



NOSSAMAN LLP | Memorandum

TO: Monterey County Legislative Committee

FROM: Ashley S. Walker, Senior Policy Advisor

DATE: June 10, 2024

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- a. Status of the Legislature:** The fiscal deadline for bills with an impact to the State's General Fund was on May 17. Bills that made it out of the Appropriations Committees then moved to the floor and have been passed over to the second house. The Legislature will now focus on two-year bill deadlines and policy deadlines for bills in the second house. Additionally, the Legislature is focused on the State Budget and potential bonds to be placed on the November 2024 ballot. The Legislature will take a summer recess from July 3 until August 5. The final day of the legislative session is August 31. The Governor has 30 days to take actions on all bills presented to him.
- b. State Budget:** The Assembly Budget Chair, and Subcommittee Chairs, and members of the Budget Committee met to discuss the 2024-25 budget and to adopt it. The Assembly's version of the budget has moved over to the Senate for action.

At the Assembly hearing, the Legislative Analyst Office (LAO) and the Department of Finance (DOF) were present. Both the LAO and the DOF expressed that they have not thoroughly gone through the budget proposed by the Legislature but were encouraged that the Legislature has adopted a more conservative rainy-day fund, increasing it from the May Revise proposal, and maintaining a multiyear budget review.

On the Senate side, all of the Budget Subcommittee's met to take up portions of the budget and to adopt it also.

- c.** These actions represent the Legislature's State Budget agreement; however, the Governor has indicated he is not fully supportive of the proposal. There will still be negotiation between the Governor and the Legislature on the final budget. The Legislature needs to pass their version of the budget by June 15, and the Governor needs to sign the budget by June 30. It is likely that the Legislature will pass a budget proposal that is not agreed upon by the Governor, and there will be a budget trailer bill amended prior to June 30 that represents the budget agreement between the Governor and Legislature.

Nossaman provided a document outlining the budget issues supported or opposed by the County that were included in the Legislature's agreed upon 2024-25 budget proposal. The County recently submitted position letters on the issues outlined below.

- i. Human Services Proposals:** County of Monterey letter opposing State Budget proposal to eliminate CalWORKs Family Stabilization Program and CalWORKs Expanded Subsidized Employment Program – cuts total over \$400 million; and opposing \$1.3 billion in budget cuts

to human services programs (e.g., California Work Opportunity and Responsibility to Kids (CalWORKs), Child Welfare Services, Adult Protective Services (APS), etc.).

- ii. **Market Match Program:** County of Monterey letter supporting funding for the Market Match Program that incentivizes CalFresh recipients to spend their benefits for farm-direct fresh fruits and vegetables by providing a dollar-for-dollar match on CalFresh purchases at farm-direct outlets (farmers markets).
- iii. **Future of Public Health:** County of Monterey letter opposing the proposal to eliminate \$300 million ongoing Future of Public Health investments, with \$200 million dedicated to local health department workforce and infrastructure.
- iv. **Homelessness Proposals:** County of Monterey letter supporting continued funding for HHAP program and securing permanent housing and needed services. County of Monterey letter opposing proposals to cut funding for homelessness programs (e.g., Homeless Housing, Assistance and Prevention (HHAP) Program, Social Services and Behavioral Services Homelessness Programs).
- v. **Broadband: Middle-Mile, Last-Mile and Loan Loss Reserve Programs:** County of Monterey concerns regarding proposed reductions in broadband funding for Middle Mile Broadband Initiative, the Federal Fund Account last mile program (FFA) and the CPUC Loan Loss Reserve (LLR) Program.

d. **Legislation:**

- i. **AB 2079 (Bennett) Groundwater extraction: large-diameter, high-capacity water wells: permits.** Requires greater inter-agency coordination and public notice regarding applications to drill water wells and prohibits a local agency from approving new "large-diameter, high-capacity" wells within one-quarter mile of domestic wells and in areas experiencing significant land subsidence. Recommended position: Oppose unless amended.
- ii. **AB 2557 (Ortega) Local agencies: contracts for special services and temporary help: performance reports.** Makes changes to existing law relating to contracts by local governments (i.e., counties, cities, local public agencies, and municipal corporations) for certain services by requiring such contracts to include specific standards and requirements. Recommended position: Oppose.
- iii. **SB 1164 (Newman) Property taxation: new construction exclusion: accessory dwelling units.** This bill enacts a new construction exclusion of specified duration for the addition or construction of an accessory dwelling unit (ADU). Report only.
- iv. **SB 1188 (Laird) Drinking water: technical, managerial, and financial standards.** This requires the State Water Resources Control Board (State Water Board) to develop and adopt minimum standards related to the technical, managerial, and financial (TMF) capacity of public water systems serving fewer than 10,000 people or 3,300 service connections. Current position: Watch. Report only.

- v. **SB 1397 (Eggman) Behavioral health services coverage.** Requires health plans and insurers to pay the greater of the contracted rate or the Medi-Cal specialty behavioral health rate to county behavioral health agencies for Full Service Partnership Services when provided to enrollees or insureds under specified circumstances, such as when authorized or approved by the plan or insurer. Recommended position: Support.
- e. **Climate Bond Update:** Negotiations are ongoing on whether or not to push through a Climate Bond for the November 2024 ballot, and how much the bond should be. Most recent information from the Legislature provides a negotiation of a bond between \$6 billion - \$10 billion bond, and of this amount, \$2.9 to \$3.9 billion being dedicated to water infrastructure. Nossaman has been participating in the ACWA lobbying coalition on this issue and have had several recent meetings with Members and staff about the bond. Nossaman has met with the County's entire Legislative Delegation to discuss our priorities in the Climate Bond. During these conversations, the importance of finding a funding solution for San Lucas was at the top of the discussion. All of our Delegation understands the need for water infrastructure, particularly, dam funding and safe drinking water funding. It is apparent that the Legislature is waiting to solidify an amount on the Education Bond, before determining an amount on the Climate Bond.
- f. **Dam Safety Coalition Update:** The Coalition has been holding advocacy meetings to relay the following messages:

 - Express our continued support for the "Dam Safety and Climate Resilience Local Assistance Program" and statutory language as established last year, as well as update decision makers on the progress of the current implementation.
 - Underscore our prior comment on the Governor's proposed Fiscal Year 2024-25 cut from \$100 million to \$50 million for the "starter" funding for the program.
 - Urge substantial dam safety funding in any final climate resilience bond for the November 2024 ballot.

In addition, ACWA and other has prioritized dam safety funding as an "ask" within the climate bond being negotiated.
- g. **San Lucas Drinking Water Project:** We have requested that our Legislative Delegation advocate for a funding and/or legislative solution to address the lack of safe and clean drinking water in San Lucas. We have provided language for consideration in the Climate Bond, as well as a legislative solution.
- h. **Governor's Actions and Executive Orders:** The following actions have been taken by the Governor since the last Legislative Committee meeting. This list is compiled from CalOES, California Health and Human Services, California Department of Public Health, and FEMA. Nossaman can provide additional details of any item listed below, should the Legislative Committee desire.

 - June 4 – Governor Newsom announces that excessive heat watches and warnings will be in place ahead of upcoming heat wave.
 - May 31 – Governor Newsom announces the reopening of Topanga Canyon and a new mutual aid partnership.
 - May 29 – Governor Newsom convenes GenAI Summit.
- i. **State Bill/Issues Track:** See attached.