



February 15, 2019

State of the State

Governor Gavin Newsom offered his inaugural State of the State address to the State Assembly and Senate on Tuesday, February 12th. Within his address, Governor Newsom discussed California's role in national immigration policy, forestry, and illegal cannabis cultivation. The Governor mentioned he doesn't support the Water Fix (the Twin Tunnels projects) but encouraged support of infrastructure conveyance (including one tunnel), water use efficiency, recycling projects, and groundwater recharge. Also, in the vein of water, the Governor briefly discussed drinking water quality needs, identifying it as a time to demonstrate political will. Regarding the High-Speed Rail, the Governor was frank about his frustration over the project, holistically, but will prioritize construction from Merced to Bakersfield siting opportunities to economic development in the Central Valley. In that regard, he discussed the unique challenges of inland California and rural communities several times. Investments in energy were also discussed with a commitment to focus on safety, clean energy and rate payer protection. With respect to education, Governor Newsom reiterated his intention to increase per pupil funding, and his commitment to housing, by enforcing regional housing needs assessments by local jurisdictions. *Staff contact: Jim Houston, jhouston@cfbf.com or 916-446-4647.*

Appointments

The Governor announced several key appointments in his State of the State address, including former CDFA Secretary, William Lyons, who has been appointed as Agricultural Liaison to Governor Newsom. With respect to economic development, the Governor has appointed Lenny Mendonca as Chief Economic and Business Advisor and Director of the Governor's Office of Business and Economic Development (GO-Biz). Mr. Mendonca, who has also been appointed to the High-Speed Rail Authority, is a co-owner of Half Moon Bay Brewing Co, was the co-chair of California Forward and was a partner at McKinsey & Co. Linda Darling-Hammond, a professor emeritus at Stanford University, has been appointed to the Board of Education. Mrs. Darling-Hammond has been president of the Learning Policy Institute and co-director of the Stanford Center for Opportunity Policy in Education.

With respect to water, Governor Newsom announced that Felicia Marcus will not be asked to serve another term on the board and has appointed sitting board member Joaquin Esquivel as Chair. To replace Ms. Marcus, the Governor appointed Laurel Firestone as a member of the State Water Resources Control Board. Mr. Esquivel previously served as an Assistant Secretary for federal water policy at the CA Natural Resources Agency and worked for Senator Barbara Boxer. Mrs. Firestone was co-founder of the Community Water center and was previously the director of the Rural Poverty Water Project at the Center on Race, Poverty and the Environment. Mr. Esquivel's term expires January 15, 2021 and Mrs. Firestone's term will expire January 15, 2023. The other State Water Resources Control Board Members include:

- Sean Maguire, Sanitary Engineer, qualified in water quality. Term expires January 15, 2020;

- Tam Doduc, Civil Engineer, qualified in the fields of water supply and water rights. Term expires January 15, 2021;
- DeeDee D’Adamo, qualified in the field of water quality.¹ Term expires January 15, 2022

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Apiary

Following the passage of AB 2468 last year, apiarists must now register with County Agricultural Commissioner and notify them within 72 hours upon movement into a new county. Current law also requires notification to a Commission upon intra-county movement but doesn’t specify a timeline. Assembly member Joaquin Arambula (D-Fresno) has introduced [AB 450](#), a bill which also apply the 72-hour timeline to intra-county movement of colonies. *Staff: Taylor Roschen, (916)-446-4647 or troschen@cfbf.com*

Budget

Governor Gavin Newsom signed his first bills as Governor of California. [AB 72](#) and [AB 73](#) were early budget bills that provided emergency disaster assistance to communities with contaminated drinking or water or devastated by recent wildfire. Specifically, AB 72 provides \$31.3 million to backfill property tax losses incurred as a result of the wildfires in Butte and Lake Counties, and an additional \$50 million for emergency preparedness activities. AB 73 extends an authorization, which sunset earlier this year, allowing the Director of Finance to transfer funds for expenses related to a declared disaster. *Staff contact: Robert Spiegel, (916) 446-4647 or rspiegel@cfbf.com.*

Climate Change

Heavy-duty diesel trucks will need to ensure their emission control systems remain effective, similar to light-duty smog checks, under a proposal the California Air Resources Board (CARB) is developing. The specifics of the program are under development and CARB held its first workshop on the proposed program this week to gather input. CARB committed to developing this program when it adopted state measures to help the San Joaquin Valley Air Pollution Control District reduce PM 2.5 emissions as part of the State Implementation Plan. CARB staff plans to bring a proposed regulation to the Board in 2020; with implementation expected in 2022. Farm Bureau participated in the workshop and expressed several concerns. These include, the need to ensure that out-of-state trucks are not prevented from entering California if they are not in compliance, as this would present significant challenges for livestock and almond producers who depend on out-of-state trucks for the movement of bees and other livestock; ensuring there is enough time to complete repairs so trucks used in agriculture aren’t put out of service during harvest and other busy seasons; recognition of the limited access to service, particularly in rural areas; and ensuring that trucks compliant with CARB’s diesel truck and bus rule are able to easily meet the requirements and are not forced out of operation by this new program. *Staff contact: Noelle Cremers at (916) 446-4647 or ncremers@cfbf.com.*

Economic Development

Dr. Joaquin Arambula (D-Fresno) has [AB 417](#), a Farm Bureau sponsored measure that would enact the Agriculture and Rural Prosperity Act. This would create a position at the Department of Food and Agriculture to identify opportunities to attract and retain business in rural economies dependent upon agriculture and conduct comprehensive studies on the state’s agricultural industry. One such study would include the true economic impact of the Sustainable Groundwater Management Act, and include factors such as land values, labor and employment figures, land idling, commodity pricing, and impacts to

¹ There is an additional requirement for a person qualified in the field of water supply and water quality relating to irrigated agriculture, which can be fulfilled by any of the Board members except the public member. Board Member D’Adamo fulfills this requirement.

ancillary agricultural industries. This bill has yet to be assigned to committee. *Staff: Taylor Roschen, (916)-446-4647 or troschen@cfbf.com*

Rural Crime

[AB 215](#), a bill which would establish distinct penalties for illegal dumping on private property, introduced by Assemblymember Devon Mathis (R-Visalia), will be heard in the Assembly Public Safety Committee on Tuesday, February 27th. As illegal dumping is a significant issue in rural communities and along transportation corridors amongst farmland, Farm Bureau is in support. Also in the area of rural crime, Senator Shannon Grove (R-Bakersfield) has introduced [SB 224](#), a bill that would specify that theft of tractors, all terrain vehicles or other agricultural equipment valued above \$50,000 shall be grand theft and that any fines associated with prosecution may be used specifically for the Rural Crime Prevention Programs established in those areas. *Staff: Taylor Roschen, (916)-446-4647 or troschen@cfbf.com*

Utilities

[AB 56](#) (Eduardo Garcia, D- Coachella) would require an assessment by the California Public Utilities Commission and the California Energy Commission to examine options for the establishment of a central statewide entity to purchase the generation piece of electricity service on behalf of all retail sellers for their customers. Retail sellers includes investor owned utilities, community choice aggregators and direct access providers, but does not include a local publicly owned utility. The concept of a statewide energy provider is being discussed in many forums as part of a debate on the future of the electric utility industry. *Staff contact: Karen Mills, 916-561-5665, or kmills@cfbf.com.*

Water

The Governor signed Emergency Drinking Water legislation into law this week. [AB 72](#) (Committee on Budget) passed out of the Senate 37-1 and was signed by the Governor at an Elementary School in Parlier this week. Among other things, this early action budget bill provides \$51.3 million for urgent assistance to communities that have contaminated and unsafe water. The funds are divided up for:

- Emergency repairs to the Oxnard Waste Water Treatment Plant,
- Grants or contracts through the State Water Resources Control Board (Water Board) for lead drinking water testing at licensed child care centers,
- Water Board Safe Drinking Water Grant Program
- Emergency relief grants for households to fund well replacement, septic system replacement, permanent connections to public systems, and point of use and point of entry water treatment systems as a result of the drought,
- A Water Board pilot program to provide grants for wells and septic replacements in households affected by the wildfire and not covered by insurance,
- Grants or contracts to address urgent drinking water needs in disadvantaged communities and,
- Grants or contracts for administrators to provide administrative, technical, operational, or managerial services to water systems needing assistance in complying with current drinking water standards.

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Wildfire

Amidst the ongoing conversations about the financial well-being of the state's utilities and the impacts of liability for wildfire damages on them there are several bills that have been introduced that CFBF is watching:

- [AB 235](#) (Chad Mayes, R-Yucca Valley) would create the California Wildfire Catastrophe Fund Authority and would authorize electrical corporations and local publicly owned electric utilities to participate in the authority. The bill would require each participating entity to make an initial

contribution and annual contributions to the authority and require the shareholders of certain large electrical corporations to make an initial contribution of an unspecified amount to the authority, if the large electrical corporation chooses to participate in the authority. Upon a participating entity incurring costs relating to a wildfire and submitting a claim for those costs to the board, the bill would require the board to reimburse the participating entity for those costs, as specified, and would require the board to determine if the participating entity will be required to make increased annual contributions over a specified period of years to make the authority's applicable contribution pool whole.

- [AB 281](#) (Jim Frazier, D-Discovery Bay) provides that the intent of the Legislature is to enact legislation to require electrical corporations and local publicly owned electric utilities to take certain actions related to electric transmission and distribution lines and equipment in high fire risk areas by relocating electric transmission and distribution lines and equipment outside of high fire risk areas, if feasible. If relocation is not feasible it would require the lines and that equipment be placed underground. If neither option is feasible, then the requirement would be to make improvements to those lines and that equipment to prevent, and minimize the risk of, fire ignition events. These types of considerations are also being discussed in the Wildfire Mitigation Plans at the PUC.
- [SB 209](#) (Bill Dodd, D-Napa) would establish the California Wildfire Warning Center (center). The center would be comprised of representatives from the Public Utilities Commission, the Office of Emergency Services, and the Department of Forestry and Fire Protection. The center would have various responsibilities relating to fire-threat weather conditions, including overseeing the development and deployment of a statewide network of automated weather and environmental stations designed to observe mesoscale meteorological phenomena that contribute to increased wildfire risk, including a statewide fire weather forecasting, monitoring, and threat assessment system. The bill would require an electrical corporation to deploy at least one weather monitoring station, as approved by the center, for every circuit in a high fire threat district. The bill has been introduced while proceedings at the PUC are moving forward on the Wildfire Mitigation Plans required as part of the SB 901 mandates for improving utility wildfire preparedness. *Staff contacts: Karen Mills, 916-561-5665, or kmills@cbbf.com and Robert Spiegel, (916) 446-4647 or rspiegel@cbbf.com.*