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### MEMORANDUM

TO Legislative Committee

FROM Maria C. Tripplaar and Katlyn Koegel

DATE April 8, 2025

RE Federal Legislative Update

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This memo provides a Federal Legislative Update on the items appearing on the agenda for the April 14, 2025, Legislative Committee meeting.

a. Federal Government Update

i. *Congressional Overview*

Congress is preparing to go on a two-week Easter recess beginning April 12<sup>th</sup>. Before that happens, lawmakers are looking for clarity from the White House regarding tariffs and an escalating trade war. While some Congressional leaders are willing to give President Trump space and time to let the tariff gamble work itself out, others are looking for details regarding potential trade deals that could stop the tanking markets.

Upon its return at the end of April, Congress will begin considering budget reconciliation legislation. Republicans in the House are already looking to move forward extending Trump's Tax Cuts, but Republicans are divided on the sources of federal savings outlined in the Senate's budget blueprint. And, while there is consensus to fund elements of Trump's agenda—immigration enforcement and increased military spending—it is unclear how this can be achieved without adding trillions of dollars to the nation's debt. Specifically, this deficit will be almost impossible to bridge without deep cuts to Medicaid, stoking concerns for lawmakers on both sides of the aisle, and reportedly prompting President Trump to promise it won't be touched.

One prominent element of the bicameral discussion of where to find budgetary savings is that of tax-exempt municipal bonds. Municipal bonds are generally referred to as tax-exempt bonds because the interest earned on the bonds often is excluded from gross income for

federal income tax purposes and, in some cases, is also exempt from state and local income taxes. Tax-exempt bonds are a crucial infrastructure financing tool for states, local governments and public entities. According to the National League of Cities (NLC), tax-exempt bonds have financed more than three quarters of our nation's infrastructure. However, these bonds are an area of focus for Congress as it looks to find savings to satisfy budget reconciliation, and many across the country are very concerned by their potential elimination. According to the Assistant County Administrative Officer, the County's outstanding Certificates of Participation bonds ("COPs") are all tax-exempt, including the most recently issued 2019 COPs. We are also looking at refunding the 2015 COPs and were assuming the issuance of tax-exempt COPs to generate savings. Ms. Paolinelli informed me that if tax-exemption were to be eliminated, the County would need to borrow at taxable interest rates, which would significantly increase the borrowing cost. She also shared that the County is looking at issuing tax-exempt COPs for the Mental Health Rehabilitation Center, and the elimination of the tax-exempt bonds would drastically change the affordability of this project. I will continue to closely monitor this topic, as well as any others that might impact the County as budget reconciliation moves forward.

## *ii. Executive Order Updates*

The Trump Administration has been prolific in issuing Executive Orders (EOs), and tariffs are a current area of focus. Significantly, the White House continues implement its tariff-oriented economic policy through EOs, while other nations retaliate in-kind. Specifically, in response to President Trump's 10% tariff on all Chinese imports, announced in February, China imposed retaliatory tariffs on United States goods effective March 10, 2025. This included a 15% ad valorem duty on U.S.-grown chicken, wheat and cotton and a 10% ad valorem duty on sorghum, soybeans, pork, beef, seafood, fruit, vegetables and dairy products.

On April 2, 2025, ("Liberation Day") the Trump Administration announced a baseline ad valorem duty of 10% on all imports starting April 5, 2025. In addition, almost sixty countries will face reciprocal tariffs, as high as 50%, beginning April 9, 2025. The maximum rate varies by country and several key goods are exempt including: energy products, critical minerals, pharmaceuticals and semiconductors. Mexico and Canada are notably absent from the reciprocal tariff list, although each remains subject to a pre-existing 25% tariff addressing fentanyl and migration.

In Beijing the response to the Liberation Day tariffs has been swift, with a retaliatory tariff of 34% beginning April 10 on all United States products. Other countries, including the European Union trading block, are evaluating options and are likely impose their own retaliatory tariffs in the coming days.

Executive action regarding the U.S. Department of Education has also been an area of concern around the country and has been flagged by CSAC as an area the organization is closely following. In particular, on March 21, President Trump issued an Executive Order

(EO) with the goal of eliminating the U.S. Department of Education (ED). The [Improving Education Outcomes by Empowering Parents, States and Communities EO](#) comes a few weeks after the ED issued a notice of its plans to terminate nearly 50 percent of its workforce, and a separate EO on the [Public Student Loan Forgiveness \(PSLF\) program](#).

Additionally, the U.S. Department of Agriculture ([USDA](#)) has [halted millions in food bank deliveries](#) through cuts to the Emergency Food Assistance Program, in addition to the recent spending cuts from the Local Food for Schools Program (\$660 million cut) and the Local Food Purchase Assistance Cooperative Agreement Program (\$420 million cut) directed to schools, food banks, and child care facilities to purchase commodities from local farms.

On April 3, 2025, Annette D'Adamo circulated a survey developed by CSAC to Department Heads. As part of CSAC's ongoing federal advocacy efforts, CSAC developed this survey to gather information from counties on the local impacts of federal executive actions. Recent Executive Orders, workforce reductions, and funding freezes/terminations are affecting the implementation and administration of critically important county projects and programs. CSAC is soliciting feedback from counties for examples of reduced service delivery, stalled projects, and other impacts that can help inform our advocacy with the federal Administration and members of the California congressional delegation. The County is able to submit up to three responses to each survey question, and Annette has asked Department Heads to respond to her by April 9<sup>th</sup> so that she can formulate potential responses on the County's behalf.

I've also included a sample of the CSAC survey here for reference:

### **1. Barriers to Accessing Federal Programming**

A number of counties continue to report barriers and/or delays to accessing certain federal funding streams. If your county departments are having trouble accessing federal program funding – Formula Programs and/or Discretionary Grants - Please indicate using the following fields.

Name of the Federal Program:

Reason for Delay/Barrier to Access (if known):

Expected Award/Funding Amount

### **2. Local Impacts of Executive Actions**

Please provide a narrative explaining how locally administered programs and/or projects are impacted by recent federal executive actions, such as Executive Orders or funding freezes and terminations. Please list discrete projects (e.g., a specific road or defensible space project) or specific county services, and the reason for the delay or impacts, if known. For example, does the project appear to be delayed due to a freeze in federal program funding and/or are the service delivery impacts due to an apparent policy-related review? (e.g., a project being held due to questions regarding

the imposition of DEI-related policies). Please quantify all answers using the following fields.

Name of Project or Program:

Intended Use of Federal Funds:

Reason for Delay/Barrier to Access (if known):

How is this Project/Program/the Community Adversely Impacted?

### **3. Impacts Resulting from Workforce Reductions/Agency Restructuring**

Is your county experiencing challenges as a result of federal workforce reductions or federal agency restructuring plans? If so, please utilize the following fields to share information on impacts.

Agency and/or Positions that have been Eliminated or Restructured:

How are Projects/Programs/the Community Adversely Impacted?

The Ballard team will also be prepared to highlight any additional EOs of particular interest to the Legislative Committee at the meeting on April 14, 2025.

#### **a. Budget Update, including Community Project Funding Requests**

As discussed in previous federal reports, in late December 2024, both the House and Senate passed an extension of the stopgap funding, called a continuing resolution or CR, to avoid a federal government shutdown. The December CR extended FY 2025 funding for all 12 annual spending bills, including the Labor, Health and Human Services, and Education bill, through March 14, 2025. In March, Congress enacted another CR through the end of FY25. However, the March CR did not include any provisions for Community Project Funding/Congressionally Directed spending requests – also called earmarks. Consequently, no federal funding for earmarks was provided for the FY25 cycle. Unfortunately this means that the hoped for funding in the amount of \$1,105,800 that had been requested by Rep. Lofgren for the Pajaro County Sanitation District (PCSD) Sewer System Improvements project is no longer on the table. That said, the County's Department of Public Works, Facilities and Parks has secured alternate sources of funding for the PCSD project, and does not expect that this loss of potential FY25 federal funding will create any funding gaps.

However, on a more positive note, we now have confirmation that both the House and Senate will provide entities, including the County, to apply for Community Project Funding (earmark) in the FY26 cycle. In mid-March, Katlyn and I submitted earmark application requests to Rep. Panetta, and did the same in late March to Sens. Padilla and Schiff. We will also submit several projects to Rep. Lofgren once she begins accepting applications, which we expect to happen any day. The chart below illustrates the projects previously approved by the Board of Supervisors for submission, and which offices received each request. I will update this chart each month in my written report as the earmark process progresses through Congress.

<b>FY26 Project Submitted</b>	<b>Description</b>	<b>Funding Requested:</b>	<b>Senate Submissions:</b>	<b>House Submission:</b>
<b>San Lucas Clean Drinking Water (PWFP)</b>	Partial funding request for a project to permanently address water quality problems in San Lucas, which have occurred since 2006 and caused its residents to live under bottled water orders.	\$2,000,000	Sen. Padilla Sen. Schiff	<i>Rep. Lofgren (pending)</i>
<b>Nacimiento and San Antonio Dams and Reservoirs Safety Project (MCWRA)</b>	Partial funding request for the Nacimiento and San Antonio Dams Reservoirs Safety Projects (sometimes referred to as the Low-Level Outlet Works Rehabilitation Project) to ensure the safe operation of the dams during the state mandated replacement of the San Antonio Dam spillway.	\$6,000,000	Sen. Padilla Sen. Schiff	<i>Rep. Lofgren (pending)</i>
<b>Skate Park and BMX Pump Track (PWFP)</b>	Partial funding request for development of a bike and skate park in Salinas. The site, and its connection to multi-use trails, offers unique regional recreation options for the tri-county area. This project is in partnership with the Salinas Regional Soccer Authority.	\$3,000,000	Sen. Padilla Sen. Schiff	<i>Rep. Lofgren (pending)</i>
<b>Salinas Regional Soccer Complex (PWFP)</b>	Partial funding request for the next phase expansion of the Salinas Regional Soccer Complex, envisioned to become the most significant sports complex between Los Angeles and San Francisco, with the potential to serve 18,000 children/ youth weekly (plus their families). This project is in partnership with the Salinas Regional Soccer Authority.	\$2,500,000	Sen. Padilla Sen. Schiff	<i>Rep. Lofgren (pending)</i>
<b>County Parks Outdoor Education and Environmental Stewardship Project (PWFP)</b>	Funding request to construct outdoor education facilities at Toro and San Lorenzo Parks.	\$635,500	Sen. Padilla Sen. Schiff	Rep. Panetta <i>Rep. Lofgren (pending)</i>
<b>County Parks Outdoor Accessible and Inclusive Fitness Project (PWFP)</b>	Funding request to construct outdoor inclusive physical fitness facilities at Toro and San Lorenzo Parks to further support public health and wellbeing.	\$509,600	Sen. Padilla Sen. Schiff	Rep. Panetta <i>Rep. Lofgren (pending)</i>
<b>Nacimiento Lake Drive Repaving Project (MCWRA)</b>	Funding request to repave a degraded two mile segment of Nacimiento Lake Drive, directly over the Nacimiento Dam crest. The road serves emergency responders, residents, and recreational visitors.	\$2,100,000	Sen. Padilla Sen. Schiff	Rep. Panetta
<b>Homeless Encampment Resolution – Reclamation Ditch Restoration (MCWRA)</b>	Funding request to rehabilitate 6.8 acres within the existing Salinas Reclamation Channel (Reclamation Ditch No. 1665) system and maintain lands to support public use and enjoyment and improve the riparian zone and waterway.	\$500,000	Sen. Padilla Sen. Schiff	<i>Rep. Lofgren (pending)</i>

Additionally, we continue to monitor federal funding awarded to the County in previous appropriation cycles. For example, on March 25<sup>th</sup>, at County staff's request, I coordinated with Rep. Panetta's office to ensure the County has the appropriate information to ensure timely disbursement of FY23 funding for the Family Justice Center in King City. As always, our federal delegation remains committed to supporting the County, and Rep. Panetta's team worked with us to facilitate the process.

c. Federal Advocacy

i. *FEMA Updates*

On March 17, 2025, I participated in a call that I had coordinated with staff from Rep. Lofgren's and Rep. Panetta's offices and staff from the Department of Emergency Management regarding FEMA inquiries into fees paid to The Gordian Group (Gordian) relative to construction contracts.

The County uses its Job Order Contracting (JOC) to perform many of the storm related repairs. JOC construction contracts are competitively bid annually using proprietary JOC Task Catalog and Technical Specifications provided by The Gordian Group (Gordian). Gordian charges a Licensing Fee as part of the JOC Program Contract between the County and The Gordian Group. The County pays Gordian the value of 5% of any work completed under each Annual JOC Construction Contract. The Job Order Contracting process is utilized throughout the county, regardless of Public Assistance (PA) funding eligibility. All costs are billed under individual contracts and are directly related to eligible projects.

FEMA had specifically been inquiring about the Gordian fees and the procurement method for Gordian. The County procured Gordian through Sourcewell. Sourcewell conducts competitive solicitations for various goods and services, which are then made available to member entities, including the County of Monterey. I included a graphic below which the County provided to FEMA in response to an RFI, which provides a breakdown of the relationship between these contracts.

FEMA's questions have been focused on the January and March 2023 winter storms, but Public Works have used these contracts in almost all recent disaster events, including the 2017 winter storms. Reps. Lofgren's and Panetta's offices are continuing to work with the County to resolve this issue.

Additionally, on April 3, 2025, FEMA announced Federal grants for the State of California. This funding included 3,060,968.00 in federal funding to Monterey County for emergency protective measures as a result of FEMA-DR-4482-CA (COVID-19 Pandemic). This funding is being provided under authority of Section 403 of the Robert T. Stafford Act.

The announcement noted that in response to the pandemic, the County utilized contract services in taking emergency protective measures to address the immediate threat of spread of COVID-19 by participating in the Great Plates Delivered Program. The program was

designed to support adults 65 years of age or older or adults 60-64 years of age who are at high risk from COVID-19, to receive healthy and nutritious meals by delivery. The program allowed the residents to remain safe in their homes, while receiving the nutritious meals they needed. Monterey County contracted with local restaurants to prepare and deliver meals to the eligible seniors and older adults on a set price per meal and the number of participants. The County provided 5,138 meals to 39 individuals per day for an average meal cost per day per individual of \$66.00 (rounded) for three (3) meals. No insurance proceeds are anticipated for this project. The funds in this project do not duplicate any HHS funding. All work and costs in this project fall between 11/23/2020 and 7/9/2021. Total project costs are \$3,060,968.00 funded at a 100% federal cost share.

d. Legislation

i. ***The Wildfire Emergency Act (S. 350) – Recommend Support***

The Wildfire Emergency Act a bipartisan bill to reduce the risk of catastrophic wildfires in the West. This bill recognizes that the threat of wildfire is an emergency for the American West. The bill would allow the U.S. Forest Service to leverage private financing to accelerate forest restoration projects, creating a program to ensure critical facilities maintain power during wildfire disruptions, expanding a weatherization grant program to help low-income households fireproof their homes and establishing a prescribed fire-training center in the West.

More specifically the legislation proposes to do the following:

- Provide up to \$250 million to increase the pace and scale of forest restoration and wildfire resilience projects. These funds would allow large-scale forest restoration efforts on up to 20 landscapes of at least 100,000 acres each to achieve maximum benefit.
- The U.S. Forest Service would be granted pilot authority to bring together local stakeholders, conservationists and private financing groups to leverage additional funds to implement these projects faster. Each project could receive up to \$50 million in new financing under this pilot authority.
- Require a report to Congress on the impact of this pilot authority and any barriers to making the authority permanent.
- Establish an energy resilience program at the Department of Energy to ensure that critical facilities remain active during wildfire disruptions. Up to \$100 million is authorized to make necessary retrofits for this purpose. Backup power would prioritize renewable fuels rather than diesel generators.

- Expand an existing Energy Department weatherization grant program to provide up to \$13,000 to low-income households to make wildfire-hardening retrofits including ember-resistant roofs and gutters.
- In many states, including California, insurance companies will automatically reduce fire insurance premiums for homeowners who harden their homes against wildfire.
- Expedite the placement of wildfire detection equipment on the ground including sensors and cameras, as well as the use of space-based observation to identify new fires faster and help firefighters respond more effectively.
- Authorize funding for programs to expand the forest conservation and wildland firefighting workforce.
- Establish a prescribed fire-training center in the West. Currently, the U.S. Forest Service operates just one prescribed fire training center in Florida.
- Authorize grants to professional organizations, state agencies and academic institutions to support training the next generation of foresters and firefighters. These grants would provide for increased outreach to interested students as well as support training and internships for interested individuals.
- Authorize up to \$50 million to support community grants of up to \$50,000 for locally focused land stewardship and conservation.

This legislation was introduced by Sen. Padilla in the Senate. There is not yet an identical companion bill in the House.

***ii. The Fair Access to Agriculture Disaster Programs Act (S. 984) – Recommend Support***

This bill would reduce barriers that producers face in accessing agriculture disaster assistance. The legislation aims to ensure that basic safety net programs for producers are readily available to full-time farmers to get back on their feet following natural disasters.

Current adjusted gross income (AGI) limitations disproportionately prohibit producers with high input costs from participating in certain USDA disaster programs in a meaningful way. These limitations have not kept pace with inflation. Specialty crop producers across the country have acutely experienced this issue and have been denied access to USDA standing disaster programs, most recently in California during the winter storms and resulting flooding.

Specifically, this bill would:

Exempt the AGI limitation for farms that get 75% of their income from farming or related farming practices (agri-tourism, direct-to-consumer marketing of agricultural



products, sale of agricultural equipment owned by person or entity, and other agriculture-related activities, as determined by the Secretary of Agriculture).

This would apply to the following disaster programs:

- Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Tree Assistance Program (TAP)
- Noninsured Crop Disaster Assistance Program (NAP)

This legislation was introduced by Sen. Padilla in the Senate. There is not yet an identical companion bill in the House.

***iii. Housing Unhoused Disabled Veterans Act (H.R. 965) –  
Recommend Support***

This legislation would amend the Department of Housing and Urban Development's (HUD) definition of annual income to exclude disability payments received by a veteran for eligibility purposes for housing built under the Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) Program.

Currently, many disabled veterans – that need that assistance most – are unable to access housing programs for veterans because of how income is defined. The more severe a disability is, the more disability benefits a veteran receives, and the less likely it is that they can access veterans housing assistance.

This legislation was introduced by Rep. Sherman in the House. There is not yet an identical companion bill in the Senate.

***iv. The Due Process Continuity of Care Act (H.R. 1510) –  
Recommend Support***

The Due Process Continuity of Care Act would allow pretrial detainees to receive Medicaid benefits at the option of the state. The bill amends a portion of the Medicaid Inmate Exclusion Policy (MIEP), which denies Medicaid coverage to eligible individuals being detained pre-trial. Specifically, this bill is aimed at ensuring pretrial detainees receiving substance abuse treatment can continue such routines, reducing the rates of overdose and recidivism post-detainment. In 2022, a version of this legislation was signed into law, allowing eligible juvenile detainees to continue to receive such benefits.

This legislation was introduced by Rep. Sylvester in the House. There is not yet an identical companion bill in the Senate.

e. Federal Bill/Issues Track

**Attachment(s):**

Federal Bill/Issues Track