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February 2, 2021

The Honorable Phil Ting
Chair, Assembly Budget Committee
Assemblymember
California State Assembly, District 19
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Richard Bloom
Chair, Assembly Budget Subcommittee 3 on Climate Crisis, Resources, Energy, and
Transportation
Assemblymember
California State Assembly, District 50
State Capitol, Room 2003
Sacramento, CA 95814

The Honorable Wendy Carrillo
Chair, Assembly Budget Subcommittee 4 on State Administration
Assemblymember
California State Assembly, District 51
State Capitol, Room 4167

Dear Assemblymember Ting, Assemblymember Bloom, and Assemblymember Carrillo

On behalf of the California State Association of Counties (CSAC) which represents all 58 counties, we submit this letter regarding several proposals from the Governor's January proposed budget. We look forward to working with members of the Legislature, Administration and staff as we move forward with the potential development and adoption of these proposals. In general, **CSAC supports the following proposals:**

- Providing immediate funding to address wildfire and forest resilience.
- Increasing funds to help local governments recover from disasters under the California Disaster Assistance Act.
- Funding to implement Organic Recycling requirements.
- Continuation of the state's commitment to advancing flood projects statewide.
- Providing direct funding to counties to help implement groundwater management.
- Supporting our state and local fairs and fairgrounds.

In addition to items we support, we also have some concerns with several proposals in the Governor's proposed budget. We look forward to continued dialogue regarding their potential implementation. We have included our specific concerns with the following proposals:

- Shifting positions at Cal Recycle away from local assistance for organic waste recycling to enforcement and compliance.
- The establishment of a new environmental safety board and fee structure at the Department of Toxic Substances Control.
- The major consolidation of various state cannabis agency regulatory functions into a single agency.

These proposals have merit, but the continued voice of counties, who have critical roles in each of these areas, is important to both our membership and effective policy implementation statewide. We have included more detailed explanations of our positions below.

Wildfire and Forest Resilience Expenditure Plan

In 2019, county government leaders and other stakeholders began meeting regularly with the Administration through the Forest Management Task Force to provide input into the state's Forest Resilience Action Plan. This plan has been released in conjunction with January budget proposal and includes a \$1 billion, one-time, General Fund investment for forest resilience efforts. **CSAC strongly supports the Governor's proposal to accelerate \$323 million for wildfire and forest resilience.** Not only will this support our local efforts to reduce catastrophic wildfires and restore forests and headwaters, but state funding will also provide a strong collaborative signal to the federal government as they develop new strategies to improve forests on federal lands. In addition to supporting immediate funding for resilient forests and landscapes, fuel breaks and economic stimulus, we are particularly pleased to support these regional and local funding allocations:

- \$50 million for early action support of Fire Prevention Grants, and support for additional \$80 for this program in Budget Year 2021-2022.
- \$25 million for early action support for Regional Forest and Fire Capacity improvement, and support for \$60 million for these efforts in Budget Year 2021-2022.
- \$25 million for home hardening as an early action in this year's 2020-2021 Budget.

California Disaster Assistance Act

CSAC supports legislative and regulatory proposals that maximize California counties' ability to effectively mitigate, prepare for, respond to, and recover from natural and man-made disasters and public health emergencies, protecting both physical and fiscal health. Such proposals must recognize that the 58 California counties have unique characteristics, differing capacities, and diverse environments.

CSAC supports the Governor's January budget proposal to include \$256 million (one-time, General Fund) to assist local governments during and after emergency events. Funding will be used for repair, restoration, or replacement of public property damaged or destroyed during disaster events, and to reimburse local governments for emergency activities under a declared state of emergency. These funds are desperately needed to help local communities recover from years of major disasters including mudslides, wildfires, and pandemic.

Flood Management

CSAC supports a statewide, multi-level approach to funding new flood protection projects, mapping, improvements to the system, and the maintenance and operation of all flood mitigation efforts. This includes upper watershed flood positive mapping and watershed rehabilitation, coastal watershed mitigations and flood protections plans, and other identified projects in each of the state's 10 flood control zones. CSAC also recognizes that appropriations or bond funds earmarked for flood protection must be equally available to all areas of the state.

CSAC supports the Governor's proposal for \$183 million (mainly bonds funds) for ongoing flood management programs including flood risk management, emergency flood response in the Delta, and state-federal flood projects.

Sustainable Groundwater Management

Implementation of the Sustainable Groundwater Management (SGMA) Act shifted the roll of groundwater management to locals, including the development of Groundwater Sustainability Agencies (GSA) charged with balancing groundwater use. It is CSAC's position that planning and land use decisions reside with the county, and therefore any planned changes must be implemented within the county land use authority.

CSAC supports the Governor's January budget proposal for a one-time, General Fund allocation of \$60 million for Sustainable Groundwater Management grants to support economic mitigation planning and groundwater implementation projects in critically over-drafted basins. We strongly encourage budget language to ensure that local governments are eligible for any funding to support implementation of SGMA.

Network of Fairs

Whether state-owned and operated or county-owned, fairs and fairgrounds are important assets to California's counties. They provide educational and competitive exhibits that highlight state and local industrial enterprises, resources and products. Fairgrounds also provide the venue for a variety of agricultural and local community events and serve the state by assisting in emergency preparedness and response. Fairgrounds are critical facilities during local and statewide emergencies, including during wildfires, as evacuation centers and staging areas for emergency operations.

Unfortunately, declining budget resources threaten to force the closure of fairs and fairgrounds throughout the state unless a new governance and funding structure is established. Counties

recognize that fairs represent a critical state and community asset that is in dire need of funding and strongly support the development of a comprehensive solution that will ensure the viability of the entire fair network.

As California's fairgrounds were largely shuttered by the pandemic, revenues across the state were reduced, if not wholly eliminated. The 2020 budget included a one-time \$40 million allocation to pay for legally mandated civil service layoff costs. The Administration has also committed to evaluating alternative business and governance structures throughout the Network of Fairs, however ongoing losses continue in these locally-important sites.

CSAC Supports the Governor's January budget proposal for a one-time \$50 million General Fund allocation to support state-affiliated fairground operating costs, and \$10 million for deferred maintenance at fairgrounds that are used for emergency operations.

Short-Lived Climate Pollution Reduction Funding (Organics Recycling)

CSAC supports efforts to improve access to resources that would help counties and our waste hauler partners divert methane from landfills and implement the State's Organic Waste Diversion Regulations as required under SB 1383 (Lara, Chapter 395, Statutes of 2016). In addition, CSAC supports efforts to create more flexible regulation implementation deadlines and requirements as a co-equal partner in achieving California's waste management goals. The Governor's January budget focuses on closing the "circular economy" by reducing the generation of waste throughout the life-cycle of a product. However, the budget does not include major support to help implement California's SB 1383 Organic Waste Diversion Regulations; a major new program that supports a circular economy policy framework.

CSAC also has concerns about a recent Budget Change Proposal (BCP) from Cal Recycle to redirect 38 positions from the Local Assistance and Market Development (LAMM) Branch to the Waste Permitting, Compliance and Mitigation Division (WPCMD) to focus on compliance and enforcement oversight of SB 1383's Organic Waste Diversion Regulations. Despite local government's support of SB 1383's Organic Waste Diversion Regulations, our counties are very concerned about funding and implementing expensive new organic waste programs during a COVID-19 induced recession.

Cap & Trade Expenditure Plan

The Governor's proposed January budget includes the allocation of \$1.37 billion in cap and trade expenditures. The Cap and Trade program was suspended briefly in 2020 due to revenue forecast concerns related to the pandemic. The annually appropriated revenues from cap and trade are focused on several existing program areas, including Cal Fires' forest health and fuels reduction program, support for the AB 617 Air Quality Program, and investments in low carbon transportation, such as the Clean Vehicle Rebate Program. **Notably, the plan does not include funding for waste diversion to CAL Recycle to help implement our organic waste diversion requirements.**

Department of Toxic Substances Control

Over the past several years, the Legislature has proposed numerous reform proposals to allow the Department of Toxic Substances Control (DTSC) to improve its stewardship of public resources while maintaining fiscal stability and transparency. The Governor is proposing a comprehensive reform that includes changes to statutory fee authority and advancing local site cleanup and enforcement. The budget includes \$3 million to create a five-member Board of Environmental Safety to set fees through regulation, hear permit appeals and provide strategic guidance to the department. As an interim measure, the Governor's January budget includes \$35 million, one-time, General Fund, to support the Hazardous Waste Control and Toxic Substances Control accounts.

CSAC supports the accountability and transparency that a board would give and would request to be included in any discussion of the board's role and membership. While we are generally supportive of increased oversight, CSAC did submit a joint concerns position with the Rural County Representatives of California (RCRC) to the Legislature last year regarding proposed changes to the state's existing fee structure. CSAC and RCRC have concerns about fee increases and fee exemption repeals that could be included in the reform. [That joint concerns letter can be found be here.](#) Despite our shared concerns regarding fee reform, RCRC and CSAC generally support improved oversight at DTSC.

Cannabis

The 2020 Governor's budget included a proposal to consolidate state cannabis operations into one entity. This proposal was put on hold due to the pandemic but has been re-introduced this year. The Governor's January budget proposes to consolidate the three cannabis licensing entities into a single Department of Cannabis Control by July 2021. Currently, the Bureau of Cannabis Control, the Department of Food Agriculture, and the Department of Public Health all share unique responsibilities in licensing various parts of the cannabis industry. The Administration's proposal would centralize and align regulatory functions in a new stand-alone department that would create a single point of contact for cannabis licensees and local governments.

CSAC supports the consolidation of regulatory processes to ease the burden on our local legal businesses and respectfully requests to be continually involved with the development of any Trailer Bill Language related to this proposal. Consolidation is an important next step in the development of California's cannabis industry, however this proposal will have serious implications for our county members that have legalized cannabis businesses under California's dual state and local cannabis licensing structure.

Thank you for your consideration of our request. If you have any questions, please contact Catherine Freeman, CSAC Legislative Representative at cfreeman@counties.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine Freeman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Catherine Freeman
Legislative Representative

Cc:

Members, Assembly Budget Committee

Keely Bosler, Director, California Department of Finance

Christian Griffith, Chief Consultant, California Assembly Budget Committee

Susan Chan, Consultant, California Assembly Budget Committee

Genevieve Morelos, Consultant, California Assembly Budget Committee

Joseph Shinstock, Fiscal Director, Assembly Republican Caucus

Kirstin Kolpitcke, Natural Resources Fiscal Consultant, Assembly Republican Caucus