July 14, 2022: CPUC issued an Order Instituting Rulemaking, emphasizing the objectives of enhancing system reliability, affordability, and equitable electric bills.
- November 2, 2022: CPUC Commissioner issued a scoping memo and ruling, organizing the proceeding into two concurrent tracks. Track A focuses on establishing income-graduated fixed charges (IGFC) for residential rates across all investor-owned electric utilities. Track B aims to streamline demand flexibility rates for large investor-owned utilities, addressing the need for new systems and processes to access dynamic electricity prices.
- June 19, 2023: Administrative Law Judge (ALJ) issued a ruling on the implementation pathway for IGFCs, including plans for a gradual approach, intending to gain experience from the initial IGFC version. The ALJ's proposed decision in the first quarter of 2024 will authorize IGFCs, provide guidelines for design, and establish a timeline for future IGFC development. The proposed timeline anticipates the earliest implementation of IGFCs in rates by the end of 2026.
- August 15, 2023: ALJ denied a motion for Public Participation Hearings as untimely due to logistical challenges and the risk of missing the statutory deadline of July 1, 2024.
- December 18, 2023: ALJ ruled instructing PG&E, SCE, and SDG&E to submit additional information on proposed budgets for implementing income-graduated fixed charges by January 24, 2024. Large Utilities were directed to provide detailed information on budget categories, such as billing system updates, online rates tool updates, customer support, administrative and project management support costs, marketing, education, and outreach, and a separate tier for customers with incomes at or below 100 percent of the federal poverty guidelines. PG&E, specifically, is directed to provide information on timing and costs for implementing IGFCs and potential use of existing billing system elements.

RPPG continues to monitor activities and will continue to provide updates when a decision has been proposed and/or if Legislative developments arise in coming months as the 2024 policy and fiscal processes unfold.

###

January 31, 2024 Attachment I

To: Jason Haber, Intergovernmental Affairs Director
Allegra Frost, Assistant City Attorney
City of Carlsbad

From: Sharon Gonsalves
Director of Government Affairs
Renne Public Policy Group

RE: **AB 205 Status Update: Bill Introduced to Repeal the Utility Income-Graduated Fixed Charge**

On January 30, Assemblymember Jacqui Irwin (D, Thousand Oaks) held a press conference with 13 other Democratic legislators from both the Assembly and Senate announcing a joint effort to repeal the income graduated fixed charge (IGFC) language passed by the Legislature and signed by the Governor in 2022. The press conference can be viewed here.

Repealing the "Utility Tax"
Assemblymember Irwin is leading the effort to repeal this section with the introduction of AB 1999. The bill language became available late on January 30th and already has bicameral support with 19 coauthors.

Of note, several legislators who attended the press conference and are co-authors of AB 1999 also sit on committees that are likely to weigh in on the proposal as it makes its way through the legislative process, including Assembly Utilities and Energy Committee members Assemblymembers Damon Connolly (D, San Rafael), Rebecca Bauer-Kahan (D, Orinda), and Phil Ting (D, San Francisco).

Several others are sitting members of the Assembly Budget Committee and while this proposal is a policy discussion, it is repealing a budget action. It is clear that there is support at least in part for the notion that this portion of the budget language should not have been included without more debate. Assemblymember Ting was the former budget chair under Speaker Rendon when AB 205 was passed. At the press conference he stated that the California Public Utilities Commission (PUC) did not include constituents or the Legislature in its deliberations on this policy in the Fall of 2023. He further stated that, "*We are very concerned that we have unelected bureaucrats making decisions that are impacting every single ratepayer in this entire state and with very little accountability*." Assemblymember Irwin also stated that she and the accompanying legislators have been in ongoing talks since the Fall of 2023 with the Governor's office, investor-owned utilities, and the PUC.

Additionally, Senator Scott Wiener (D, San Francisco) attended the press conference and also released a letter cosigned by nine other Senators and addressed to the PUC which expressed "deep concerns" about the income-graduated fixed charge and urged the PUC not to adopt the policy.

Additional Oversight of Utility Rates and the PUC
Assemblymember Irwin announced that the new Chair of the Assembly Utilities and Energy Committee, Assemblymember Petrie-Norris (D, Irvine), has committed to oversight hearings on this subject moving forward. She stated, "We want to make sure that we have oversight hearings...we want to look at the

money that's gone to fire mitigation and yet PG&E has a failing report, we want to see why that is happening." Irwin also expressed that she and her coauthors want to see a more open process at the PUC.

Climate Goals and Energy Rates

Legislators in attendance additionally spoke of the need to continue to incentivize actions around electricity and transportation that are designed to meet the state's climate goals, while keeping costs down for consumers. Opposition voiced at PUC level throughout this proceeding made the point that increased rates for some and decreased rates for others separated from usage run counter to the state's goals of energy conservation and incentivizing changes in consumption.

AB 205: "Utility Tax" Background

As reported by RPPG in the AB 205 update memo sent to you on January 18, there was a provision in a 2022 budget trailer bill, AB 205, requiring the PUC to establish a utility income-graduated fixed charge on all ratepayers, with no fewer than three income thresholds. This means that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage while other ratepayers would experience an increase to their monthly bill without respect to usage. The proceeding to develop the rate structure is currently underway at the PUC and must be implemented by July 1, 2024 according to current statute.

RPPG continues to monitor developments. We look forward to your feedback and will keep you updated on the status of AB 1999 and any related legislation that may be introduced on this matter.

###

Proposition 1
March 5, 2024 Statewide Ballot
Behavioral Health Infrastructure Bond Act of 2024[i]

Summary: This measure is a policy effort to address "behavioral health," a term defined to mean homeless, youth and other individuals suffering from either "mental health" or "substance use" disorders, by building more housing and treatment facilities through bond funds, and offering comprehensive treatment options by revising the priorities for, and allocation of, $3 billion[ii] in annual funding counties receive for mental health services under the Mental Health Services Act. The language is derived from two separate bills signed by the Governor:

- AB 531 (Irwin), a $6.380 billion Behavioral Health Infrastructure Bond.
- SB 326 (Eggman),[iii] a measure revising the Mental Health Services Act (MHSA)[iv].

Bond Proceeds: $6.380 billion in general obligation bonds are proposed to be allocated as follows:

- <u>$2.893 billion</u> to the State Department of Health Care Services (DHCS) for grants. These funds would be allocated under the existing Behavioral Health Continuum Infrastructure Program,[v] with a priority treat persons with behavioral health disorders in the least restrictive and costly setting[vi], and used to:
    - Construct, acquire, and rehabilitate real estate assets.[vii]
    - Invest in needed mobile crisis infrastructure to expand the community continuum of behavioral health treatment resources.
    - Build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, mobile crisis, community and outpatient behavioral health services, and other longer term treatment and rehabilitation options.
- <u>$1.987 billion</u> to the Department of Housing and Community Development (HCD) to issue loans or grants under the existing Multifamily Housing Program to eligible sponsors[viii] to assist homeless veterans and other homeless individuals, as follows:
    - $1.065 billion to acquire capital assets for the conversion, rehabilitation or new construction of permanent supportive housing, including scattered site projects, for veterans[ix] and others who are experiencing homelessness or are at risk of homelessness and meet the criteria of the target population.[x]
    - $922 million to acquire capital assets for the conversion, rehabilitation or new construction of permanent supportive housing, including scattered site projects, for persons who are homeless, chronically homeless, or at risk of homelessness[xi] and are living with a behavioral health challenge[xii].
- <u>$1.500 billion</u> to be awarded to cities, counties, city and counties, and tribal entities for grants, grant implementation and oversight for the purposes specified (above) in the DHCS' Behavioral Health Continuum Infrastructure Program. A minimum of $30 million is required to be awarded to tribal entities. Existing applicants for this program (WIC. Sec. 5960.15) are required to meet stringent matching requirements, including all of the following conditions:
    - Provide matching funds or real property.
    - Expend funds to supplement (not supplant) to construct, acquire and rehabilitate real estate assets.
    - Report data quarterly to DHCS for five years.
    - Operate the financed facility for a minimum of 30 years.

"By Right" Development of Bond Funded Projects:

- HCD Funded Projects: Requires any housing development project funded, in whole or in part, via grants issued by the Department of Housing and Community Development (HCD) that are located in a zone where multifamily[xiii] residential use, office, retail or parking are a principally permitted use shall be deemed a use "by right," thus exempting it from local discretionary land use approvals and environmental reviews. The site and project must meet the following requirements:
    a. 75 percent of the site must border existing urban uses.
    b. It must meet the requirements related to wetlands, high fire hazard severity zones, conservation easements and other lands specified in subparagraphs (B) through (K) of paragraph (6) of subdivision (a) of Sec. 65913.4 of the Government Code. *(This cross-reference does not pick up, and thus, appears to exclude, the Coastal Zone.)*
    c. It must not be bordered by sites where more than 1/3 of the square footage is dedicated to industrial use.
    d. No housing may be acquired by eminent domain.
    e. Projects must meet objective zoning, subdivision and design review standards, and a streamlined ministerial review process which mirror the process applicable to AB 2011 (Wicks), Ch. 647 of 2022).

2) DHCS and City/County Funded Projects: Requires projects funded by the State Department of Health Care Services (DHCS), including those funded by grants to cities, counties, and cities and counties shall be "by right" and satisfy the ministerial review "process and filing" requirements that HCD-funded projects must comply with, but makes the following locational exceptions:
    a. Requires a project that is a "behavioral health treatment and residential setting"[xiv] to be in a zone where residential[xv], office, retail or parking are a principally permitted use.
    b. Requires projects *(not otherwise covered by the exception for "behavioral health treatment and residential setting exception described above in (a*), or considered affordable housing), to be located in a zone where office, retail or parking are a principally permitted use.
3) Labor Requirements: Requires all workers on any housing development or behavioral treatment or residential facility project funded, in whole or in part by the bond, to be paid prevailing wages. Requires projects over 50 units to meet additional labor skilled and trained conditions.[xvi]

Revisions to the Mental Health Services Act:

1) Expands Scope: Expands the scope of the Act from "mental health," to "behavioral health," which is defined to mean treatment persons with *either* mental health or a "substance use disorder."[xvii] Revises terminology throughout the Act to replace references to "Mental Health" with "Behavioral Health."
2) Revises Funding Allocation: Substantially revises funding allocation of the Act. Under existing law, funds are allocated to counties, as follows:
    i. Early Intervention: 20 percent to preventive and early intervention treatment programs to address mental illness.
    ii. Services to Children and Adults: 80 percent for mental health services to children and adults, of which five percent may be used for innovative programs. Housing assistance is also an authorized service for adults, but not for those (including

homeless) with a substance use disorder unless they are also diagnosed with a mental disorder.[xviii]

As revised, the funding would be allocated to counties as follows:

Housing Interventions: 30 percent (approximately $1 billion statewide annually) for housing interventions program. Counties are required to adopt housing intervention program. [xix]At least ½ of these funds must be spent on the chronically homeless, with a focus on those living in encampments, and no more than 25 percent on capital projects. Counties, however, are not required to use housing intervention funds for those with substance use disorders. Affordable housing capital projects funded under this program are required to be approved "by right" provided they meet specific location and other requirements applicable to HCD' bond-funded projects, including labor provisions.[xx] *Individual counties are authorized to request exemptions from (DHCS) from these funding levels and requirements, based on various factors associated with the local homeless population. Small counties (less than 200k population) may make these request beginning with their required three-year integrated plan in FY 2026-29. Larger counties cannot request exemptions until their FY 2032-35 three-year integrated plans.*

- Full Service Partnerships: 35 percent (approximately $1.05 billion statewide annually) for "full-service partnership programs," providing a broad spectrum of mental health services, supportive services, and substance use disorder treatment services. *Individual counties are authorized to request exemptions from (DHCS) from these requirements, based on various factors including county population and client counts, beginning with their FY 2032-35 three-year integrated plans. Any housing interventions for clients under this program must be paid for from the housing intervention (30 percent) set-aside.*
- Early Intervention, Workforce Training and Outreach: 35 percent (approximately $1.05 billion statewide annually) for the Behavioral Health services and supports for children and adults. At least 51 percent of these funds shall be used for early intervention programs, of which over half shall be directed at serving those age 25 or younger. Other eligible expenditures include for outreach and engagement, workforce education and training, capital facilities and technological needs, and innovative behavioral health pilots and projects.

Counties are provided some latitude to transfer up to 14 percent of funds received between the above allocations, with DHSC approval, provided that no single allocation is reduced by more than seven percent.

3) Reduces Reserve Requirements: Reduces from 33 to 20 percent the reserves counties are permitted to retain, to adjust for volatility of the Act's revenues (over rolling five-year periods). Small counties, under 200k population, however, may retain 25 percent. A stakeholder working group is established with authority to make recommendations by June 30, 2025 to the Legislature and Governor to alter these percentages.
4) Requires Counties to Adopt Integrated Behavioral Health Plans: Requires counties to adopt, and update every three-years, commencing with FY 2026, an Integrated Plan for Behavioral Health Services and Outcomes. These plans are required to be extremely detailed, developed with input from a wide range of local stakeholders, and demonstrate how counties propose to use funds provided by the Act, and leverage and coordinate the use of Medi-Cal, commercial health plans and other funds, for behavioral health services, including early intervention, the needs of adults, children and the chronically homeless. Counties (except for those with less than 200k population) are required to consult with the five most

populous cities in their jurisdiction, managed care plans, and continuums of care related to housing interventions funded by the Act.

Comments:

1) **Policy Objectives:** Findings accompanying this measure declare its purposes include modernizing the Mental Health Services Act (MHSA) to focus funds where they are most needed, by expanding treatment to include those with substance use disorders, and prioritizing care for those with serious mental illness, including those experiencing unsheltered homeless. Specific additional findings:
   a. Describe how the limited availability of community-based care facilities and residential settings to support rehabilitation and recovery contributes to the growing crisis of homelessness and incarceration among those living with a serious mental illness and a substance abuse disorder.
   b. State that California has a shortage of over 2,700 subacute and nearly 3,000 community residential beds. In additions, findings provide that over 10,000 veterans were homeless in 2020, and veterans have higher rates of suicide, substance abuse and mental illness.
   c. Declare that funding from the bond and the MHSA reforms is intended to build over 10,000 new treatment beds and supportive housing, assisting over 100,000 people annually.
2) **Mental Illness & Substance Use Disorders Among Homelessness:** A major focus of both the bond proceeds and the revised funding allocations in the MHSA are aimed at increasing the available services and facilities to help homeless individuals get off the streets. The rationale for the expanded focus on "behavioral health," to cover individuals a substance use disorder, is that it would allow a broader spectrum of individuals to be assisted, including homeless individuals. Legislative findings in SB 326, however, indicate that mental illness remains the dominant condition among the homeless population, stating:

   "UC research data reveals the following about homeless individuals:
   i. 82 percent have experienced a serious mental health condition
   ii. 27 percent have been hospitalized for a mental health condition.
   iii. 65 percent report regularly used illicit drugs at some point in their lives. "

   Thus, expanding the focus of the MHSA to address substance use disorders will fill some gaps in assisting the subset of homeless individuals who have not been diagnosed with mental illness.
3) **Potential Impact on Mental Health Funding:** The Mental Health Services Act, in 2004, provided a new, annual funding stream to support a wide range of county mental health programs, now yielding approximately $3 billion per year. By expanding the use of these funds to also address substance use disorders, a condition described in Legislative findings as existing in one in ten adults[xxi], and repurposing some of the funding, could mean diminished mental health resources. This concern was reflected in opposition and concerns arguments in the final SB 326 Senate Floor Analysis.[xxii] Counties, however, are also required to aggressively pursue reimbursement from insurance companies, MediCal and other funding sources, which – if effective – could offset some impacts of broadening the MHSA to address substance use disorders.
4) **Geographic Allocation of Bond-Funded Grants:** Local agencies interested in applying for grants from the $6.380 billion in bond funds should be aware of the different applicable criteria:
   - HCD Allocated Funds: The $1.987 billion allocated to HCD to develop housing to assist homeless veterans and other homeless individuals, will be allocated through its existing Multifamily Housing Program. Under the existing Multifamily Housing Program, geographic allocation is required to be no less than:
     - 45 percent for projects in Southern California.

      - 30 percent for projects in Northern California.
      - 20 percent for projects in rural areas.
   - DHCS Allocated Funds & Local Grants: Unlike HCD's program, there appears to be no clear geographic/regional allocation goals attached to the $2.893 billion for grants allocated to DHCS, or the $1.5 billion for grants available to local agencies. These grants are required to be allocated through the criteria in the existing DHCS' Behavioral Health Continuum Infrastructure Program. In addition to this program's stringent matching requirements,[xxiii] existing statute provides DHCS with complete allocation flexibility stating: "…*the department shall determine the methodology and distribution of the grant funds appropriated for the program pursuant to Section 5960.05 to those entities it deems qualified.*" [xxivxxv]

5) **"By Right" Approvals:** Siting new residential and other treatment facilities for homeless individuals and others suffering from the most acute mental illness and substance abuse conditions will raise concerns with surrounding residents and property owners. This bill attempts to avoid uncomfortable community discussions by having any capital facility or affordable housing funded under this measure to be approved "by right" without local public hearings or environmental reviews. While treatment providers desire to skip public reviews is understandable, it is unfortunate that this legislation does not offer consultation or other opportunities for local communities to have at least some voice in siting options. For example, this proposal provides no recognition for the extensive planning that local agencies have put into their state-certified housing elements, nor does it encourage providers to work with local agencies to site these facilities in locations that make the most sense for a community. Siting these facilities "by right" does not eliminate community concerns or controversy, and can undermine local resident's trust in the state and its actions.
6) **Engagement by Cities in Development of County Plans:** If Proposition 1 is approved by voters, policy discussions will quicky center on the contents of the Integrated Plan for Behavioral Health Services and Outcomes that each county is required to prepare. During the development of these plans, counties (with more than 200k population) are required to consult with a wide range of stakeholders including the five most populous cities in the county. While the language in the measure does not require the expenditures of bond funded projects to reflect priorities in county developed plans, these plans could influence which projects are funded by the bond. Counties must also prepare homeless housing intervention programs. Cities within each county are recommended to work together to advance their common interests, concerns and priorities.
7) **Assessing Potential Impacts:** California voters witnessing homeless suffering from mental illness and substance abuse on a daily basis, are likely to ask: "will this make a significant difference?" The answer is "likely more around the edges." Some positives to point to are:
   a. More available treatment beds and facilities statewide certainly won't hurt. Besides the $6.380 billion in bond funds, another $1 billion annually will be directed to housing interventions annually based on changes to the Mental Health Services Act.
   b. Homeless with substance use disorders will be eligible for more assistance than before.
   c. All individuals (youth and adults) with substance use disorders, not just the homeless, can benefit by expanding the use of funding from the Mental Health Services Act to benefit "behavioral health," which may keep some from becoming homeless.
   d. Counties will be required to adopt housing intervention and behavioral health integrated plans, aimed at improving coordination of programs and resources to better assist those suffering from mental illness and substance use disorders. Better planning and coordination can improve treatment and help existing resources go further.

   Some realities, however, include:

a. $6 billion in one-time bonds, and $1billion for housing interventions annually, is not much when allocated statewide.
b. Homeless individuals may not accept treatment and assistance, even when available.
c. “By right” approval of treatment and residential facilities will be of concern to those closest to the location.
d. Expanding use of the Mental Health Services Act funds to also address “substance use” disorders may dimmish resources that would otherwise be available for mental health.

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[i] Proposition 1 was placed on the ballot by AB 531 (Irwin), which contains the bond’s provisions, and includes multiple (67) sections from SB 326 (Eggman) which makes extensive revisions to the existing Mental Health Services Act.
[ii] This funding stream, which relies on a one percent income tax surcharge on tax fliers with over $1 million, can vary from year to year, but continues to increase over time.
[iii] SB 326 contains 252 pages of proposed changes to the Mental Health Services Act, with the vast majority of these contingent on voter approval of Proposition 1. Sixty-seven different sections of amended law from SB 326 are included in the text of Proposition 1, because changes to the Mental Health Services Act must be approved by voters.
[iv] The Mental Health Services Act (MHSA) was originally approved by the voters as Prop. 63 of 2004, and currently generates approximately $3 billion annually distributed to counties to support various mental health programs. Its funding is derived from a one percent income tax surcharge on taxpayers earning more than $1 million.
[v] This program was authorized by the Legislature in 2021. DHCS reports that the program was awarded $2.2 billion, and has proposed to award these funds through six rounds of grant funding. https://www.infrastructure.buildingcalhhs.com/
[vivivi] Treating individuals with serious mental health or substance use issues is a challenging endeavor. Doing so in the “least restrictive and costly setting” is understandable from a treatment perspective, but it should also be recognized that such facilities will likely have spillover issues on adjoining properties and neighborhoods where they are located. When the placement of such facilities is “by right,” local agencies will have little input on locational options, other than by getting involved in the development of county plans.
[vii] (1) It appears that “real estate assets” funded by the Dept. of Health Care Services may include facilities located in single-family zones. AB 531, WIC Sec. 5960.31 (a)(1) reads: “*The project is a behavioral health treatment and residential setting, including, but not limited to, children’s residential crisis programs, peer respite, children’s and adult substance use disorder residential programs, recovery housing, short-term residential therapeutic program, and social rehabilitation program, and shall be located in a zone where residential, office, retail, or parking are a principally permitted use.”*
Facilities other than those listed above, and affordable housing funded pursuant to SB 326 revisions to the Mental Health Services Act, shall be located in a zone where *“office, retail or parking are a principally permitted use.”* See 59603.1 (a)(2).
[viii] “Sponsors” is defied via cross reference to HSC Sec. 50669, which includes local public entities, as follows: “Sponsor” means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the department as qualified to own, manage, and rehabilitate a rental housing development. A sponsor may be organized for profit or limited profit or be nonprofit.”
[ix] The veteran must have served in the active military, naval or air service, and not had a dishonorable discharge.
[x] The bond, defines “target population” via cross reference to include individuals with a diagnosed or suspected mental illness or a “substance use disorder.”
[xi] As defined by CFR, Title 24, 578.3.
[xii] The bond defines “behavioral health challenge” as including a serious mental illness or a substance use disorder.
[xiii] This definition excludes single-family zones.
[xiv] Defines these as “including, but not limited to, recovery housing, short-term residential therapeutic program, social rehabilitation program, children and adult substance use disorder residential programs, children’s residential crisis programs and peer respite.
[xv] Since this language only says “residential,” it would apply within single-family zones.
[xvi] The cross reference to labor standards in AB 2011, picks up Sections 65912.130, which requires the payment of prevailing wages, and 65912.131, which requires the use of a skilled and trained workforce on projects of more than 50 units.
[xvii] *“Substance use disorder” means an adult, child, or youth who has at least one diagnosis of a moderate or severe substance use disorder from the most current version of the Diagnostic and Statistical Manual of Mental Disorders for Substance-Related and Addictive Disorders, with the exception of tobacco-related disorders and non-substance-related disorders. “Substance use disorder treatment services” include harm reduction, treatment, and recovery services, including federal Food and Drug Administration approved medications.”*
[xviii] WIC Sec. 5600.3 (b)(3)(A) reads: “*(A) The person has a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a substance use disorder or developmental disorder or acquired traumatic brain injury pursuant to subdivision (a) of Section 4354 unless that person also has a serious mental disorder as defined in paragraph (2).”*
[xix] WIC Sec. 5380.
[xx] See WIC Sec. 5831.
[xxi] SB 326. Legislative Findings. Sec. 1. (b).

[xxii] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240SB326

[xxiii] WIC Sec. 5960.15. **"***An entity shall meet all of the following conditions in order to receive grant funds pursuant to Section 5960.05, to the extent applicable and as required by the department:*
(a) Provide matching funds or real property.
(b) Expend funds to supplement and not supplant existing funds to construct, acquire, and rehabilitate real estate assets.
(c) Report data to the department within 90 days of the end of each quarter for the first five years.
(d) Operate services in the financed facility for the intended purpose for a minimum of 30 years."

[xxiv] Existing Section 5960.1 of the Welfare and Institutions Code

[xxv] RPPG staff a reached out to DHCS for clarity on any guidance on geographic/regional allocation they have adopted or plan to adopt associated with these bond funds. RPPG will provide its clients any additional information received from DHCS to better evaluate potential grant opportunities.

Exhibit 2

February 1, 2024

To: Jason Haber, Intergovernmental Affairs Director
Allegra Frost, Assistant City Attorney
City of Carlsbad

From: Sharon Gonsalves
Director of Government Affairs
Renne Public Policy Group

RE: **RPPG Monthly Legislative Summary – January 2024**

LEGISLATURE RETURNS

The California State Legislature officially reconvened for the second year of the 2023-2024 legislative session on January 3. Committee hearings began the second week of January, with dozens of two-year bills heard.

Two-Year Bills

Two-year bills which made it out of their house of origin by the January 31 deadline are now subject to normal deadlines for the remainder of this legislative session, which ends on August 31. A two-year bill is a bill that was introduced in the first year of session but did not advance to the Governor's desk in that first year. Below are some key legislative items that continue to move forward as well as one that failed, as of January 31:

Still Moving

- AB 637 (Jackson) Zero-emission vehicles: fleet owners: rental vehicles
- AB 817 (Pacheco) Open meetings: teleconferencing: subsidiary body
- AB 846 (Bonta) Low-income housing credit: rent increases
- AB 1082 (Kalra) Authority to remove vehicles
- AB 1297 (Quirk-Silva) Public restrooms
- AB 1567 (Garcia) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024
- AB 1657 (Wicks) The Affordable Housing Bond Act of 2024
- SB 7 (Blakespear) Planning and zoning: annual report: housing for extremely low income households
- SB 537 (Becker) Open meetings: multijurisdictional, cross-county agencies: teleconferences
- SB 689 (Blakespear) Local coastal program: bicycle lane: amendment
- SB 867 (Allen) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024

Failed

- SB 719 (Becker) Law enforcement agencies: radio communications

Leadership Changes

On January 31, a resolution was introduced in the Senate to officially elect Mike McGuire (D, Geyserville) as President pro Tempore of the Senate. He will be sworn in on Monday, February 5. We will report on any significant changes to leadership and committees that are subsequently announced. We anticipate changes to top leadership positions and to the Appropriations Committee. There may be movement on some other key legislative committees, but as this was a smooth transition from one pro Tempore to the next, it is not thought that the status quo will be immediately challenged.

Budget Hearings

The Senate and Assembly budget committees held their first hearings of the year on January 23. During both hearings, committee members heard testimony by staff from the Department of Finance and from the Legislative Analyst's Office, the non-partisan research division of the Legislature. Members then made comments and asked questions of the panelists. Following that, testimony from the public was heard. The subject of these first hearings was a general overview of Governor Gavin Newsom's 2024-25 budget proposal, with more detailed discussions to follow in the months ahead in budget subcommittee hearings, which focus on particular issue areas.

By the Numbers

As of January 31, the Legislature had introduced 416 pieces of legislation since reconvening. Many of these are non-substantive spot bills, which means that full bill language has not been introduced and we do not yet know their full content. There are currently over 600 active bills. Over the next two weeks, there will be hundreds more pieces of legislation introduced before the deadline on February 16. It is likely that many of the bills yet to be introduced will deal with what are shaping up to be some of the key legislative issues of 2024: public safety, education, and housing.

SENATE INSURANCE COMMITTEE HEARING

The Senate Committee on Insurance held an oversight hearing on January 24 on "California Department of Insurance: Sustainable Insurance Strategy - A Progress Report on Insurance Market Stabilization." Oversight hearings, like informational hearings, are designed for the Legislature to gather information about in a specific subject area so that they may be better equipped to consider any related legislation. No formal actions are taken at oversight hearings, but comments by committee members and any testimony presented can provide insight into future legislation that may be advanced by the Legislature.

For more than an hour, committee members heard testimony from Insurance Commissioner Ricardo Lara and his team members. There was widespread agreement that the homeowners' insurance market in California is in a crisis and that urgent action is needed by the Legislature. The primary concerns discussed were the rapidly rising costs of homeowners' insurance throughout the state and the withdrawal of several insurance carriers. Commissioner Lara presented a slide deck to the Committee and mentioned several factors that had impacted homeowners' insurance rates, including growing climate threats, historic inflation, and outdated regulations. He also spoke about the "need to change how we regulate the insurance industry."

Hearing Materials:

- Agenda (Attachment A)
- Briefing Paper (Attachment B
- Commissioner Lara's Presentation to the Committee (Attachment C)

ADMINISTRATION ACTIONS

2024-2025 Budget Proposal

As detailed in the RPPG memo sent to the City on January 12 (Attachment D), Governor Gavin Newsom revealed his proposed budget for fiscal year (FY) 2024-2025 on January 10. Governor Newsom is proposing a combination of withdrawing of reserves, deferrals, borrowing, reductions, delays, and shifts in funding sources as part of his $291.5 billion budget (a 1.9% decrease from FY 23-24). It is currently projected that the state will face a $37.9 billion deficit in FY 24-25. The Governor's budget continued to include a focus on homelessness, public safety, climate, healthcare, education, and housing. Over the next several months, the budget proposal will likely be altered, and the May revise may see considerable differences from what the Governor released in January. We will have a much more complete picture of the state's fiscal situation when the main budget bill, Budget Bills Jr, and Budget Trailer Bills, are signed in late June.

Emergency Proclamation

On January 23, Governor Newsom declared a state of emergency in San Diego and Ventura counties to support recovery from winter storms in late December and January. The emergency proclamation includes provisions facilitating unemployment benefits for impacted residents, and waiving fees to replace records such as driver's license cards and birth certificates. The text of the proclamation can be found here (Attachment E).

RPPG MONTHLY LEGISLATIVE ACTIVITY

RPPG continues to review priority bills—keeping City staff apprised of developments on legislation during our standing meetings and throughout the month as needed. RPPG continues to work hand in hand with City staff to gather client-specific information while actively engaging with lawmakers and agency officials on legislation of interest to the City.

Update on Positioned Legislation

RPPG is closely monitoring and providing updates on the following bills on which the City has adopted a position.

- AB 817 (Pacheco) Open meetings: teleconferencing: subsidiary body
    - City Position: Support (See Attachment F)
    - Status: Senate Desk
- SB 689 (Blakespear) Local coastal program: bicycle lane: amendment
    - City Position: Support (See Attachment G)
    - Status: Assembly Desk

AB 817

Alyssa Silhi had meetings throughout the month with Assembly Local Government Committee member offices to ensure AB 817 advanced out of the Committee. Additionally, Alyssa met with 65 Assembly offices in preparation for the AB 817 floor vote. The bill is currently in the Senate awaiting referral.

Budget Memo

RPPG provided the City with a detailed summary of the Governor's budget proposal on January 12. The full budget proposal can be found here.

AB 205 Updates
RPPG provided the City with an update on AB 205 (Chapter 61, Statutes of 2022) on January 18 (Attachment H). The measure enacted a utility graduated income fixed charge currently being considered by the California Public Utilities Commission (PUC).

RPPG provided the City with an additional update on AB 205 on January 31 (Attachment I), highlighting a press conference held by several members of the Legislature that announced the introduction of AB 1999 by Assemblymember Jacqui Irwin (D, Thousand Oaks) that would repeal the income-graduated fixed charge proposed by the PUC. The bill is currently in the Assembly Rules Committee pending referral.

LOOKING FORWARD

- **FEBRUARY 16:** Last day to introduce bills
- **MARCH 3:** Election Day - State and Federal Primary and California Proposition 1 – Behavioral Health Infrastructure Bond Act of 2024 (See Attachment J)
- **MARCH 22—MARCH 31:** Spring Recess
- **JUNE 15:** Legislature must pass the main budget bill
- **JUNE 30:** Governor must sign the main budget bill
- **JULY 4—AUGUST 4:** Summer Recess
- **AUGUST 31:** Last day for the Legislature to pass bills; end of the 2023-2024 session
- **SEPTEMBER 30:** Last day for the Governor to sign or veto bills

INSTITUTE FOR LOCAL GOVERNMENT℠

Ballot Measure Activities & Public Resources

As important as ballot measures are to policymaking, public agencies and officials face important restrictions and requirements related to ballot measure activities.

The basic rule is that public resources may not be used for ballot measure *campaign* activities. Public resources may be used, however, for *informational* activities. The key difference between campaign activities and informational activities is that campaign activities support or oppose a ballot measure, while informational activities provide accurate context and facts about a ballot measure to voters.

This document summarizes some of the key applications of these principles. The law, however, is not always clear and the stakes are high. Missteps in this area are punishable as both criminal and civil offenses. Always check with agency counsel for guidance on how these rules apply in any specific situation.

Public Agency Resources May Be Used To

- ☑ Draft and place a measure on the ballot.
- ☑ Pay for polling to determine whether to place a measure on the ballot.
- ☑ Prepare and distribute an objective and fact-based analysis on the effect a ballot measure may have on the agency and those the agency serves.
- ☑ Express the agency's views about the effect of the measure on the agency and its programs, provided the agency is exceedingly careful not to advocate for or against the measure's passage.
- ☑ Adopt a position on the measure, as long as that position is taken by the governing body at an open meeting where all voices have the opportunity to be heard.
- ☑ Respond to inquiries about the ballot measure in an objective and fact-based manner.

Considerations

- ☑ Agency communications about ballot measures should not contain inflammatory language or argumentative rhetoric, or urge any particular vote.
- ☑ Public employees and elected officials may, on their own time and with their own resources, engage in the following activities:
  - » Work on ballot measure campaigns or attend campaign-related events on personal time (for example, evenings, weekends and lunch hours).
  - » Make campaign contributions to ballot measures, using one's own money or campaign funds (while observing campaign reporting rules).
  - » Send and receive campaign related emails or text messages using one's personal (non-agency) account or device.
  - » Personally endorse or oppose a measure.

Public Officials Should Not

- ☒ Engage in campaign activities while on agency time, in uniform, or with agency resources.
- ☒ Use agency resources (including office equipment, supplies, staff time, vehicles or public funds) to engage in advocacy-related activities, including producing campaign-type materials or performing campaign tasks.
- ☒ Use public funds to pay for campaign-related expenses (for example, television, radio, digital advertising, bumper stickers or signs) or make campaign contributions.
- ☒ Use agency devices or email addresses for campaign communication activities.

Best Practices

- ☑ Inform agency employees and public officials about these legal restrictions, particularly once a ballot measure affecting the agency has qualified for the ballot.
- ☑ Include language on informational materials that clarifies that they are for informational purposes only. For example, "these statements shall not be construed in support of or against XX ballot measure."

WHEN DO THESE RESTRICTIONS KICK IN?

The rules against the use of public resources for campaign activities certainly are triggered once a measure has qualified for the ballot. However, the rules also may apply while a clearly identified measure is in the qualification process. Agencies should always consult with agency counsel regarding the permissibility of specific activities.

DISCLOSURE REQUIREMENTS

Ballot measure expenditures that cross the line into advocacy are also subject to disclosure (transparency) requirements under California's Political Reform Act (Government Code sections 81000 et seq.).

Thank You to Our Partners

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