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Consulting and Governmental Relations

February 3, 2021

TO: Transportation, Water, and Infrastructure Committee

FROM: Mark Watts

SUBJECT: Sacramento Report – February TWIC Meeting

This report provides a status update on activities undertaken by the Newsom Administration and key legislative or state budget activities.

LEGISLATURE

Legislative Policy Committee Appointments

Assembly Speaker Rendon and Senate Pro Tem Atkins released their announced changes in committee membership and leadership in the past couple of days.

On the Assembly side, Speaker Rendon appointed Assembly Member Jim Frazier to the Assembly Government Organization Committee, replacing Assembly Member Adam Gray, leaving a vacancy on the Assembly Transportation Committee.

Speaker Rendon's new Transportation Committee Chair is Assembly Member Laura Friedman (D-Glendale) a strong advocate for alternative transportation modes. Previously, Assembly Member Friedman served as Chair of the Assembly Natural Resources Committee and is looking to accomplish an environmental agenda through her new position.

On the Senate side, Senator Lena Gonzalez (D-Long Beach) has been appointed to chair the Senate Transportation Committee which was vacant with Senator Jim Beall having termed out of office.

Budget Committees

With the budget proposed by the Governor to address state response and recovery through the current year and next fiscal year having been made in early January, we anticipate some very near-term budget activities in the next week or so, related to adjustments to the current year budget, as well as several items to be considered in the coming months; ultimately the vast majority of the 2021-22 state budget will be handled in a timely manner, as much is dependent on work load and revenue adjustments as part of the May Revision process. It is also important to stay on top of how the budget committees are formed:

Senate - Senate President pro Tempore Atkins has since appointed Senator Nancy Skinner (D-Berkeley) to be the next Chair for the Senate Budget and Fiscal Review Committee and reorganized the Senate Budget

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Subcommittees. Senator Maria Elena Durazo (D-Los Angeles) is now Chair of Budget Subcommittee Number Five on Corrections, Public Safety, Judiciary, Labor, and **Transportation**.

Assembly - Assembly Member Richard Bloom (D-Santa Monica) will remain Chair of Assembly Budget Subcommittee Number Three on Resources and **Transportation**.

Overall Legislative Priorities

During last week's swearing in, legislative leaders identified their priorities for next year highlighting in particular the need to move on housing production, broadband access, further policing reforms, and continued response to the pandemic's economic toll. The Legislature reportedly will also consider a fracking ban in the year ahead, although Assembly Speaker Rendon cautioned that environmental policies must contain labor protections so as to not leave workers behind as the state moves away from fossil fuels.

STATE BUDGET UPDATE

FY 2021-22 January Budget

The Newsom Administration is working on 2021-22 proposed state spending plan which we anticipate will be released on Friday, January 8.

The FY 2021-22 January Budget proposal will surely include proposals for how to spend the surprising influx of one-time available revenues that could be as high as \$26 billion per an assessment by the Legislative Analyst's Office. However, despite the one-time surplus anticipate in 2021, the state does face an ongoing operating deficit. We also are hearing that the Governor will likely advance a mid-year budget package, perhaps laying out recommended early 2021 expenditures as part of his January plan. Possible elements of a mid-year package could include small business relief, additional assistance for the COVID public health response (i.e., testing, vaccinations), direction on any new federal stimulus dollars, and restorations of 2020-21 budget cuts.

NEWSOM ADMINISTRATION

Appointments

Governor Gavin Newsom announced the appointment of Liane Randolph last week as the new Chair of the California Air Resources Board. Below is a brief bio for Ms. Randolph and a notice of the appointment of Dee Dee Myers as an adviser to the Governor and head of GoBiz.

Liane Randolph, 55, of Oakland, has been appointed Chair of the California Air Resources Board. Randolph has been a Commissioner at the California Public Utilities Commission since 2105. She was Deputy Secretary and General Counsel at the California Natural Resources Agency from 2011 to 2014 and an

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Attorney at Pillsbury, Winthrop, Shaw, Pittman from 2007 to 2011. She served as Chair of the California Fair Political Practices Commission from 2003 to 2007, where she also served as a Staff Attorney from 1996 to 1997. Randolph served as San Leandro City Attorney and was a Principal at Meyers Nave from 2000 to 2003, where she was an Associate from 1997 to 2000. She was an Attorney at Remcho, Johansen and Purcell from 1994 to 1996 and an Associate at Manatt, Phelps and Phillips from 1993 to 1994. She earned a Juris Doctor degree from the University of California, Los Angeles School of Law.

Governor Newsom also recently announced that former Clinton White House Press Secretary **Dee Dee Myers** will serve as Senior Adviser to the Governor and Director of the Governor's Office of Business and Economic Development (GO-Biz). In her new role, Myers will focus on economic recovery and advise on the vaccine roll-out.

Coronavirus Response and Relief Supplemental Appropriations Act

This pandemic relief and recovery act was signed into law on December 27, 2020. Included within the act is funding to aid the nation's states transportation programs, from which California will receive approximately \$900 million. The act provides a total of \$10 billion through the pre-existing Surface Transportation Block Grant (STBG) program. Per H.R. 133, funds can be programmed to STBG eligible projects as well as for preventative maintenance, routine maintenance, operations, and personnel.

Consistent with comments made at the CTC meeting last week by Caltrans Director Omishakin, there is general agreement on sharing the federal assistance funds, 60% to state, 40% to regional/locals. CSAC is closely monitoring the availability to ensure that local agencies receive a proper share.