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To: Sonoma County Board of Supervisors  
CC: Sheryl Bratton, County Administrator  
From: Karen Lange and Paul Yoder  
Date: November 27, 2019  
RE: 2019 State Budget and Legislative Report

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The first year of the California 2019-2020 legislative session ended on September 13, 2019, and Governor Newsom completed the signature and veto process on October 13, 2019. This year, there were 1,833 bills introduced in the State Assembly and 792 in the State Senate, for a total of 2,625 bills. 1,042 bills were sent to the Governor. He signed 870 and vetoed 172, for a veto rate of 16.5%.

The Governor was elected as the 2018 Camp Fire was still burning. On his first day as Governor, he went to Auburn and discussed fire prevention and wildfire response. Later in the year, his first enacted budget included major investments in prevention and suppression. Throughout the year and ongoing, the Governor and his Administration dealt not only with these fire-related issues, but also additional measures to help cure PG&E's bankruptcy as well as address Public Safety Power Shutoff (PSPS) events and their consequences. As we all know too well, additional significant fires occurred in Sonoma County.

Of particular note, the 2019-20 State Budget included an agreement regarding the Sonoma Developmental Center closure process and property disposal. Now, the County will be able to manage the evaluation of the property's future uses and zone accordingly, so as to maximize value at the conclusion of this process, while maintaining consistency with community desires and uses. This is a hard-won and long-sought victory for the County and its residents, which reflects enormous amounts of time and energy by the Sonoma County State Legislative Delegation and your Board. While there is more work to do, the statutory certainty of process and the established role for the County addresses many concerns identified since the announcement of the closure.

#### **WILDFIRE RECOVERY, PREVENTION, PREPARATION AND RESPONSE**

The County requested, but did not receive, a direct and specific allocation to fund the third year of property tax backfill to offset the County's losses associated with the slow rebuild of homes lost in the Tubbs fire. While this was unfortunate, the Governor did approve \$3 million for general assistance related to the flood losses in Sebastopol, out of a \$40 million pot made available to local governments impacted by various more recent disasters. The County also advocated for a third year of living expenses to further assist fire victims; Insurance Commissioner Lara assisted in this, and some insurance companies voluntarily complied while others elected to deal with it on a case-by-case basis. Similarly, the County did, and will continue to, engage directly with the Department of Housing and Community Development and the Governor's Office to push hard for disaster assistance funds to be made available as fast as possible for those victims who have not yet rebuilt.

The enacted State Budget includes critical investments needed to sustain and improve California's emergency preparedness, response, and recovery capabilities. This includes funds to augment the California Department of Forestry and Fire Protection's (CAL FIRE) firefighting capabilities. The Budget also provides a sizable investment in forest management to increase fire prevention and complete additional fuel reduction projects, including increased prescribed fire crews. The Budget also establishes a stable funding structure to implement an

enhanced Next Generation 9-1-1 system and includes funding to protect vulnerable populations and preserve public safety in response to power interruptions planned by utilities during the upcoming fire season.

Below are some highlights of funding allocated in the enacted Budget:

#### Disaster Preparedness, Response and Recovery

The Budget includes \$19.2 million (\$20.4 million ongoing) and 153.5 positions for Cal Office of Emergency Response (OES) and various departments to enhance the state's disaster preparedness, response, and recovery capabilities. The Budget also includes \$20 million one-time General Fund for a state mission tasking appropriation within Cal OES' budget. \$50 million one-time General Fund will be deposited in State Emergency Telephone Number Account (SETNA) to maintain the current level of services and continue implementing improvements to the state's 9-1-1 system.

#### Public Safety Power Shutdown

The Budget includes \$75 million one-time General Fund to work with local governments to protect vulnerable populations and improve resiliency of the state's critical infrastructure in response to utility-led public safety power shutdown (PSPS) actions. This investment provides a flexible source of funding to facilitate immediate response to utility-initiated power shutdowns.

#### Department of Forestry and Fire Protection

The Budget includes \$240.3 million (\$140.9 million ongoing) to enhance CAL FIRE's fire protection capabilities and increase the pace and scale of forest health and fire prevention activities. Investments include:

- Expanding Firefighting Surge Capacity—\$67.5 million General Fund (\$56.9 million ongoing) for CAL FIRE and the California Conservation Corps to enhance the state's fire protection capabilities.
- Enhancing Aviation Resources—\$127.2 million General Fund (\$63.5 million ongoing) to add aircraft with increased tactical capabilities to CAL FIRE's aviation fleet to meet the challenges associated with more severe wildfire activity.
- Supporting Emergency Responders—\$6.6 million from various funds (\$9.3 million ongoing) to expand CAL FIRE's health and wellness program and to provide medical and psychological services as well as peer support to firefighters.

#### Forest Health and Wildfire

The Budget includes \$225.8 million (\$14.7 million ongoing) to implement forest health and wildfire prevention efforts.

### **HOUSING AND HOMELESSNESS IN THE BUDGET**

#### Homelessness

The Homeless Housing, Assistance, and Prevention Program provides for the distribution of \$650 million in funds to assist local governments in addressing homelessness. The allocation is as follows:

- \$275 million to be provided to cities with a population greater than 300,000;
- \$175 million distributed to counties;
- \$190 million to Continuums of Care.

The County-by-County breakdown is not yet available.

## Housing

- Creates expanded judicial remedies that the State can seek against jurisdictions that have engaged in a sustained pattern and practice of failing to adopt or implement a housing element and have been determined by a court to be out of compliance. A jurisdiction will have at least one year following a court order to come into compliance prior to a court imposing enhanced penalties.
- The Court may impose fines on the jurisdiction and require the jurisdiction to deposit any fines collected into the Building Homes and Jobs Fund. The fine shall be in a minimum amount of \$10,000 up to \$100,000 per month and may be increased further if the jurisdiction fails to comply in a prompt manner.
  - For any jurisdiction that fails to pay the court ordered fines, the Court may direct the State Controller to intercept any state or local funds for the purpose of paying the fines. Only funds that could be used to pay the fines under the California Constitution are subject to being intercepted.
- An agent of the court may be appointed with all the powers necessary to bring the jurisdiction's housing element into compliance.

### Planning, Production, and Infrastructure:

Local Government Planning Support Grants Program included in the Budget provide for the division of \$250 million in planning grants between regions and local jurisdictions. There is \$125 million to regional entities and \$125 million to local jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements to accelerate housing production and facilitate compliance to implement the sixth cycle of the Regional Housing Need Assessment (RHNA) process.

The Infill Infrastructure Grant Program of 2019 provides;

- \$500 million in grant funds for housing related infrastructure;
- \$90 million to be set aside for an over-the-counter program for counties with a population of less than 250,000 as of January 1, 2019, or any city within those counties;
- \$410 million for a competitive grant program for larger jurisdictions.

The Low-Income Housing Tax Credits Program will provide for the allocation of \$500 million in new state low-income housing tax credits for new construction projects that receive the federal 4 percent tax credit and increases the eligible basis for these projects to 30 percent. The program will require at least \$300 million of this to be available to new construction projects receiving the federal 4 percent tax credit and allows up to \$200 million to be available to projects receiving assistance from the California Housing Finance Agency (CalHFA).

The Mixed Income Program appropriates \$500 million for CalHFA's, which provides financing for mixed-income housing developments.

## HEALTH AND HUMAN SERVICES IN THE BUDGET

- \$331.5 million one-time General Fund and federal Temporary Assistance to Needy Families block grants in the California Work Opportunity and Responsibility to Kids Program to assist low-income families with paying for housing, food and other necessities.
- \$120 million one-time General Fund for expanded Whole Person Care pilots.
- \$25 million ongoing for the Housing and Disability Advocacy Program, to assist homeless, disabled individuals apply for disability benefit programs.
- \$25 million one-time General Fund, available over three years, for the Bringing Families Home Program to provide housing-related support to eligible families served by county child welfare agencies.
- \$14.7 million General Fund in 2019-20 and \$27.6 million ongoing General Fund for the CalWORKs Homeless Assistance Program to eliminate the requirement that the 16 allowable days of temporary homeless assistance be used consecutively in a year-long period.
- Investments in wraparound services to assist individuals with their housing needs and to mitigate the factors that may be contributing to individuals' homelessness, or to keep people from becoming homeless.

### IHSS Maintenance of Effort:

Of great relief to all counties, the Human Services Omnibus trailer bill, SB 80, was signed by the Governor on June 27, 2019. The State Budget Package resets the base for counties' share of IHSS program costs and adjusts the MOE annual inflation factor. Specifically, the State Budget Package revises the MOE that was negotiated in 2017, including: 1) adjusting the annual inflation factor down from 7% to 4% beginning in 2020- 21; 2) restoring 1991 Realignment growth revenue for health and mental health; and, 3) reducing counties' IHSS MOE to \$1.56 billion. Additionally, once the state minimum wage reaches \$15 per hour, state participation in future county negotiated IHSS wage and/or health benefit increases will be 35 percent and the implementing county will be responsible for 65 percent. Currently, the cost-sharing ratio is 65-percent state/35-percent county for wage/health benefit increases negotiated by counties.

### IHSS Collective Bargaining Agreements:

As part of the IHSS rate relief described above, organized labor representing IHSS workers successfully sought to include penalties for counties that fail to come to a collective bargaining agreement with IHSS workers. Components of the State Budget Package add a new requirement in state law that any county that goes to mediation must hold a public hearing within three days of the factfinding panel's public release of its findings and recommended settlement terms. Additionally, the State Budget Package authorizes a withholding of 1991 Realignment funds when all the following conditions are met:

- The parties have completed mediation and fact-finding;
- The fact-finding panel has issued findings of fact and recommended settlement terms that are more favorable to the employee organization than those proposed by the public authority or nonprofit consortium;

- The parties do not reach a collective bargaining agreement within 90 days after the release of the fact-finding panel's recommended settlement terms; and,
- The collective bargaining agreement for IHSS providers in the county has expired.

Beginning July 1, 2019, any county that has not reached an agreement after the release of the fact-finding panel's recommended settlement terms released prior to June 30, 2019, shall have 90 days to reach an agreement with the employee organization. If no agreement is reached within 90 days, the withholding shall occur on October 1, 2019. The amount of the 1991 Realignment funding withholding shall be equivalent to 1 percent of the county's 2018-19 fiscal year IHSS Maintenance of Effort requirement. The Public Employment Relations Board shall provide written notification to the county and the employee organization within 15 days of determining that the county is subject to a 1991.

Realignment withholding: The board shall also notify the Department of Finance and the State Controller of the withholding assessment. By January 10, 2020, the department shall report to the fiscal committees of the Legislature on the status of all IHSS bargaining contracts in each county. The Department of Finance (DOF) shall also provide an update to the report on the status of the bargaining contracts no later than May 14, 2020. The DOC shall consult with the appropriate employee organizations and the California State Association of Counties to determine the status of bargaining contracts in each county for purposes of producing the reports required pursuant to this subdivision. The provisions sunset on January 1, 2021.

An early version of the proposal from the IHSS workers was markedly more severe and through coordinate county advocacy, the proposal was vastly improved for counties – most of which are not in contract currently. The change in the language constitutes a significant improvement in the language that was only effectuated as a result of county advocacy.

#### Continuum of Care Reform:

\$300 million General Fund for Continuum of Care-related activities, including: \$21.6 million (\$26.7 million total funds) to extend funding on one-time basis to counties for Foster Family Recruitment, Retention and Support; \$14.4 million General Fund (\$20.3 million total funds) to support county child welfare administration activities association with the Resource Family Approval (RFA) process; \$54.5 million GF (\$74.4 million total funds) in 2019-20, of which \$49.5 million General Fund (\$67.6 million total funds) for continued implementation of Child and Family Teams; and, \$4.1 million for to continue Emergency Caregiver Funding at the time of placement.

#### **JUVENILE JUSTICE REFORM**

Recognizing the important need to distinguish between adult corrections and juvenile strategies, the Division of Juvenile Justice is moved from CDCR to a new department, the Department of Youth and Community Restoration, under the California Health and Human Services Agency (CHHS), effective July 1, 2020. The move better aligns California's approach with its rehabilitative mission and core values—providing trauma-informed and developmentally appropriate services in order to support a youth's return to their community, preventing them from entering the adult system, and further enhancing public safety.

To begin the transition, funds were appropriated for key staff to plan for the transition and launch of a new independent training institute that will train all staff on best practices so they can further the new Department of Youth and Community Restoration's rehabilitative mission. In addition, on or before October 1, 2019, the Secretary of California Health and Human Services must convene a committee of the California Child Welfare Council to provide input and recommendations related to the new Department's policies and programs. The

committee shall be comprised of those with experience in trauma-responsive and therapeutic care of youth, youth justice advocates and county probation department representatives.

The transition will also enhance the Department's ability to build enduring partnerships with state and local agencies, as well as develop community partnerships that can provide youth with essential linkage to resources for reentry. The partnership with California Volunteers will assist current and recent Division of Juvenile Justice-committed youths in petitioning for honorable discharge designations, by pairing those youth with credible messenger AmeriCorps volunteers who themselves have had previous experience with the criminal justice system and who can help those youths navigate the petition process.

In addition, the Budget includes \$1.4 million ongoing General Fund to establish a partnership between the Division of Juvenile Justice and the California Conservation Corps to develop and implement an apprenticeship program. This program will provide skill building and job training opportunities to participating members and support them in accessing career pathways upon returning to their communities.

The Budget also includes \$8 million ongoing General Fund to establish therapeutic communities to provide youth with opportunities to discuss, demonstrate, and practice values and skills related to building positive and supportive relationships that transcend racial and gang grouping and mentality, intended to reduce violence and improve program participation.

## **CANNABIS**

AB 97, the Cannabis trailer bill, provides substantial changes made to assist local agencies and cannabis-related businesses in complying with the law. Local agencies have been granted key additional authorities and discretion. It also extends some CEQA provisions that are critical for local ordinance development. The key changes in the bill are as follows:

- Authorizes a licensing authority (including local agencies) to issue a citation to a licensee or unlicensed person for any violations of existing law or regulations related to Control, Regulate and Tax Adult Use of Marijuana Act of 2016.
- Authorizes licensing authorities to assess administrative fines not to exceed \$5,000 per violation for licensees and \$30,000 per violation for an unlicensed person, per day, with due considerations to the appropriateness of the amount, as specified.
- Requires proceeds from citations to be used for the recovery of investigation and enforcement costs and be deposited into the Cannabis Control Fund, and the remaining proceeds to be deposited directly into the Cannabis Fines and Penalties Account and be available upon appropriation by the Legislature.
- Clarifies that the Cannabis Control Appeals Panel is established in the Business, Consumer Services, and Housing Agency and authorizes the panel to hold a closed session for the purpose of holding a deliberative conference, as specified.
- Extends the repeal date for the provisional license provisions to January 1, 2022 and modifies the applicant requirements to provide evidence of compliance with local ordinances (this is extremely important for local agencies working through a substantial number of applications.)
- Requires provisional license to be valid for no more than 12 months from the date it was issued.
- Authorizes a licensing authority, in its sole discretion, to renew the provisional license annually until the licensing authority issues or denies the provisional license. If the licensing authority renews a provisional license, requires the licensing authority to include the outstanding items needed to qualify for an annual license.

- Authorizes a licensing authority, in its sole discretion, to revoke or suspend a provisional license if the licensing authority determines the licensee failed to actively and diligently pursue requirements for an annual license. Requires a licensing authority to cancel a provisional license upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, or withdrawal of an application for licensure.
- Removes the requirement that the Department of Food and Agriculture be the sole determiner of designation and certification.
- Requires that no later than July 1, 2021, the State Department of Public Health establish a certification program for manufactured cannabis products that is comparable to the National Organic Program and the California Organic Food and Farming Act. Exempts the State Department of Public Health from the Administrative Procedures Act for purposes of administering the section.
- Extends the repeal date from July 1, 2019 to July 1, 2021, for provisions that provides that the California Environmental Quality Act does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.
- Authorizes the Governor's Office of Business and Economic Development to administer on behalf of the bureau, the provisions related to the review and granting of funding for cannabis equity programs. Requires an annual report by the bureau to the Legislature regarding the progress of local equity programs funded by these grants and to include a copy of the equity assessment, as defined, and equity program descriptions of each local jurisdiction that applies for grant funding.

## **TRANSPORTATION**

\$4.8 billion in new SB 1 funding is available in 2019-20, with \$1.2 billion available to cities and counties for local road repairs, and another \$1.2 billion available for the repair and maintenance of the state highway system. \$400 million is available to repair and maintain the state's bridges and culverts. \$307 million is available to improve trade corridors, and \$250 million is available to increase flow throughout congested commute corridors. \$458 million is available for local transit operations, and \$386 million for capital improvements for transit, commuter, and intercity rail.

SB 87 directs the repayment of all outstanding General Fund transportation loans, no later than June 30, 2020. This includes \$236 million from the Traffic Congestion Relief Fund, and \$873 million in loaded weight fees. All remaining weight fee revenues are required to be repaid by 2020-21. SB 87 also directs the California Transportation Commission to establish a statewide competitive grant program to fund short-line railroad projects such as railroad reconstruction, maintenance, upgrades, or replacements.

## **WATER**

AB 74 was signed by the Governor on June 27, 2019. This provides funding for flood protection and safe and affordable drinking water. \$92.5 million is available to the Department of Water Resources (DWR) for multi-benefit flood projects, including \$16 million for the Yolo Bypass Phase I implementation, and \$3 million for the Tisdale Weir and Bypass Program. These funds originate from the Water Quality, Supply, and Infrastructure Improvement Fund of 2014. In addition, DWR was also allocated \$98 million from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund for a number of projects including: \$8.52 million for the Reclamation District 17 flood project; 7.88 million for the Southport Setback Levee project; \$55

million for Yolo Bypass Phase I Implementation; \$3 million for the Paradise Cut flood project; and \$15 million for the Butte Slough Outfall Gates project.

SB 200 (Monning) Drinking water, was signed by the Governor July 24, 2019. SB 200 will do the following: identify water systems that consistently fail to provide an adequate supply of safe drinking water; determine the amount of money needed to remedy the situation; facilitate consolidation of failing systems; target aquifers at the greatest risk of water quality issues; and provide operation and maintenance funding for communities unable to do so internally. Additionally, this measure specifies that five percent of the GGRF is continuously appropriated beginning in 2020 with an annual cap of \$130 million. The General Fund will act as a backstop if the Safe Drinking Water Fund falls short. The funding will sunset in June 2030.

#### **LEGISLATION SONOMA COUNTY ADVOCATED ON IN 2019**

AB 55 (Garcia) appropriate on an annual basis the sum of \$11,000,000 from the General Fund to the Department of Veterans Affairs to be available for allocation to counties to fund the activities of county veterans service officers. The measure was held on Assembly suspense. Sonoma was in support.

AB 651 (Grayson) will require a health care service plan contract or a health insurance policy issued, amended, or renewed on or after January 1, 2020, to provide that if an enrollee, insured, or subscriber (individual) receives covered services from a noncontracting air ambulance provider, the individual shall pay no more than the same cost sharing that the individual would pay for the same covered services received from a contracting air ambulance provider, referred to as the in-network cost-sharing amount. This issue was critical for the county due to the rural nature of some portions of the County and the life-saving but extremely expensive cost of air ambulance service. This bill provides greater protections against surprise bills. The Governor signed the measure. Sonoma was in support.

ACA 1 (Aguiar-Curry) lowered local bonds and tax proposals to a 55% voter approval threshold, similar to school bonds. The measure did not advance to the Senate in 2019 but is eligible for votes to move it forward in 2020. Sonoma is in support.

SB 295 (McGuire) McGuire would allow credits or qualified costs relating to qualified home hardening and for qualified costs relating to qualified vegetation management, as defined, in specified amounts. The measure was held on Suspense. Sonoma was in support.

SB 670 (McGuire) will require the Office of Emergency Services, on or before July 1, 2020, to adopt, by regulation, appropriate thresholds for what constitutes a community isolation outage, as provided, and issue a specified notice for that regulation by January 1, 2020. The bill would, upon the adoption of those regulations, require a provider of telecommunications services, as defined, that provides access to 911 service to notify the office, as provided, whenever a community isolation outage limiting the provider's customers' ability to make 911 calls or receive emergency notifications occurs, within 60 minutes of discovering the outage. The bill would make the office responsible for notifying any applicable county office of emergency services, the sheriff of any county, and any public safety answering point affected by the outage. The bill would require the community isolation outage notification to the office to be provided by a medium specified by the office, and to include the telecommunications service provider's contact name, a calling number to be staffed as specified, a description of the estimated area affected, and the approximate communities affected by the outage. The bill would require the telecommunications service provider to notify the office of the estimated time to repair the outage and when service is restored. The Governor signed this bill. Sonoma was in support.



AB 1184 (Gloria) would have, unless a longer retention period is required or established by the Secretary of State pursuant to the State Records Management Act, required a public agency such as a county to retain and preserve for at least 2 years every public record that is transmitted by electronic mail. Sonoma opposed this measure due to costs, and the Governor vetoed it.

## **AUGUST 2019 TRAILER BILLS**

Over the course of the summer recess, after the main budget trailer bills were passed, there were a series of follow-up bills to allocate additional funding and make other adjustments to the budget. There were items of specific interest in those trailer bills for the County:

SB 109 (Budget Act of 2019): \$1.5 million to the County of Sonoma for flood relief.

SB 113 (Housing): \$331 million to be transferred from the General Fund to the National Mortgage Special Deposit Fund in accordance with the appellate court decision and includes intent language to create an ongoing trust to manage the funds. (this is a result of the previous Administration allocating settlement funds to the General Fund instead of putting the dollars to work for those impacted by the lending and mortgage crisis.)

AB 115 (Medi-Cal: managed care organization provider tax). AB 115 implements a managed care organization (MCO) provider tax, effective July 1, 2019, contingent upon federal approval, to be effective for 3.5 fiscal years: 2019-20, 2020-21, 2021-22, and the first half of 2022-23. If the tax can be extended, it would generate additional billions of dollars for health care in California.

## Looking ahead to 2020:

*PSPS:* The first major PSPS occurred in mid-October 2019 and revealed myriad flaws in the process of notification, emergency mechanisms to deal with those persons on medical baseline service and communications flaws between utilities and local and state government units. Further, it likely will increase demand for municipalization, micro-grids and expansion of community choice aggregators. The County should prepare to engage on several fronts regarding PSPS in 2020; there will be numerous legislative proposals on this topic in 2020.

*Homelessness and Mental Health:* The last two enacted budgets included major allocations to cities, counties and COCs to address homelessness in communities across the State. Despite these huge investments, the challenges persist. The County should expect to see a statewide effort from local government to get additional funding, and possibly make it permanent, for local agencies to combat homelessness. Additionally, there are likely to be voter initiative proposals to modify the Mental Health Services Act (MHSA) to allocate it differently. The County is well advised to evaluate how MHSA money is currently spent, what, if any barriers, the County has faced in using the money to achieve best results, and whether there are balances in the local MHSA account.

The presidential primary will be March, 2020; only one statewide ballot measure is currently on that ballot, which is a negotiated \$15 billion school facilities bond to fund transitional kindergarten through 12<sup>th</sup> grade, UC, CSU, the Community Colleges and career technical education facilities.

The November 2020 ballot will be a full and busy one; expected initiatives include the following (those that have already qualified are bolded):

- Split roll tax (a replacement initiative is in circulation to correct some issues, but one will be on).
- Referendum on bail reform.
- Resiliency bond.
- Compulsory treatment for mentally ill, addicted homeless persons.
- Hemp related matters.
- California Ranked-Choice Voting Act.
- Another California Consumer Privacy Act measure.
- Pain and suffering dollar amount awards (AKA Micra).
- A millionaire's tax to fund schools.
- A millionaire's tax to fund housing or homelessness.
- Rent control.

Below is a summary of all the measures SYASL tracked for the Board during the 2019 Legislative session: