Welcome Back!

Welcome to the first issue of the 2017 SCCA Legislative Committee Newsletter. Our first volume produced 19 issues packed with 64 pages of original content crafted specifically for SCCA. We hope you continue to see this effort as our way to keep you informed of California politics and policy. You’re always welcome to provide suggestions to me at toddb@blobby.com.

This issue continues with another chapter from the Trump v. California saga. We continue to cover this theme with a look at the legislature's unusual move in retaining a high-powered Washington DC law firm.

Ever wonder if California is still the Golden State? A recent Legislative Analyst reports looks at how intergenerational economic mobility (Are your California children increasing their economic well-being compared to your’s?) is occurring in California. You’ll be surprised to see how California compares to the rest of the nation.

And we continue to report on the continued deterioration of our state's infrastructure and efforts to bolster funding to maintain it. The SCCA Legislative Committee also made a very important decision on two key transportation bills.

There's plenty more below!

Please don't forget – if you have any transactions to make with the Contractors State Licensing Board or need some licensing help, please feel free to contact me. We have developed an outstanding relationship with the CSLB and can help you interface with them.

Intergenerational Income Mobility Shows California Still Golden State

Recently, the Legislative Analyst's Office released a report called Income Mobility in California Across Generations. This report shows that children in California have more upward income mobility compared to the national average.

In other words, children have a greater opportunity to meet and/or exceed their parent's income compared to children in other states. Specifically, 25% of children in the bottom income brackets are part of the top two-fifths of income earners as adults compared to 21% in other states.

Click here for access to the full report.
Trump v. California Continued: Former US Attorney General Hired to Defend California from Trump Administration

In a move that created a political buzz, the California legislature retained former US Attorney General Eric Holder to defend California law and policy from actions taken by the Trump Administration. This move has created a controversy in Sacramento Democrats claim they are trying to protect the interests and priorities of California. Critics raise concerns with the cost of the acquisition and if it is even constitutional.

To fully understand the situation, let’s rewind a little bit. In our last newsletter, we discussed how Sacramento Democrats pledged to fight the Trump Administration and to do everything they could to “protect” California and maintain the status quo. To that end, Democrats announced last week that the legislature retained Eric Holder and his Washington DC firm of Covington and Burling for $25,000 per month for the next three months. That works out to be a good deal for California since this firm typically charges $1,700 per hour, but we digress...

Assembly Democrats say that Holder was hired as outside counsel to provide advice on “our efforts to resist any attempts to roll back the progress California has made” on issues like climate change and immigration.

It is important to note that the Legislature has over 50 Legislative Counsel attorneys at their disposal – lawyers hired for their litigation and drafting abilities. In addition, California has the State Attorney General’s Office that not only acts as California’s chief litigator, but also employs thousands of workers to assist in those litigation responsibilities.

There may be some political motivations involved here as well. Press reports are showing that one of the Senate Pro Tem’s political advisors has a brother that works for the Holder firm.

There are enough questions surrounding this move that Republican Assemblymember Kevin Kiley (R-Granite Bay) requested the state Attorney General to examine the constitutionality of retaining Holder.

The Washington Times reported, “Mr. Kiley cited a court ruling that said the state Constitution forbids hiring outside consultants for roles that can be carried out “adequately and competently” by those in the civil service, including work ‘defending California against federal actions.’

“In light of these facts, I respectfully ask your legal opinion as to whether the 1,592 attorneys and legal staff at the State Attorney General’s Office can perform ‘adequately and competently’ the legal services for which Covington & Burling has been retained by the Legislature,” said the Republican Kiley in his letter.

The state Attorney General’s office has yet to respond to Kiley’s request.

This move to retain Holder and his firm really does not pass the political smell test. There are plenty of attorneys available to the legislature to defend California. It appears this is either a political move to show progressive Californians the determination of legislative leadership, an exercise in political cronyism or both.

We’ll keep tabs on future Trump v. California skirmishes.

Governor Proposes $179.5 Billion Budget for FY 2017-18

Governor Jerry Brown released his proposed budget for the 2017-18 Fiscal Year. While the Governor warned of an economic downturn, his proposed budget totals $179.5 billion. Brown stated that the surging tax receipts enjoyed by the state are slowing down and California now faces a two billion dollar deficit. This is the first deficit in five years.

“Small deficits can quickly mushroom into large ones if not promptly eliminated,” Brown said in a statement as he urged quick action to address the budget shortfall. While it seems to be a relatively small budget deficit (California faced a $27 billion deficit in 2011), Brown also urged boosting the state’s rainy day fund to prepare for a continued economic downturn.

Reuter’s reports that, “Brown’s budget proposed to boost funding for state reserves, education, healthcare expansion, and transportation infrastructure, counteracting poverty and combating climate change, while rolling back some planned spending increases.”

Any time the state faces a budget deficit, the reality is that difficult decisions will need to be made. While the Governor has pledged transportation funding in this budget, much of those funds come through additional taxes and fees. The past two years have shown that there is plenty difficulty passing these proposals through the Legislature.

For a quick summary of how the governor proposes to boost funding in the above listed areas, click here.
Bay Area Transportation Delays Skyrocket
SCCA Legislative Committee Supports Transportation Funding Proposals

At the start of the 2016-2017 Legislative session, Senators joined together with Senate Pro-Tem Kevin De Leon to introduce a series of bills to address infrastructure needs in California. They have termed these five bills “California Rebuild” and they seek to address clean drinking water, a statewide housing bond, affordable housing, goods movement bond, and transportation infrastructure.

Senate Bill 1 was introduced by Senator Jim Beall (D-San Jose) to try to address the $59 billion maintenance shortfall for California’s freeway system over the next 10 years. Local governments are facing a $78 billion shortfall for local roads, highways and bridges during the same time.

SB 1 is a 10-year, $6 billion annual investment that will go toward addressing these transportation needs. The investment will repair and upgrade streets, roads and bridges while also investing in transit systems and trade corridors. It is projected that this transportation investment will have an estimated $111.9 billion economic impact and include 570,000 jobs.

“Our transportation infrastructure is in dire condition. The longer we wait to fix it, the more it will cost us,” Senator Jim Beall warned. “By updating our funding system for transportation repairs now, we will restore our bridges, streets, and highways and generate thousands of good-paying jobs that will benefit families and California's economy.”

Senate Bill 4, by Senator Tony Mendoza (D-Artesia) seeks to make a $1.2 billion to enhance freight movement across the state and reduce emissions and health risks in California’s priority trade corridors. The objective of SB 4 is to relieve congestion on freeways and increase mobility for Californians.

“As a representative of cities in Southeast Los Angeles County and North Orange County, I realize the pressing need for improving our infrastructure for the movement of our goods. For this reason, I am honored to have introduced SB 4 as part of Senate President Pro Tem Kevin De León’s transportation package to improve our roads and highways,” said Senator Tony Mendoza.

The SCCA Legislative Committee has scheduled a special meeting in early January to discuss and take positions on these infrastructure bills. This is extraordinary for the committee and it shows how important infrastructure funding is for SCCA and its members.

Bay Area traffic congestion by the numbers

Rumor Has It...

That Governor Jerry Brown will include a major transportation funding proposal in the 2017-18 state budget.

Fact Check...Still Waiting

Governor Brown introduced his proposed 2017-18 budget on January 10 and it included increased budget items for the state reserves, education, healthcare expansion, and transportation infrastructure. In total, the Governor is proposing a $179.5 Billion state budget, a 5% increase over the current budget.

We will pay close attention to how the conversation develops regarding transportation infrastructure funding. This is the very beginning of a long conversation as Sacramento leaders negotiate their way through the budget.
California Water Infrastructure Updates

The Engineering News Record recently reported that the Delta Tunnels may be cleared for construction to start in 2018. This is due to officials finalizing the environmental impact report with relatively few changes to the original 2015 document. The changes included were responses and “minor revisions after receiving more than 30,000 public comments.”

The Delta Tunnels, termed the “California WaterFix” is a $15.5 billion project that would tunnel two 40-foot diameter pipes for 35 miles under the “fragile ecosystem that serves as the hub of the state’s water-delivery network.” ENR reports that many hurdles still remain including water rights, water quality issues, and environmental approvals.

Moving into the next phase for the California WaterFix project brings to the forefront the issue of water storage and capacity for our state. Recent January storms have flooded some rural parts of northern California, missing golden opportunities to store excess water run-off. The state must continue to discuss storage opportunities at times of high flow such as this. For example, how can the state capture and store the excess water during high flow times instead of “losing” the water as it goes straight to the Pacific Ocean?

One such opportunity is the Sites Reservoir. SCCA supported AB 2551 in 2016 to expedite the construction of Sites. This reservoir is designed to minimize environmental impacts by constructing the reservoir off of any streams. Water is redirected only during times of high flow. Pumps are activated to move excess storm run-off from existing channels to the reservoir – storing the water before it is wasted in the ocean.

It wouldn’t take long to fill Sites Reservoir during the wet months in Sacramento. Although the capacity to increase Sites would be limited to about 6,000 cubic feet of water per second, it would easily be filled in a few short years. Sites capacity is around 1.5 million acre feet of water. For comparison’s sake, a 21-day 2015 storm saw 1.6 million acre feet of water travel down the Sacramento River. If we could only capture some of that run-off and store it in an environmentally safe way, our state would be better off.

Water storage and conveyance will be an on-going issue for California. The more we can create opportunities like the Sites Reservoir, the effective we will become at managing our water and water storage while providing a balanced approach to protecting our environment. The state must find ways to continue to capitalize on high flow situations to provide the water resources our citizens need.

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SCCA member Seth Hammond poses with Governor Brown’s pet dog, Sutter during the 2011 SCCA Legislative Day. The dog was frequently seen in Sacramento and on various campaign trails. Sadly, Sutter Brown passed away on December 30.
Building the Sites Reservoir
WATER FOR OUR CITIES, FARMS AND WILDLIFE

The ongoing drought has cost our state billions of dollars of farm production, diminished wildlife habitat and reduced urban water supplies. For our future prosperity, we need to capture water in rainy years through offstream storage to help the state survive future dry years. Every Californian will benefit from the increased water storage and flexible water management that will come from Sites Reservoir.

Benefits:
- More reliable water supplies for millions of households, farms, birds and migrating salmon
- Greater flexibility to save water during surplus conditions for use during dry periods
- Stores water during the winter to generate clean and renewable power for peak summer demands
- Helps recharge groundwater supplies
- Recreational opportunities including boating, camping, fishing and hiking

Location of Proposed Sites Reservoir

Water would be pumped into reservoir from existing canals