



**TO:** Monterey County Legislative Committee **DATE:** June 13, 2018

**FROM:** Jennifer Capitolo, Senior Policy Advisor, Nossaman LLP  
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**RE:** Legislative Program: State Advocacy Updates

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**PRIMARY ELECTION – JUNE 5, 2018**

The June 5, 2018 primary election results have mostly been decided, with some mail-in ballots still being counted. The field has been narrowed in the races for statewide offices and four of the five measures on the June ballot have been approved. Here is a quick recap of a few of the more relevant and interesting races as well as the results of the ballot measures, as of June 8, 2018:

- Governor: Gavin Newsom (D), with 33% of the vote, and John Cox (R), with 26% of the vote, proceed to the general election.
- Lieutenant Governor: Eleni Kounalakis (D), with 23% of the vote, and Ed Hernandez (D), with 21% of the vote, will proceed to the general election.
- Attorney General: Xavier Becerra (D), with 45% of the vote, and Steven Bailey (R), with 25% of the vote, will proceed to the general election.
- SD 12 – Anna Caballero (D), with 41% of the vote, and Rob Poythress (R), with 26% of the vote, will proceed to the general election.
- SD 22 – Mike Eng (D), with 44% of the vote, and Susan Rubio (D), with 27% of the vote, will proceed to the general election.
- SD 29 – With the recall of Senator Josh Newman (D), the Democrats have lost their supermajority in the state Senate. In his place, voters have elected former Assemblywoman Ling Ling Chang (R). Voters removed Senator Newman from office over his vote to raise gas taxes last year.
- SD 32 - Tony Mendoza (D) seems unlikely to win back the seat he resigned earlier this year after an investigation found he made unwanted sexual advances toward several employees. Rita Topalian (R) is winning the special primary with 25% of the vote, while Vanessa Delgado (D) leads the crowded field of Democrats in the Democratic-leaning Los Angeles district with 16%. Meanwhile, for the general election in November, Topalian (25%) may instead face Bob Archuleta (D), who was running fourth in the special primary but second in a concurrent regular primary, with 18% and Delgado with 16%.
- AD 15 – Buffy Wicks (D), with 31% of the vote, and Dan Kalb (D), with 14.9% of the vote, will proceed to the General Election, though Jovanka Beckles (D) trails closely behind with 14.6% of the vote.
- AD 39 – Luz Maria Rivas (D) was elected in a special general election and will proceed to the general election.

- AD 45 – Jesse Gabriel (D) was elected in a special general election and will proceed to the general election.
- AD 76 – Perhaps the strangest race in the State, Republican Assemblyman Rocky Chavez may have turned over his San Diego seat to Democrats when he decided to run for Congress this year instead. The primary is currently held by Democrats Elizabeth Warren (26%) and Tasha Horvath (25%). The Republican Phil Graham sits in third with 21%.
- Proposition 68 - The Natural Resource Bond passed with 56% of the vote in support. This ballot measure will provide \$4 billion in bonds for parks, natural resources projects, climate adaptation projects, water quality and supply projects, and flood protection projects.
- Proposition 69 – The Transportation Revenue: Restrictions and Limits Proposition passed with 80% of the vote. This ballot measure requires recently enacted gas tax funding to be used only for transportation purposes.
- Proposition 70 – The Greenhouse Gas Reduction Reserve Fund failed with 63% voting in opposition. This ballot measure would have required a supermajority vote (two-thirds) to authorize the use of cap-and-trade revenues.
- Proposition 71 – The Ballot Measures: Effective Date Proposition passed with 76% of the vote. This proposition would provide that ballot measures go into effect 5 days after Secretary of State certification, rather than the day after Election Day.
- Proposition 72 - The Property Tax: New Construction: Rain-Capture Proposition passed with 83% of the vote. This ballot measure will amend the California Constitution to permit the Legislature to exempt the construction or addition of rain-capture systems from the type of construction that would require a property-tax reassessment.

#### **STATUS OF LEGISLATIVE SESSION:**

The Legislature continues to negotiate the State Budget, which must be passed by June 15, 2018. The May Revise was released on May 11, 2018. Budget committees in both Houses have closed out and the Budget Conference Committee closed out.

Two major legislative deadlines passed since the Legislative Committee last met and as a result of those deadlines, a number of bills are no longer moving through the process. Second house policy committee hearings are being scheduled for the month of June.

#### **LEGISLATIVE UPDATE:**

**a. Accessory Dwelling Units (ADU) legislation**

- AB 2890 (Ting) Land use: accessory dwelling units.
- SB 831 (Wieckowski) Land use: accessory dwelling units.  
These two bills reopen the state's accessory dwelling units laws, two years after they were substantially revised in 2016. The County of Monterey is in the process of adopting cleanup ordinances to address changes that became effective in 2017. The County wants to increase local opportunities for building affordable accessory residential units and retain protections of critical resources (water, biological). Proposed changes would require agencies to once again revise ordinances. The primary concerns

is that the regulations tend to reflect urban conditions, which creates challenges for rural counties like Monterey where larger lots present resource constraints including water/wastewater (quality and quantity), biological resources (sensitive habitat and species), cultural resources (cultural, burials), rural roads. As such, rural counties like ours need flexibility for identifying appropriate areas - still retaining reasonable places to allow ADUs. Some of the proposed standards in the draft legislation impacting this include a prohibition on using parcel size as screening criteria for where ADUs are acceptable, limitations or outright prohibitions on impact fees, and unreasonably short time-frames for review and approval of ADU applications. CSAC is opposed to both of these bills.

**Staff recommendation: Concerns position. Work closely with CSAC and RCRC to seek amendments.**

**b. Cannabis**

- AB 1459 (Cannella) Cannabis cultivation: county agricultural commissioners: reporting (COUNTY SPONSORED BILL): This bill allows an agricultural commissioner to include cannabis in his or her report on the county's agricultural products. The Assembly Agriculture Committee has set SB 1459 (Cannella) for a hearing on June 27, 1:30pm. Nossaman will update the County's letter and coordinate testimony.
- SB 1409 (Wilk) Industrial Hemp: As discussed at our last meeting, this bill updates California law by adding hemp to the California Department of Food and Agriculture's registration program and removes language that conflicts with Proposition 64's expanded definition of hemp, which includes extracts and derivatives from the non-psychoactive flower and leaves. This bill is pending referral in the Assembly.  
**Staff recommendation: Receive direction.**
- Budget Trailer Bill: Cannabis - Enforcement of Illegal Activity: The legislature passed a trailer bill to fund the Department of Justice's proposal related to cannabis-related enforcement from the General Fund. This funding is intended to combat the illegal cannabis market by protecting against intrastate and interstate diversion activity by criminal organizations. This proposal was passed by both houses of the legislature and is therefore included in the State Budget being submitted to the Governor.  
**Staff recommendation: Informational item, the County previously took a support position on this proposal.**
- \$25 Million budget request for grant funds for cannabis enforcement of illegal activity (Assemblymember Wood): This budget request was made on behalf of Assemblymembers' Wood, Bonta, Cooley, Lackey, and Low. The funding would have provided for a three-year grant through a competitive process administered by the Board of Community Corrections (BSCC) to cities, counties, or local joint powers authorities in jurisdictions that license retail and cultivation of cannabis. Local governments would be required to provide a 25% match. The funding could be used for training, equipment, peace officer and code enforcement salaries, city attorney or county counsels to enforce liens or other penalties for unlicensed activity and consumer education on the difference between licensed operators and illegal operators. The Budget Conference approved an alternative proposal for \$10 million for an equity program (those disproportionately harmed by past drug policies) contingent on passage of legislation addressing social equity.

Nossaman will monitor the introduction of the social equity legislation and seek amendments as necessary.

**Staff recommendation: Informational item, the County previously took a support position on this proposal.**

**c. Lead Paint Legislation**

In 2000, several cities and counties, including the County of Monterey, filed a law suit against manufacturers of lead-based paint, arguing that their promotion of lead-based paint despite its known health effects had contributed to a “public nuisance” that presented a danger to the health of Californians. In 2014, the court ruled in favor of the cities and counties. The court ordered the creation of a program funded by the paint manufacturers to discover and cleanup lead-based paint in homes in the localities party to the law suit. In 2017, an appellate court largely upheld the ruling in favor of the cities and counties. Under the appellate court ruling, funding from paint manufacturers for local lead abatement programs likely will total several hundred million dollars. This year a package of legislation was introduced to address various issues regarding lead-based paint, including liability, abatement, and the legal classification of lead-based paint. These three bills are still moving through the legislative process.

- AB 2073 (Chiu) Public nuisance: abatement: lead-based paint: Provides immunity from liability to property owners who participate in a lead paint abatement program if they are sued for recovery of costs associated with such a program.  
**Staff recommendation: Informational item, per Board direction the County took a support position on this bill last week.**
- AB 2803 (Limon) Public nuisance: residential lead-based paint: Provides that residential lead-based paint interferes with a public right while also establishing that a party may be liable for public nuisance if it promoted lead-based paint with actual or constructive knowledge that it was hazardous.  
**Staff recommendation: Informational item, per Board direction the County took a support position on this bill last week.**
- AB 2934 (Stone) Residential lead-based paint hazard reduction program: county health departments: certification: Would allow the Department of Public Health to contract with counties to certify lead paint inspectors. This bill helps fill a shortage of inspectors to help bring homes up to safe standards. Additional qualified, lead paint inspectors will be needed as work proceeds to remove toxic paint from homes under the judgment.  
**Staff recommendation: Support. The Board authorized a support position on this bill on 6/5/18. Letter is pending Committee assignment.**

**d. Other**

- AB 1754 (McCarty) Pre-K for All Act of 2018: This bill would ensure that all low income 4-year-olds have access to early care and education pre-kindergarten programs.  
**Staff recommendation: Support.**
- ACA 31 (Cervantes) Public Executive Pay Reform Act: The bill would prohibits an employee of a public employer from receiving an annual base salary or pay rate that exceeds the salary of the Governor established by the California Citizens Compensation Commission that is effective at the time the employment contract is entered. The measure

would exempt from this prohibition an employment contract in effect on the date the measure becomes effective, but would apply the prohibition to a contract entered into, renewed, extended, or revised on or after that date. If a reduction in the Governor's salary causes a valid employment contract to violate the prohibition on the date the reduction takes effect, the measure would exempt a contract from the prohibition, as specified. The measure would define a "public employer" as the state, or a political subdivision of the state, including, but not limited to, counties, cities, charter counties, charter cities, a charter city and county, school districts, special districts, boards, commissions, the Regents of the University of California, the Trustees of the California State University, and the Legislature.

**Staff recommendation: Informational item.**

**e. Budget**

- Interlake Tunnel \$17 Million Budget Request for Fish Screens: Nossaman worked with the Monterey County delegation to request \$17 million for fish screens at Nacimiento reservoir, as needed to complete the Interlake Tunnel project. Attached please find a one-page overview prepared by Nossaman with edits from WRA consultants. Also attached, please find the funding request letter drafted and submitted by Senator Monning, with signatures from the Monterey County delegation. The request was not submitted through the member budget request process and was therefore not included in the State Budget. Senator Monning's office confirmed that the request is still in play and Nossaman should be able to confirm with his office the status of the request soon.
- Homelessness Funding: The Budget Conference Committee came to an agreement with the Administration on how to address housing and homelessness in the budget. The main components of the housing package include the following:
  - Homeless Emergency Aid Block Grant: Funding would flow from the California Business, Consumer Services, and Housing Agency to local CoCs, who would then distribute the funding to cities and counties who have declared a shelter crisis, demonstrated collaboration, and submit an application to the CoC by December 31 of this year. The CoC would award the funds by January 31, 2019. For unused funding, entities could apply again to the CoC for an additional share by April 30, 2019, with awards determined by May 31, 2019. For any left over funding after that, the money would revert back to the Agency and then possibly the General Fund. The additional \$100 million reportedly in the compromise would be allocated to each CoC based on their share of the statewide 2017 PIT.
  - No Place Like Home on the Ballot: The Governor's plan to place the "No Place Like Home" Program on the November 2018 ballot is included in the compromise proposal. If approved by the voters, the program would authorize up to \$140 million in Mental health Services Act funding to be diverted in 2018-19 to "jump-start" NPLH, and allow the issuance starting in January of 2019 of up to \$2 billion in bonds to build permanent supportive housing units.
  - Homeless Mentally Ill Outreach and Treatment Program: The Governor's proposed Homeless Mentally Ill Outreach and Treatment Program would provide \$50 million to the Department of Health Care Services for allocation to counties to provide multi-disciplinary teams for supporting intensive outreach, treatment and other services for homeless persons living with mental illness. Counties would be encouraged to match this one-time funding with local and federal matching funds,

where appropriate. Both the Senate and Assembly approved this proposal, but it's unclear whether the terms or funding will change under this morning's compromise.

- SB 2 Funding: The compromise proposes to allocate half of the first year SB 2 revenues, estimated to be \$62.5 million, to the California Emergency Solutions Grant program and \$62.5 million to the new Housing for a Healthy California program.
- Supportive Services for Targeted Populations: The compromise also proposes funding augmentations for existing programs and funding for new programs to support homelessness assistance and prevention for targeted populations:

<b>2018-19 One-Time Homelessness Allocations (millions)</b>				
	Governor	Assembly	Senate	Reported 6/8/18 Budget Compromise
CalWORKs Housing Support Program	\$24.2	\$24.2	\$169 over 4 years	\$24.2 million
CalWORKs Homeless Assistance Program	\$8.1	\$25.92	\$54 over 4 years	\$8.1 million
Senior Home Safe Program	\$15	\$15	\$15	\$15 million
Domestic Violence Shelters and Services	\$10	\$10	\$200 over 4 years	\$10 million
Homeless Youth and Exploitation Program	\$1	\$1	\$1	\$1 million
Homeless Mentally Ill Outreach and Treatment Program	\$50	\$50	\$50+	\$50 million

- Budget Trailer Bill: 911 Sustainment: The California Office of Emergency Services has submitted a Budget Change Proposal to provide necessary funding to sustain 9-1-1 today and provide funding to build out Next Gen 9-1-1.  
**Staff Recommendation: Informational item. The County took a support position on this proposal last week.**
- Greenfield Courthouse: On June 8<sup>th</sup>, Nossaman coordinated a meeting with the Judicial Council of California, Supervisor Alejo, Supervisor Salinas, and the City of Greenfield City Manager's office to discuss the current status of the Greenfield Courthouse project, as well as the proposal to fund all court construction projects through the State's General Fund. The Budget Conference Committee has included \$1.3 billion in funding for the top 10 court projects, and has directed the Judicial Council to reevaluate their project criteria and use that updated criteria to re-rank all remaining court projects (there are about 130 court projects in total). The Court Facilities Committee will be tasked with reevaluating the criteria used to rank projects, and the project list. During the meeting, we discussed the current criteria used to rank projects and inquired about using data such as being located in a disadvantaged community, having access to justice, and providing a local match. The Judicial Council anticipates all of these criteria will be used in the reevaluation of the project list. The Court Facilities Committee will be required to report the new criteria and

project list to the Legislature by December 2019. We understand funding for court projects will be held off until the new list is provided to the Legislature. Nossaman will ensure the County is engaged in the Court Facilities Committee meetings on criteria. It will be important for the County to engage in these discussions in order to make sure the Greenfield Courthouse will rank high under new criteria.

f. Ballot Initiatives

- Veterans and Affordable Housing Bond Act of 2018: The initiative authorizes the issuance of \$4 billion in general obligation bonds for affordable housing programs and a veteran's home ownership program.  
**Staff recommendation: Support**
- Healthy Homes and Schools Act: This initiative would authorize \$2 billion in general obligation bonds to provide funding for remediation for hazards – such as lead, mold, and asbestos - in homes, schools, and senior facilities. The measure appears to reverse recent court rulings by declaring that lead-based paint is not a public nuisance and reversing the requirement that paint manufacturers fund lead abatement programs.  
**Staff recommendation: Measure not yet qualified, return with recommendation in July.**
- Water Supply and Water Quality Act of 2018: This initiative authorizes \$8.877 billion in water infrastructure including safe drinking water, Sustainable Groundwater Management implementation, watershed restoration, fish and wildlife habitat conservation, and infrastructure repair.  
**Staff recommendation: Measure not yet qualified, return with recommendation in July.**

**RECEIVE MONTEREY COUNTY STATE BILL TRACK**

See attached.

**IMPORTANT LEGISLATIVE DEADLINES**

- May 11 – May Revise released
- June 1 – Last day for each house to pass bills introduced in that house
- June 15 – Budget bill must be passed by midnight
- June 29 – Last day for policy committees to hear and report fiscal bills to fiscal committees
- July 6 – Last day for policy committees to meet and report non-fiscal bills
- July 6 – Summer recess begins upon adjournment