



# THE CI

**MERCED**

**To:** The Honorable Mayor and City Council  
**From:** Steven S. Carrigan, City Manager  
**Date:** January 10, 2020  
**Re:** City Council Information Report

---

**SAVE THE DATE**

Friday, February 7, 2020  
Doors Open at 10:30am

Merced Theatre  
301 W. Main Street

**STATE OF  
THE CITY**

## **STATE OF THE CITY and COUNTDOWN VIDEO**

The annual State of the City will be held at 11 a.m., February 7th at the Merced Theatre. Preparations for the event began last year and publicity for the event is underway. Council members are invited to participate in the Countdown video for the event. Members interested in appearing on the Countdown video should drop by the MCOE production offices, J Building, Monday, January 13, from 2:30 to 4:30 p.m. (enter from the parking lot on M Street). Please do not wear green for the video, because it will be a “green screen” production.

## COMMUNITY MEETING – MCKEE & YOSEMITE PROJECT

The project developer has scheduled community outreach meetings for 3 and 6 p.m. Tuesday, January 14 at Yosemite Church, 2230 E. Yosemite Ave. Notices were mailed to property owners within 500 feet of the project site and a notification sign has been posted on the project site.



The Planning Commission will be holding a Public Hearing to consider a conditional use permit (CUP) for the redesigned 214 unit multifamily unit - mixed use project on Wednesday, January 22. In response to public comments the developer has lowered some building heights, swapped out retail space for office-professional space, and added other amenities. The project developer is also engaged in conversations with UC Merced, which is considering the location for graduate and adjunct faculty.

## TOWN HALL MEETINGS REMINDER

The City Council 2020 Town Hall meetings dates have been selected. The meetings have been scheduled as follows:

- February 19: Hoover Middle School, 6-8 p.m.
- February 20: Golden Valley High School, 6-8 p.m.
- February 26: Cruickshank Middle School, 6-8 p.m.

**R STREET BRIDGE AT BEAR CREEK**

Public Works Crews cleared debris under the R Street Bridge at Bear Creek this week, as shown in the before and after photos below.



## 27<sup>TH</sup> & K STREET

Work at the 27<sup>th</sup> & K Street property has continued this week with installation of carpet under the direction of Public Works.



## **TREE DONATION**

Public Works received a donation of 12 Sunset Maple Trees from Durbin Bookkeeping, Parker Family Chiropractic, Michelle's Bookkeeping, Deborah Arceo, and Lynda's Bookkeeping. The trees will be planted in McNamara Park this Saturday.

## **BEAR CREEK ARUNDO CLEANUPS COMPLETE**

Public Works crews, along with assistance from California Department of Forestry (CDF) crews, completed clearing invasive arundo along Bear Creek under an emergency permit from the state Fish and Wildlife Department this week.



## M STREET EUCALYPTUS TREE TRIMMING

The Public Works Tree Division, with assistance from CDF crews, is trimming and cleaning the M Street Eucalyptus Tree Grove this week. Work should be completed this week, weather permitting.



## ENGINEERING UPDATES

### *Water Well Site #21*

Hobbs Construction is working on the new water well pump and discharge installation.



***Main & M Street Roadway Reconstruction***

AGEE Construction crew worked on connecting crosswalk push buttons this week.



***Water Well site #20***

Clark Bros., Inc., worked on underground utilities at the site.





## **MONTHLY LEGISLATIVE REPORT**

The monthly legislative update from Townsend Public Affairs is attached.

## **INSPECTION SERVICES REPORTS**

Please find attached two Inspection Services reports. There are two due to the holiday break.

## **URGENT CARE OPENING**

The Grand Opening of Golden Valley Health Centers' Northview Health Center/Urgent Care is set for 12 to 2 p.m., Thurs., Jan. 16, at 3940 Sandpiper Ave.

## **HOMELESSNESS ARTICLE**

Attached is an article on homelessness from CalMatters.

## **PLANNING COMMISSION**

Please find attached the Planning Commission Action Memo.

## **SAVE THE DATE**

Jan. 13 – CP 42 Meeting, Sam Pipes Room, 5:30 p.m.

Jan. 16 – Golden Valley Northview Health Center Grand Opening, noon – 2 p.m.

Jan. 16 – Laura Fountain Meeting, Sam Pipes Room, 5:30 p.m.

Jan. 17 – Merced Fire Promotional Ceremony, Station 51, 3 p.m.

Jan. 23 – MCOE Annual Report, TBA, 11:30 a.m. – 1 p.m.

Feb. 7 – State of the City, Merced Theatre, 11 a.m.

Feb. 19 – Town Hall, Hoover Middle School, 6-8 p.m.

Feb. 20 – Town Hall, Golden Valley High School, 6-8 p.m.

Feb. 26 – Town Hall, Cruickshank Middle School, 6-8 p.m.

## **REPORTS & CORRESPONDENCE**

- |   |            |
|---|------------|
| 1. Townsend Public Affairs monthly report | P. 11      |
| 2. Inspection Services reports            | P. 43 & 44 |
| 3. Golden Valley Urgent Care              | P. 45      |
| 4. Article on homelessness                | P. 46      |
| 5. Planning Commission Action Memo        | P. 58      |

## MEMORANDUM

**To:** City of Merced  
Mayor and Council Members  
Steve Carrigan, City Manager  
Stephanie Dietz, Assistant City Manager

**From:** Townsend Public Affairs, Inc.  
Christopher Townsend, President  
Richard Harmon, Central California Senior Director

**Date:** January 6, 2020

**Subject:** Monthly Report—December 2019

### SUMMARY

This memorandum is an overview of activities undertaken by Townsend Public Affairs (TPA) over the last month, working on behalf of the City of Merced, including the following subjects:

- **Legislative Activity and Updates**
  - *State Update*
    - Legislative Activity
    - 2020 Fiscal Outlook
    - Environmental Bond Measures
    - Housing Legislation
    - Homelessness Update
    - Utility Bankruptcy
    - Single-Payer Commission
    - Potential 2020 Ballot Measures
  - *Federal Update*
    - Congressional Activity
    - Fiscal Year 2020 Appropriations
    - Opportunity Zones
    - Trade Agreement Reached
- **Project Activity and Updates**
  - *Proposition 68 Grants*
- **Funding Program Updates**
  - *Active Transportation Program—Cycle 5*
- **Upcoming Funding Opportunities**



## LEGISLATIVE ACTIVITY AND UPDATES

### State Update

#### Legislative Activity

The Legislature is scheduled to reconvene on January 6 for the second year of the 2019-20 Legislative Session. When lawmakers return, they will face fast-approaching deadlines to move legislation from last year that did not pass out of its house of origin. Due to the election cycle, the second year of the 2-year Session is typically more condensed than the first year, resulting in quicker policy committee and appropriations deadlines for bills. Likely issues to be taken up in 2020 will be wildfire/utility oversight, development impact fees, housing, and environmental bond measures.

Below is a list of upcoming legislative deadlines:

**January 1, 2020** – Most statutes passed in 2019 take effect

**January 6, 2020** – Legislature reconvenes for the 2020 Legislative Session

**January 10, 2020** – Budget must be submitted by Governor

**January 31, 2020** – Last day for each house to pass bills introduced in the odd-numbered year

**February 21, 2020** – Last day to introduce legislation

#### 2020 State Fiscal Outlook

In anticipation of the Governor's January Budget release, recent reports have shown that California can expect a budget surplus of approximately \$7 billion and the State's budget continues to be in a good economic position.

By the end of Fiscal Year 2020-21, the State is expected to have a "rainy day fund" of \$18.3 billion. The State's positive fiscal condition has been credited to more than a decade of economic expansion and prudent legislative actions that have added to the State Budget's resiliency.

While we expect the Governor's January budget proposal to reflect the anticipated revenue increase, we will have a clearer picture of the Fiscal Year 2020-21 State Budget after income taxes are collected in April. The Governor will then release the revised version of his proposal and the Legislature will need to pass a budget bill by midnight on June 15.

#### Environmental Bond Measures

In August 2019, three bills were gut and amended to potentially place bond measures on the 2020 State ballot. The bills would require two-thirds approval from the Legislature before going to California voters on November 3, 2020. Each measure is expected to issue approximately \$4 billion in general obligation bonds to address items such as climate change, wildfires, parks, water, workforce development, and flood management.



The three bills are:

- AB 352 (Garcia)—Wildfire Prevention, Safe Drinking Water, Drought Preparation & Flood Protection Bond Act of 2020
- SB 45 (Allen)—Wildfire, Drought, Flood Protection Bond Act of 2020
- AB 1298 (Mullin)—Climate Resiliency, Fire Risk Reduction, Recycling, Groundwater and Drinking Water Supply, Clean Beaches, and Jobs Infrastructure Bond Act of 2020

Since the end of the 2019 Legislative Session, TPA has been meeting with the bills' authors to advocate for funding. TPA will continue to provide timely updates regarding these bond measures and their potential impacts and benefits.

### Housing Legislation

A number of housing bills approved by the Legislature last year took effect on January 1. **Assembly Bill 1486 (Statutes of 2019)** aims to connect developers who are interested in building more affordable homes to publicly owned land that is both available and suitable for housing development. Beginning January 1, 2020, local agencies (including cities, counties, and special districts) must send notices of availability to the Department of Housing and Community Development (HCD) where developers on a State list who have expressed interest in building affordable housing on local surplus land can view them.

During 2020, HCD will kick off technical assistance, education, and outreach to develop uniform standards (including guidelines and other materials) to ensure that local agencies comply with State law when disposing of surplus land. Beginning January 1, 2021, HCD will begin implementing AB 1486 including releasing finalized guidelines and notifying the Attorney General of violations of the Surplus Lands Act as necessary.

By April 1, 2021, every California city and county will be required to have a central inventory of surplus and excess land and must report to HCD on each parcel. HCD, in turn, will provide the information to the Department of General Services (DGS) to include in a statewide inventory. This is in accordance with **Assembly Bill 1255 (Statutes of 2019)**.

In an effort to accelerate housing production, the Legislature passed **Senate Bill 330 (Statutes of 2019)** that makes changes to land use and zoning law to remove barriers and impediments to building new housing in urban areas of the state, specifically in areas in which underproduction is most prevalent, known as "affected cities" and "affected counties".

The bill requires HCD to develop a list of cities ("affected cities") and census designated places (CDPs) within the unincorporated county ("affected counties") that are prohibited from taking certain zoning-related actions, including, among other things:

- Downzoning certain parcels
- Imposing a moratorium on development
- Imposing design review standards that are not objective

The list of affected cities and counties may be updated on or after January 1, 2021 to account for changes in urbanized areas or urban clusters due to new data obtained from the 2020 census.



As we look forward this year, we are expecting to see proposed amendments to **Senate Bill 50 (Wiener)**—the proposal to increase housing density around transit stations. The bill stalled last year in the Senate Appropriations Committee and will need to advance out of the Senate by the end of January.

The amendments should be made available late on January 6 in advance of a planned press conference by the author on January 7. Senator Wiener is expected to have the necessary votes for approval in the Senate.

The Legislature will also make another attempt to secure the Governor’s approval of legislation to fund additional affordable housing. Last year, the Governor vetoed **Senate Bill 5 (Beall)** that would have created the Affordable Housing and Community Development Investment Program as quasi-replacement for redevelopment eliminated several years ago.

The Governor vetoed SB 5 citing the approximate cost of \$2 billion to the State and arguing the policy should be discussed as part of the budget process. It is likely the Legislature will make a request of the Governor to include the funding in his January budget proposal.

We have also been following discussions over the last few months related to housing development impact fees. Assembly Member Grayson will be making changes to his **Assembly Bill 1484** to likely require more uniformity in the components of those fees. Finally, we are expecting a continued push on **Assembly Constitutional Amendment 1 (Aguiar-Curry)** that would lower the approval threshold for voter-approved affordable housing bonds.

#### Homelessness Update

The Legislature will also continue to discuss options for additional assistance to address the homelessness crisis. Part of that discussion will be to consider an initiative to build more shelters and increase access to mental health assessment and care.

In mid-December, the U.S. Supreme Court refused to hear an appeal, keeping in place a lower court decision preventing cities from clearing people from street camps unless the agency offers shelter or housing. Many of these encampments present severe health and fire hazards.

The obstacle for most communities has been the cost and appropriate locations for new shelters. The Legislature and Governor have continued to provide significant funding for homeless support efforts, but given the cost of housing and services, the funding is still constrained. As numbers of homeless continue to rise, the public is also demanding action, forcing agencies to spread resources very thin among all community services.

On December 4, Governor Newsom appointed Matthew Doherty to lead his homelessness policy efforts. In November, Doherty was fired by President Trump as the Executive Director of the U.S. Interagency Council on Homelessness.



## Utility Bankruptcy

Pacific Gas & Electric submitted its bankruptcy plan to Governor Newsom last month as part of an agreement to solicit his input on the plan before filing with the courts. Newsom rejected the proposal citing failure to address safety requirements under State law. The Governor's approval of the plan is not necessary for the utility to move forward in bankruptcy.

The utility has decided to move forward with its proposal in the courts as it faces by attempts by investor groups to take over the company. PG&E has been facing approximately \$30 billion in financial liabilities from its involvement in recent wildfires.

Days after submitting its proposal to the Governor, the judge in the bankruptcy case approved two settlements with victims' groups—one for \$13.5 billion and another for \$11 billion. The utility will need to exit from bankruptcy by June 30, 2020, in order to access billions of dollars in funds available from the State for help with the claims.

## Single-Payer Commission

In December, Governor Newsom followed up on a campaign pledge to examine the possibility of a single-payer financing model in pursuit of universal health coverage. The Governor announced the formation of the 17-person Healthy California for All Commission that will begin meeting in January. Among the members of the Commission are the Director of the Department of Health Care Services, the Chairs of the Senate and Assembly Health Committees, the Executive Director of Covered California, and academics and advocates.

The Governor intends for the Commission to look into national health insurance programs in other countries—including Germany and Canada—and consider what might work in California. The Legislature considered policy in 2017 that would have created a single-payer system, but it came with a \$400 billion estimated cost. Because the legislation lacked many necessary financing details, even Assembly Speaker Rendon criticized the plan at the time, saying it was “woefully incomplete.”

Any proposal for a single-payer health care system would require federal approval of various components—a requirement likely to be rejected by a Republican White House.



## Potential 2020 Ballot Measures

This section is intended to serve as an overview of currently qualified ballot measures for the Statewide Primary and General Elections in 2020, as well as an overview of key measures that are currently in the process for qualifying for the General Election ballot. To remain as accurate as possible to the official information developed by the Attorney General and Legislative Analyst's Office, and distributed by the Secretary of State, the majority of the information contained in this memo has been obtained directly from those sources.

### *Statewide Primary Election (March 3, 2020)*

Under current law, only the Legislature can place a ballot measure before the voters in a statewide primary election; all voter-qualified initiatives are placed on statewide general election ballots. For the 2020 Statewide Primary Election, the Legislature has only placed one measure on the ballot.

### ***Public Preschool, K-12, and College Health and Safety Bond of 2020***

The Public Preschool, K-12, and College Health and Safety Bond Act of 2020 was placed on the ballot by the passage of Assembly Bill 48 (O'Donnell, Chapter 530, Statutes of 2019). The initiative would authorize \$15 billion in state bond funds for the construction and modernization of education facilities throughout the state, allocating \$9 billion for K-12 and \$2 billion each for the California Community Colleges, California State University, and University of California.

Of the \$9 billion allocated to for preschool through grade 12 facilities, the funding will be made available in the following manner: \$2.8 billion for new construction, \$5.2 billion for modernization, \$500 million for charter schools, and \$500 million for career technical education. The proposition establishes funding priorities, as well as formulas for determining the state-level of investment in these facilities. The funding contained in Proposition 13 for community colleges, UC and CSU will be provided to the system office for expenditure through their already established facilities programs.

The initiative also has minor implications for affordable housing development throughout the state, as it places a moratorium on the collection of school developer fees from multi-unit housing developments near mass transit stations. This has caused some hesitation on the part of the K-12 advocacy organizations, but it is still largely expected that the education and trade unions will be largely supportive. Proponents of the measure have approximately \$556,000 cash on hand and that total will likely increase dramatically in January and February. There is not currently any registered opposition to the bond, but it's likely that tax-payer groups will express concern in the lead up to the election.

### *Statewide General Election (November 3, 2020)*

Under current law, if an initiative proponent secures the required number of signatures, then an initiative measure is eligible to be placed on a statewide general election ballot. In addition to voter initiatives, legislatively approved measures, as well as referenda, may be placed on a statewide election ballot.





In order to be placed on the statewide general election ballot, an initiative measure must have the requisite number of signatures verified by counties at least 131 days before the election. For the November 2020 General Election, initiatives must be certified no later than June 25, 2020.

Below are the three items that have already qualified to be placed on the November 2020 General Election ballot.

**1840. (17-0044A1) Felony Sentences for Certain Offenses Currently Treated as Misdemeanors**

*Status: 430,617 signatures verified on 7/25/18*

This measure, which qualified for the November 2020 ballot in July 2018, amends State law to increase penalties for certain theft-related crimes, change the existing nonviolent offender release consideration process, change community supervision practices, and require DNA collection from adults convicted of certain misdemeanors. Additionally, the measure establishes new crimes for serial theft as well as organized retail theft.

In November 2016, voters approved Proposition 57, which amended the State Constitution, to specify that any person convicted of a nonviolent felony offense and sentenced to State prison shall be considered for release after completing the full term for his or her primary offense, as well as to reclassify certain crimes from felonies to misdemeanors. This has resulted in thousands of reviews and the approval of over 500 offenders for release. This proposal would increase the penalties for certain theft-related crimes, as well as make changes to the release consideration process to exclude inmates that have committed certain crimes, allow for broader appeals of release decisions, expand the grounds on which a release can be denied, and require victims to be notified of release reviews.

The Legislative Analyst's Office anticipates that this measure would result in increased state and local correctional costs, likely in the tens of millions of dollars annually, primarily related to increases in penalties for certain theft-related crimes and the changes to the nonviolent offender release consideration process. Additionally, there are likely to be minor State and local costs associated with processing probation revocations and additional felony theft filings, as well as for the collecting and processing DNA samples from additional offenders.

**1851. (17-0055A1) California Schools and Local Communities Funding Act of 2018**

*Status: 661,306 signatures verified on 10/15/18*

Originally submitted as the California Schools and Local Communities Funding Act of 2018, the initiative is currently eligible for the November 3, 2020, General Election. The ballot measure, commonly referred to as "Split Roll" or "Prop 13 Reform," requires certain commercial and industrial real property to be taxed based on fair-market value and dedicates portions of any increased revenue to education and local services.

Proposition 13 of 1978 ensures that valuations of property may not grow by more than 2 percent annually and that market value reassessment may only occur with a change of ownership. This initiative would alter the conditions for that reassessment to every three years for commercial



property while keeping the residential and qualified small-business properties under the current system. This change to assessment of commercial property taxes is projected to result in an additional \$10.8 to \$12 billion in annual revenues across the state, of which 40 percent would go to education and 60 percent would go to local agencies (cities, counties, and special districts).

Proponents are currently circulating a replacement initiative that will strengthen the small business and agricultural protections included in the initiative, but the revised initiative does not substantively alter the primary provisions of the ballot measure. The revised ballot measure is currently being circulated for signatures. The proponents have until April 14, 2020, to submit 997,000 valid signatures in order to be placed on the November 2020 General Election ballot. If the revised initiative qualifies for the ballot, proponents will then remove this version of their proposal from the November 2020 ballot, so that only the revised measure is placed on the ballot.

This will likely be one of the costliest initiative campaigns of the general election. The supporters, consisting primarily of labor and education stakeholders, currently have just over \$4 million raised, while opponents, consisting primarily of business and property stakeholders, have roughly \$1.4 million leading into January. It is expected that the supporters and opponents will combine to spend in excess of \$100 million on this initiative before the election cycle is over.

**1856. (18-0009) Referendum to Overturn a 2018 Law that Replaced Money Bail System with a System Based on Public Safety Risk**

*Status: 409,505 signatures verified on 1/16/19*

This referendum seeks to repeal SB 10 (Hertzberg), which was approved by the Legislature, and signed into law by the Governor, in 2018.

SB 10 revises the pretrial release system by creating a non-monetary process requiring counties to establish pretrial services agencies tasked with conducting risk assessments of arrested person, preparing reports with recommendations for conditions of release, and supervising defendants released into the community. This bill also requires the Judicial Council take several steps to ensure the consistent implementation of pretrial services, such as adopting a rule of court on the proper use of pretrial risk assessment information, training judges, compiling a list of validated risk assessment tools, and collecting and reporting data. In addition, this bill makes numerous other changes to the pretrial release system.

If the referendum is successful, then SB 10 will not be implemented, otherwise the provisions of the bill will become effective immediately.

*Proposed Initiatives (Not Yet Qualified for the Ballot)*

In order to be placed on the statewide general election ballot, an initiative measure must have the requisite number of signatures verified by the 131<sup>st</sup> day before the election. For the November 2020 General Election, initiatives must be certified no later than June 25, 2020. The following proposed initiatives have not yet qualified for the ballot but are in the process of signature gathering.



**1862. (19-0001) Expand Local Governments' Authority to Enact Rent Control on Residential Property**

*Status: Cleared for circulation. 623,212 valid signatures due by 12/23/19*

This initiative would amend state law to allow local governments to establish rent control on residential properties over 15 years old. The proposed initiative would allow for rent increases on rent-controlled properties of up to 15 percent over three years from the previous tenant's rent, above any increase allowed by local ordinance. The initiative would exempt individuals who own no more than two homes from the new rent control policies.

In October, the initiative proponents announced that they had already collected over 625,000 signatures, so it is likely that this measure will qualify for the November 2020 ballot. If the measure qualifies for the ballot, it is likely that significant amount of money will be spent in support, as well as in opposition, to the measure. A similar measure, Proposition 10, was rejected by voters at the November 2018 General Election after over \$100 million was spent on the measure, with nearly \$80 million being spent by the opponents.

**1864. (19-0003) Changes Requirements for Transferring Property Tax Base to Replacement Property**

*Status: Cleared for circulation. 997,139 valid signatures due by 3/4/2020*

Currently circulated as the Property Tax Fairness for the Severely Disabled, Victims of Disaster, and Seniors Act, this initiative would change requirements for transferring property tax base to a replacement property. Existing law allows for the transfer of property tax rates from one residential property to another for certain categories of homeowners, specifically those over the age of 55 and those with disabilities or who have been the victim of disaster. Under current law, the new property must be within a designated county and meet other eligibility requirements. A homeowner may only exercise a transfer of the base property tax rate once.

This initiative would remove the requirement that the property be of equal or lesser value and provide that all counties in the State are eligible for such a transfer. It would also allow for up to three such transfers instead of the existing limit of once. The measure would also narrow some of the tax rules related to inherited properties.

Currently around 80,000 homeowners who are over 55 move to different houses each year without receiving a property tax break; most of these movers end up paying higher property taxes. Under this measure, these movers could apply for a lower property tax bill, which would reduce the property tax revenue. However, this measure could result in more people selling their homes and buy different homes because of the new property tax break. If the purchasers of the home are under the age of 55, the property would then be reassessed, and taxed, at current market value, resulting in an increase in property tax revenue.

The Department of Finance and Legislative Analyst Office anticipate that overall this would potentially generate tens of millions in property tax increases for local governments, with similar revenue increases for schools and special districts, per year. It is also anticipated that County property tax administration costs would increase by tens of millions each year.



**1866. (19-0005) Wildfire Prevention, Safe Drinking Water, and Protecting Wildlife and Lands from Climate Risks Bond**

*Status: Cleared for circulation. 623,212 valid signatures due by 3/4/2020*

This initiative would authorize \$7.883 billion in State general obligation bonds for various projects to mitigate climate risks and impacts in the following categories: \$3.508 billion for wildfire prevention and community resilience; \$2.2 billion for safe drinking water; \$975 million for fish and wildlife; \$770 million for coastal lands, bays, and oceans; \$200 million for agricultural lands; and \$230 million for workforce development and education regarding these issues.

In addition to the proposed initiative, there are currently three competing “climate resiliency” bond bills making their way through the Legislature: SB 45 (Allen), AB 352 (E. Garcia), and AB 1298 (Mullin). The three bond bills will likely be amended and/or potentially reintroduced in early 2020, but in their current form, each of the bills authorize approximately \$4 billion in general obligation bonds for natural resources funding.

If the initiative proponents are able to collect enough valid signatures to place their measure on the ballot, it is likely that the Legislature will negotiate to place a compromise measure on the ballot, which includes some legislative funding priorities. If this compromise is to occur, it will need to be placed on the ballot prior to the end of June 2020.

**1867. (19-0006A1) Requirement of Monetary Bail**

*Status: Cleared for circulation. 997,139 valid signatures due by 3/17/2020*

This initiative amends the State Constitution to require that monetary bail be included as a means to obtain release from jail before trial, except when arrested for specified crimes excluded under current law (i.e., capital crimes, certain felonies involving violence, sexual assault, or threat of great bodily harm). The proposed initiative also amends the State Constitution to add the definition of “bail” as cash, state or federal bonds, real property, or bond posted by a licensed bail agent on behalf of a licensed surety company.

This proposed initiative is being pursued by the same stakeholders that qualified the referendum of SB 10. The initiative proponents believe that by amending cash bail into the State Constitution, the Legislature will not be able to pass bills like SB 10 in the future. Polling in October showed that likely voters were split on the issue of cash bail versus risk-based release assessments. After the results of the polling were released, the cash bail proponents have elected to focus on the referendum effort instead of the constitutional requirement for cash bail; however, the proponents could elect to renew their efforts and have until mid-March to submit signatures to qualify the measure for the November 2020 ballot.



## **1872. (19-00010) Expands Legalization of Cannabis and Hemp**

*Status: Cleared for circulation. 623,212 valid signatures due by 4/20/20*

This initiative would make numerous changes to current law relating to cannabis and hemp. Specifically, the proposed initiative would repeal existing conflicting laws regulating cultivation, sale, and use of cannabis and hemp; legalizes cannabis and hemp; expand judicial relief, including release from custody, for existing cannabis/hemp convictions; prohibit permit, license, and tax requirements for personal uses; increase the amount of cannabis allowed for personal use; prohibit commercial regulation beyond manner applicable to beer/wine; limit retail tax to 10 percent; allows doctors to recommend cannabis without prescription; prohibit taxation of medicinal cannabis; limit cannabis testing for employment or insurance purposes; and, bar state or local aid to enforce federal cannabis/hemp laws.

The Legislative Analyst's Office estimates that proposed initiative would reduce state and local tax revenues related to the production and sales of cannabis, likely in the mid-to-high hundreds of millions of dollars annually, due to the 10% tax limit on retail sales and the \$1,000 limit for state licensing fees.

## **(19-0026A1) Protect App-Based Drivers and Services Act**

*Status: Submitted to the Attorney General for Title and Summary. Anticipated date of Title and Summary Issuance is 1/2/20*

This initiative would make app-based drivers independent contractors. As a result, recent state changes, enacted through AB 5, to the types of work that independent contractors may do would not affect these drivers; future changes to legally required worker benefits or protections also would not apply to these drivers.

In addition to making drivers independent contractors, the measure would require companies to provide certain new benefits to these drivers, including: app-based companies would be required to pay drivers at least 120 percent of the minimum wage for each hour spent driving (but not wait time); app-based companies would be required to provide a \$400 a month health stipend for drivers who work more than 25 hours per week (not including wait time) and \$200 a month stipend for those that drive between 15 and 25 hours a week; require companies to have insurance to cover drivers injured on the job; prohibit drivers from working more than 12 hours in a 24 hour period; and would require rideshare and delivery companies to have sexual harassment prevention policies, criminal background checks, and safety training for all drivers.

This proposed initiative is the industry-sponsored response to the changes in state law related to independent contractors contained in AB 5 (Gonzalez), which was signed into law in 2019. The key backers of the initiative are Uber, Lyft, and DoorDash, each of which have already committed \$10 million to the initiative effort and are expected to contribute tens of millions of additional dollars to advance the effort. Given recent legislative activity in California and other states, as well as recent court decisions regarding independent contractors, it is believed that, if successful, this initiative could serve as a blueprint for further action at the federal level or in other states.



**(19-0029) California Sports Wagering Regulation and Unlawful Gambling Enforcement Act**

*Status: Submitted to the Attorney General for Title and Summary. Anticipated date of Title and Summary Issuance is 1/21/20*

This initiative would enact the California Sports Wagering Regulation and Unlawful Gambling Enforcement Act for the purpose of regulating sports wagering in California. The initiative would allow permitted tribal governments to offer sports wagering, as well as roulette and games played with dice, after negotiations pursuant to existing state and federal law. Additionally, the measure would allow approved racetrack operators to offer sports wagering.

The initiative would place safeguards around sports wagering, including: minimum age requirements; prohibition of marketing sports wagering to people under 21 years of age; limiting sports wagering to only professional, college, or amateur sporting events; prohibiting wagering on any high school events; with limited exceptions, prohibiting any wagering on events involving any California college team; prohibiting wagering on any currently illegal sporting event; and, allowing the Legislature to provide for anti-corruption measures. Additionally, this initiative would impose a 10% tax of revenue derived from sports wagering for public safety, mental health programs, education and regulatory costs.

This initiative is being led by a coalition of eighteen tribes from across California and would allow in-person, on-site sports wagering at tribal casinos and licensed racetracks – but not internet or mobile wagering. In 2018, the Supreme Court struck down a 1992 federal law that prohibited states from regulating sports wagering. Since the decision, seven states have allowed sports betting, and another five states have approved wagering, but have not yet begun operating. In California, voters must authorize any expansion of gaming activities, such as sports wagering, as they are governed by the State Constitution.



## Federal Update

### Congressional Activity

The second session of the 116th Congress will officially convene after the holidays on January 7, 2019. At the moment, only the House has definitively announced it will be convening session on this day; the Senate has not yet released its January schedule due to the uncertainty regarding the impeachment inquiry of President Donald Trump. The Democrat-controlled House is moving quickly to vote on articles of impeachment. If the process continues at current pace and the House votes roughly along party lines, the House could impeach President Trump before the holidays conclude. He would face a trial to decide whether to remove him from office in the Republican-controlled US Senate in early 2020; if the Senate similarly votes along party lines, they will not remove him from office.

Congressional priorities for 2020 include the following:

- ***Appropriations for Fiscal Years 2020 and 2021:*** The Fiscal Year 2021 budget and appropriations process is scheduled to begin in February 2020, even though full-year funding for Fiscal Year 2020 has not yet been finalized.

Most priority area funding levels in FY20 are expected to see continued year to year increases during the budget process. Congress is expecting to finish work on all 12 measures by the December 20 deadline, or pass a Continuing Resolution at FY 2019 levels while federal funding is negotiated. Without a Continuing Resolution enacted by that date (which would be the fourth Continuing Resolution this fiscal year), a full government shutdown would go into effect on December 21, 2019.

Although Fiscal Year 2021 does not begin until September 1, 2020, the process of negotiating the Fiscal Year 2021 appropriations levels will begin in February, with the predicted release of the President's Budget Request on the second Tuesday of the month. This means that it is possible that Fiscal Year 2020 funding would not yet be finalized by the time we begin planning for Fiscal Year 2021.

With the Trump Administration entering its fourth year in office, we can expect the President's Budget Request to ask for Fiscal Year 2021 funding levels that reflect the President's priorities. Similar to years past, we anticipate a call for major cuts in funding or elimination of critical programs, such as Community Development Block Grants (CDBG), the Land and Water Conservation Fund (LWCF), the Economic Development Administration (EDA), and the National Endowments for the Arts and Humanities (NEA and NEH). Although the Trump Administration frequently recommends less severe cuts to other priority programs, such as the Community Oriented Policing Services (COPS) and the Assistance to Firefighter (AFG) grant programs, any cuts to top-line amounts could be detrimental as it decreases the available funding for all regular and future applications nationwide.

Despite the fact that Fiscal Year 2020 funding levels have not been finalized, TPA's efforts in these funding priority areas have continued to prove fruitful. Using proposed levels in the House and Senate to predict outcomes, we can expect level or increased funding for



the vast majority of funding priorities, including CDBG, LWCF, EDA, NEA, NEH, and AFG. We will remain steadfast in our advocacy for these funding levels in the Fiscal Year 2021 cycle to ensure that your priority funding streams are kept at the forefront of the conversation. Our goal is to ensure the adequate funding of all worthy projects in order to continue the programs they are designed to serve.

- **Transportation and Infrastructure:** With the authorization for federal surface transportation program expiring in September 2020, the 116th Congress will have the critical opportunity to implement funding parameters for surface transportation projects potentially spanning nearly half the coming decade.

Such legislation will likely focus on authorizing, making modifications to, and creating new federal grant programs that fund highway, transit, passenger rail, and other surface transportation projects, as well as authorizing funding allocated to programs administered by the State of California, including the Active Transportation Program. Expect a heavy focus on opportunities to help infrastructure projects receive more funding, increase the likelihood of infrastructure projects receiving funding, and removing barriers to executing infrastructure projects quickly. A key point of contention will be the discussion of whether to increase the gas tax, which is the simplest and most direct way of raising substantial funds for transportation. Lawmakers in both parties have already indicated that they are disinterested in any increases to the tax, so the challenge of funding this legislation will present an impasse as negotiations ensue.

Though this legislation has already been introduced and passed in the Senate, the House-led version from Transportation and Infrastructure Committee Chairman Peter DeFazio (D-OR) has not yet been released. TPA has already begun working with legislative offices and communities to ensure your priorities will be incorporated into this critical legislation.

- **Wireless Infrastructure:** Local control of wireless infrastructure will continue to be a topic of interest in 2020. Courts will continue to consider lawsuits filed by municipalities in the effort to prevent the FCC from enforcing new wireless infrastructure rules, and will likely come to a decision by the end of 2020. The new wireless infrastructure rules have forced municipalities to alter their permitting practices and severely hinder their use of wireless infrastructure fees as a revenue stream. Existing interest in related legislative items, such as ethical technology company practices and local infrastructure, there may be additional opportunities in 2020 to address the issue. TPA will continue to work with numerous members of Congress to increase support for legislation such as Congresswoman Anna Eshoo's "Accelerating Wireless Broadband Development by Empowering Local Communities Act" (H.R. 530) to ensure that municipalities maintain control over their infrastructure and to ensure that local interests are kept at the center of the federal conversation.
- **Water Resources Development Act (WRDA):** Congress drafts regular reauthorizations of WRDA to authorize funding for water resource projects and studies. The focus of this legislation primarily involves setting policies for navigation, flood control, recreation, water supply and emergency management for the U.S Army Corps of Engineers (USACE). Generally passed on a biennial basis, WRDA covers any and every interest from ports





and inland waterways to levees, dams, wetlands, watersheds and coastal restoration. The current authorization will expire at the end of September 2020, and the Committee on Transportation and Infrastructure will lead the effort to implement new legislation to ensure reauthorization. We expect to see a major focus on issues such as drought mitigation, drinking and wastewater. The framework of this bill will be entrenched in the concept of ensuring our nation's infrastructure is built to withstand and protect against future extreme weather events and other man-made disasters. TPA is already working with key water legislators such as Senator Dianne Feinstein (D-CA), Congressman John Garamendi (D-CA), and Congresswoman Grace Napolitano (D-CA) to ensure that your concerns will be incorporated into this important legislation.

### Fiscal Year 2020 Appropriations

Before the holiday recess, Congress released the text of a Fiscal Year 2020 full-year spending deal that would provide funding for the entire federal government, including \$49 billion of increases and new money over last year's budget. The House and Senate both passed the spending package and the President signed it.

In addition to funding, the omnibus includes several policy provisions:

- For the first time in over 20 years, appropriates money for gun violence research. Federal agencies (CDC & NIH) will receive \$25 million to study gun violence
- Raises the age to purchase tobacco to 21 and adds \$20 million to address tobacco and e-cigarettes/vaping
- Maintains a long-standing policy rider blocking EPA from regulating lead ammunition or fishing tackle, despite the House's removal of that provision from its bill earlier this year and increasing concern from conservationists.
- Includes \$43 million in new funding at EPA and partner agencies for scientific and regulatory work and cleanup assistance for per- and polyfluoroalkyl substances (PFAS), needed to establish drinking water and land cleanup standards. This level of funding more than triples current spending levels for this work. The bill also includes language to require EPA to report to Congress on its work on a drinking water standard.
  - The bill does not require EPA to set a drinking water limit for PFAS chemicals. After broader negotiations to regulate the chemicals on the annual defense policy bill failed earlier this month, lawmakers had hoped to be able to reach a last-minute agreement on just the drinking water issue.
- Steady funding for the U.S.-Mexico border fence
- Permanently repeals a tax on high-cost "Cadillac" health insurance benefits and medical devices
- Extends the National Flood Insurance Program's authorization to September 30
- Extends and expands disaster assistance to continue assisting farmers, ranchers, and producers in states that were devastated by natural disasters.

Below is the stoplight chart with new proposed spending deal levels—green indicates level or increased funding, yellow unclear or negligible cut, and red indicates funding cuts.



**Housing/Community Development:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Community Development Block Grant	\$3.3 billion	\$0	\$3.6 billion	\$3.3 billion	\$3.4 billion
HOME Investment Partnerships	\$1.25 billion	\$0	\$1.75 billion	\$1.3 billion	\$1.35 billion
Homeless Assistance Grants	\$2.64 billion	\$2.6 billion	\$2.8 billion	\$2.8 billion	\$2.8 billion
Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH)	\$40 million	\$0	\$40 million	\$40 million	\$40 million
HUD Tenant-Based Rental Assistance	\$22.5 billion	\$22.2 billion	\$23.8 billion	\$23.8 billion	\$23.9 billion
HUD Project-Based Rental Assistance	\$11.74 billion	\$12 billion	\$12.6 billion	\$12.6 billion	\$12.6 billion
Rural Water and Waste Disposal Loan and Grant Programs	\$1.4 billion	\$0	\$2.4 billion	\$1.85 billion	\$2.4 billion
Economic Development Administration (EDA)	\$304 million	\$0	\$540 million	\$320 million	\$333 million
National Endowment for the Arts (NEA)	\$155 million	\$0	\$168 million	\$157 million	\$162 million
National Endowment for the Humanities (NEH)	\$155 million	\$0	\$168 million	\$157 million	\$162 million
Institute of Museum and Library Services (IMLS)	\$242 million	\$0	\$267 million	\$244 million	\$252 million



**Transportation:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants	\$900 million	\$1 billion	\$1 billion	\$1 billion	\$1 billion
Infrastructure For Rebuilding America (INFRA) Grants	\$1 billion	\$2.035 billion	\$1 billion	\$1 billion	\$1 billion
Federal Transit Administration Capital Investment Program (New Starts)	\$2.6 billion	\$1.5 billion	\$2.3 billion	\$2 billion	\$2 billion
Federal Aviation Administration	\$17.5 billion	\$17.1 billion	\$17.7 billion	\$17.7 billion	\$17.6 billion
Bus and Bus Facilities Infrastructure Investment	\$390 million	\$391 million	\$389 million	\$400 million	\$338 million

**Water:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Clean Water State Revolving Fund	\$1.64 billion	\$1.12 billion	\$1.8 billion	\$1.64 billion	\$1.64 billion
Drinking Water State Revolving Fund	\$1.13 billion	\$863 million	\$1.3 billion	\$1.13 billion	\$1.13 billion
Bureau of Reclamation	\$1.57 billion	\$1.1 billion	\$1.63 billion	\$1.75 billion	\$1.66 billion
WIFIA	\$68 million	\$25 million	\$45 million	\$73 million	\$55 million



**Public Safety:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Community Oriented Policing Services (COPS)	\$225.5 million	\$99 million	\$323 million	\$245 million	\$235 million
Recidivism/Reentry Grants (Second Chance Act)	\$87.5 million	\$85 million	\$80 million	\$90 million	\$90 million
Assistance to Firefighters (AFG) Grants	\$350 million	\$344 million	\$375 million	\$355 million	\$355 million
Staffing for Adequate Fire and Emergency Response (SAFER) Grants	\$350 million	\$344 million	\$375 million	\$355 million	\$355 million
FEMA Pre-Disaster Mitigation Grant Program	\$250 million	\$0	\$250 million	\$250 million	\$250 million

**Science:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
National Science Foundation (NSF)	\$8.1 billion	\$7.1 billion	\$8.64 billion	\$8.317 billion	\$8.29 billion
National Nuclear Security Administration (NNSA)	\$15.2 billion	\$16.5 billion	\$15.9 billion	\$16.9 billion	\$16.7 billion



**Education:**

<b>Program</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Head Start	\$10.1 billion	\$10.1 billion	\$11.6 billion	\$10.1 billion	\$10.6 billion
Title I Grants - Improving Basic Programs Operated by Local Educational Agencies	\$15.9 billion	\$15.9 billion	\$16.9 billion	\$15.9 billion	\$16.3 billion
Title II-A Grants - Supporting Effective Instruction State Grants (Title II-A)	\$2.02 billion	\$0	\$2 billion	\$2 billion	\$2.1 billion
Title III Grants – English Learners	\$737 million	\$737 million	\$980 million	\$737 million	\$787 million
Title IV Grants - Student Support and Academic Enrichment	\$1.16 billion	\$0	\$1.2 billion	\$1.2 billion	\$1.2 billion
GEAR UP	\$360 million	\$0	\$395 million	\$360 million	\$365 million
TRIO	\$1.1 billion	\$840 million	\$1.1 billion	\$1.1 billion	\$1.1 billion
Federal Work Study	\$1.1 billion	\$500 million	\$1.4 billion	\$1.1 billion	\$1.2 billion
Pell Grants	\$22.5 billion	\$22.5 billion	\$24.9 billion	\$22.5 billion	\$24.5 billion
Carl D. Perkins	\$1.3 billion	\$1.3 billion	\$1.3 billion	\$1.3 billion	\$1.9 billion
Job Training/WIOA	\$2.77 billion	\$2.77 billion	\$3 billion	\$2.8 billion	\$2.8 billion
Nita M. Lowey 21st Century Community Learning Centers	\$1.17 billion	\$0	\$1.2 billion	\$1.2 billion	\$1.2 billion
Education Innovation and Research Grant Program – STEM Funding	--	--	\$65 million	\$60 million	\$65 million
Hispanic-Serving Institutions	\$124 million	N/A	\$143 million	\$143 million	\$143 million
Child Care Development Block Grant	\$5.28 billion	\$5.28 billion	\$5.8 billion	\$5.3 billion	\$5.83 billion



**Environment:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Land and Water Conservation Fund (LWCF) Land Acquisition and State Assistance	\$153 million	\$104 million	\$280 million	\$199 million	\$258 million
Brownfields Grants	\$87 million	\$62 million	\$105 million	\$85.2 million	\$89 million
National Parks Service Operations	\$2.51 billion	\$2.43 billion	\$2.65 billion	\$2.56 billion	\$2.58 billion
Yucca Mountain Nuclear Waste Repository	\$0	\$31.7 billion	\$0	\$0	\$0
Payments in Lieu of Taxes (PILT)	\$500 million	\$465 million	\$500 million	\$500 million	\$500 million

**Welfare Assistance:**

<b>Program</b>	<b>FY 2019 enacted</b>	<b>FY 2020 President's Request</b>	<b>FY 2020 House</b>	<b>FY 2020 Senate</b>	<b>FY 2020 Enacted</b>
Supplemental Nutrition Assistance Program (SNAP)	\$73.48 billion	\$69.1 billion	\$71.1 billion	\$69.2 billion	\$67.9 billion
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	\$6.075 billion	\$5.8 billion	\$6 billion	\$6 billion	\$6 billion
Community Service Block Grant (CSBG)	\$725 million	\$0	\$796 million	\$700 million	\$740 million
Senior Community Service Employment Program	\$400 million	\$0	\$464 million	\$400 million	\$405 million



## Opportunity Zones

The Department of the Treasury released additional final rules on opportunity zones. The rules provide an additional 62-month safe harbor for startup businesses seeking to qualify for tax advantages. The regulations also outline how quickly and how much funding investors must provide to get the tax benefits and gives some special leeway for those looking to improve brownfield sites and vacant properties. They also provide information about how large corporations can invest in opportunity zones.

A substantial portion of the final regulations address qualified opportunity zone businesses, including a 5 percent maximum investment in "sin businesses" (defined by the IRS as including massage parlors, strip clubs, liquor stores, casinos) that would otherwise be disqualified from the tax break. Also addressed in the document are rules surrounding aggregation of developments on one property to meet the substantial improvement requirement and what happens to investments pulled out of opportunity zone funds before the 10-year hold period is over.

One of the provision's components that provides a 15 percent step-up in basis is available only for investments made before December 31, 2019—so Treasury had been under pressure to publish these final rules well before the end of the year to give potential investors time to digest and implement. After that window, investments can still qualify for a 10 percent step-up in basis.

We have also been hearing that there's a developing issue with sports stadiums in opportunity zones. Financial regulators are proposing to revamp the Community Reinvestment Act (an over 40-year-old law to combat redlining) to incorporate the idea that upgrading sports stadiums could help banks meet their obligations. As it happens, more than a dozen of the 31 National Football League stadiums are located in opportunity zones, so banks that help out with renovations could get tax breaks on their investments.

## Trade Agreement Reached

Democrats reached a deal with the Trump administration on the U.S.-Mexico-Canada Agreement (USMCA), clearing the way for congressional approval on the pact in the coming weeks. The announcement signals that congressional Democrats who have been negotiating changes with U.S. Trade Representative Robert Lighthizer are now largely satisfied with the pact's labor, environmental, enforcement and pharmaceutical provisions.

Dairy is being touted as one of the big winners of the agreement: U.S. dairy farmers will have expanded market opportunities in Canada for a wide variety of dairy products, and Canada agreed to eliminate the Class 6 and 7 milk pricing programs that allowed their farmers to undersell U.S. producers.

### *Next Steps*

Lighthizer, Canadian Deputy Prime Minister Chrystia Freeland, and Mexico's Undersecretary for North America Jesús Seade signed the revised deal in Mexico City. Mexican President Andrés Manuel López Obrador, who has been eager to wrap up a deal, also was present.



After the deal was signed, it still needs to go before both the House and the Senate for a straight up-or-down vote. The USMCA agreement was expected to pass both chambers with broad support—and the House approved it on December 19—though it's likely the Senate won't take it up until early next year.

### *What's New in the Agreement?*

Congressional Democrats' top demands appear to have made it into the final version of USMCA, including a provision that allows American inspectors to enter Mexican factories to check for labor violations. Democrats also succeeded in pushing the Trump Administration to remove a provision establishing a 10-year protection period for biologic drugs, which opponents say would allow drug companies to keep prices high. It also received support from the AFL-CIO, the nation's largest labor federation.

Here are additional provisions Democrats are touting as being included as a result of the negotiations:

#### **Enforcement**

##### Stronger Rules:

- Removed language allowing a responding party in a dispute settlement to block the formation of a dispute settlement panel.
- Created rules of evidence that will help the United States successfully litigate labor, environmental, and other fact-intensive disputes.

#### **Workers**

##### Stronger Rules:

- Removed language making it difficult to prove that workers are protected from violence.
- Created a presumption that a labor violation affects trade and investment and will require the other government to prove otherwise.
- Removed language in the Forced Labor provision that had made it effectively unenforceable.

##### Robust Monitoring:

- Created an interagency committee that will monitor Mexico's labor reform implementation and compliance with labor obligations.
- Created ongoing reporting requirements to Congress.
- Established key benchmarks for Mexico's labor reform implementation process, with enforcement action permitted for non-compliance.
- Established Labor Attachés that will be based in Mexico and will provide on-the-ground information about Mexico's labor practices.

##### Rapid-Response Enhanced Labor Enforcement Mechanism:

- Takes immediate effect upon entry into force of the agreement;
- Provides for facility-based enforcement of labor obligations in the agreement within a rapid timeframe;





- Covers all manufactured goods and all services traded between the United States and Mexico;
- Requires verification of compliance by independent labor experts; and
- Leads to penalties on goods and services that are not produced in compliance with the freedom of association and collective bargaining obligations.

## ***Environment***

### Stronger Rules:

- Created a presumption that an environmental violation affects trade and investment and will require the other government to prove otherwise.
- Added commitment that all parties will adopt, implement, and maintain seven multilateral environment agreements (MEAs).
- Restored a provision in the old NAFTA that prioritizes MEA commitments when implementing MEA and trade agreement obligations.
- Removed language in order to allow the Montreal Protocol to be covered in this agreement.

### Robust Monitoring:

- Created an interagency committee that will:
  - Conduct an assessment of the current environment landscape of Canada and Mexico;
  - Monitor implementation of the environment obligations and recommend enforcement actions in connection to the new NAFTA; and
  - Provide a platform for better coordination, utilization, and funding of U.S. Government efforts to strengthen environment practices amongst NAFTA parties.
- Established environment-focused attachés in Mexico City that will regularly monitor Mexico's environment laws, regulations, and practices.

### New Accountability:

- A new customs verification mechanism to ensure that only legally harvested and taken flora and fauna are traded through Mexico;
- A new authorization of the North American Development Bank and funding for EPA grants under the Border Water Infrastructure Program to address pollution on the U.S.-Mexico border; and
- Additional funds to the Trade Enforcement Trust Fund to be used for environment-focused enforcement efforts.

## ***Prescription Drugs***

### Preservation of Congress's Power to Legislate:

- Removed provision requiring the parties to provide at least 10 years of exclusivity for biologics, some of the most expensive drugs on the market.
- Removed provision requiring the parties to confirm that patents would be available for new uses of known products. This provision would have locked in the practice of "patent evergreening," in which pharmaceutical companies obtain hundreds of patents related to a product to block generic competition and price reductions.



- Removed provision requiring three additional years of exclusivity for clinical information submitted in connection with new uses of previously-approved pharmaceutical products, through which pharmaceutical companies delay competition and access to affordable medicines.

#### Ensuring Fair Competition:

- Revised regulatory review provision to clarify the circumstances in which generic and biosimilar companies may use a patented invention so that they can obtain marketing approval on day one of patent expiration.
- Revised data protection provision to incorporate limitations in U.S. law that foster generic competition.

#### Reflecting Previous Peru, Panama, and Columbia Trade Agreements:

- Revised patent linkage provision to remove the “hard linkage” of regulatory approval and patent status. Under an annex to the agreement, Mexico must ensure that all interested parties receive notice and an opportunity to be heard. The revision also includes language that permits incentives for generic competition and improves transparency.
- Revised patent term adjustment provision to provide non-exhaustive examples of limitations on the adjustment of patent terms for regulatory delays.

#### *Impact*

The U.S. International Trade Commission found it would boost U.S. trade with Mexico and Canada by about 5 percent overall, resulting in a 0.35 percent Gross Domestic Product increase in its sixth year. It would also increase U.S. workers' annual incomes by an average of \$150 and increase employment by 0.12 percent, or roughly 176,000 jobs. Trump has said the pact could bring more than 1 million jobs to the U.S., far beyond other estimates.

An International Monetary Fund assessment was less rosy for the U.S. It said the agreement would reduce the country's “welfare” (a measurement of consumption) by \$794 million, while boosting Canada's by \$734 million and Mexico's by \$597 million—“relatively small” effects at the aggregate level. Just implementing the deal would benefit businesses by providing increased certainty about the future, especially because it would largely exempt Canada and Mexico from future auto tariffs.



## PROJECT ACTIVITY AND UPDATES

### Proposition 68 Grants

TPA and City staff continue to work on funding opportunities for park projects from Proposition 68. The California Department of Parks and Recreation is coordinating the **Statewide Park Program (SPP)—Round 3**, which the City applied for in August. A total of 480 applications were received, requesting more than \$2.2 billion in funding (there is \$254 million available).

We worked with City staff on applications for the development of several parks. The City has led efforts on the community-based planning and soliciting input for park design.

Three applications were submitted on August 5 and are now working with our legislative delegation on letters of support and telephone calls to the Department. Our projects received site visits on November 6 and announcements are expected in March 2020.

## FUNDING PROGRAM UPDATES

### Active Transportation Program—Cycle 5

We have been participating in the Active Transportation Program (ATP) Cycle 5 Kickoff Workshops that California Transportation Commission (CTC) staff have been hosting across the State in preparation for this year's ATP application cycle. The workshops have covered (1) an overview of the funding available this cycle; (2) anticipated schedule for release of draft guidelines, final guidelines, and the application solicitation; (3) proposed guideline revisions, including scoring criteria, and (4) proposed changes to the application itself/how certain questions are assessed.

Some of the major takeaways include:

- CTC staff are very much open to comments and/or suggestions regarding their proposed guideline revisions, particularly:
  - The possibility of adding a “tactical urbanism” category for eligible projects that could fund more “quick-build” or temporary projects
  - Revising the disadvantaged community (DAC) definition to remove the Regional Definition option
  - Incorporating Executive Direction on GHG reductions, housing, and anti-displacement strategies into the scoring criteria
  - Placing a much greater emphasis on public engagement, similar to the public engagement required for this year's SPP cycle
- The application itself/application questions will basically be the same as in Cycle 4. CTC may re-assign some points to different questions or change wording slightly, but there will be no major changes to the application.



- The goal is to transition to an all-electronic submission process this year, but they are still working out specifics of what this process would look like and it may not be ready in time for this cycle.

Attached are additional notes from the most recent workshop, including statistics about the types of projects funded in previous cycles.

Funding:

- Four years of new funds
- \$445 million available total
- \$100 million each for FY 2021-22, 2022-23
- \$122.7 million each for FY 2023-24, 2024-25

Schedule:

- Draft guidelines: will be released at January CTC Meeting, finalized at March CTC Meeting
- Deadline: June 15, 2020
- Either 4- or 5-month review period, depending on number of applications received
- *Note: Once guidelines are finalized, Caltrans will be hosting more workshops this cycle than in the past; the goal is to reach as many eligible applicants as possible*

Application Review Process:

- Generally, applications evaluated by volunteer reviewers with a background in active transportation
- Broken into 2-person teams (1 NorCal 1 SoCal person each team), try to get people with different background on each team
- Each team reviews 10-12 applications and come to a consensus for scoring
- Commission staff also review every single application, assign a commission staff score. Compare commission score to team scores, come to a consensus
- **Staff comment:** Staff noted that Caltrans has received criticism on the review process, with some requesting more reviewers. Staff noted that adding reviewers would slow down review process. Regardless of review system, the amount of available funding and number of funded projects will not change.
- **Staff comment:** After passage of SB 1, ATP funding doubled, and the hope was to be able to fund more projects/projects with lower scores (generally this is a very competitive program and need to score very high to get funded). *In reality, there have been fewer funded projects because the average grant request amount has significantly increased. The result has been fewer projects, but higher dollar projects.*

Commission Staff Proposed Guideline Revisions:

- Background/Program purpose:
  - Has generally been unchanged since program started
  - Add statement about SB 1, since is an important part of funding now
  - Executive Order N-19-19—about achieving state goals, connecting transportation funding with housing, climate goals
    - No specific guideline from administration about how to implement. May need to add something specific in guidelines to address this.
  - State goals—call out in the introduction section



- Leveraging funds
  - Clarify language—Commission gets a lot of questions about what it means to leverage funds, what you can count as leverage, whether previously spent funds can be counted, etc. Will revise to make extremely clear.
    - Important because there is no match requirement, but applicants can get a point for bringing in outside funds
  
- Eligible Projects
  - Proposal: Adding “tactical urbanism”
    - Really general term, but CTC is thinking of quick-build projects or temporary projects (like bollards). In the past has not been specifically eligible or ineligible, but generally was considered ineligible.
    - Staff has seen a couple of these projects and sees them as a good way to get something started. Working on language of what exactly this will mean. May be treated as non-infrastructure projects
    - These are probably lower cost projects, so may make an exception on minimum amount
    - Generally, it seemed like attendees were in support of adding this, but worried about the specifics of how it would be implemented, how it would be scored, if the application would be the same, etc.
    - Goal is basically to fund smaller, quicker projects. For this reason, may treat as non-infrastructure.
  
- DAC Definition
  - Remove Regional Definition option—last cycle, if the applicant’s RTPA had adopted a regional definition for DAC in their RTPA, Caltrans could review and approve, and applicants could then use this to qualify as a DAC. This did not work very well because some definitions were not good, and CTC is not comfortable with having Commission review/approve definitions because it is beyond a lot of Commission staff’s expertise. However, CTC has run into the issue that the program is open to the whole state, and because scoring is tight and DAC is a lot of points, people were ended up screened out if they didn’t meet the definition. Difficult for high cost of living areas.
  - Review: Current ways to qualify for DAC
    - MHI below a certain threshold
    - Free and reduced price meals at schools
    - CalEnviroScreen
    - Project located in Tribal area
    - “Other”—If you think your project is benefitting a DAC but these criteria do not work for you, you can make your case in the application as to how your project benefits a DAC.
  - Proposal: Remove regional definition and add a cost of living adjustment
    - Commission not sure what this would mean but is a possibility.



- Sequential Project Selection
  - Remove requirement that all project applications must be submitted to statewide component. Currently, projects not selected at statewide level can qualify for MPO component, but only after applying at the state level first.
  - Proposal: MPOs can have an MPO-only call for projects, do not necessarily have to submit to the State first
  
- Scoring Criteria
  - Incorporate Executive Directive Considerations
    - GHG Reduction
    - Housing
    - Anti-displacement Strategy (aka anti-gentrification)
    - May have to consider scoring on these because of the Executive Order. These are hot issues now, but likely won't have separate questions, will evaluate within other parts of the application
  - Public engagement vs. outreach—likely will be wording changes
    - Difference between outreach and engagement
      - Outreach: You have a project planned and bring to the community to show them and get input, but you don't really change the project
      - Engagement: starts a lot earlier in the process, can change entire project or design to meet the needs of a community or a neighborhood. Comes with a willingness to scrap a project if the community totally does not want it or go in a completely different direction. Generally, this is more expensive, esp. if you are targeting disadvantaged communities.
      - **Referred to Department of Parks and Recreation Statewide Parks Program requirements for engagement as the model that applicants should be looking to follow** (e.g. multiple meetings, including at the project site; targeting a broad cross-section of the community, multiple meeting formats, specifically identifying project ideas that came from the community, etc.)
    - Re-distribute points on questions
      - Add points to outreach/engagement question
      - Take points from need and safety questions
        - Currently the bulk of the points are in these two areas
      - Large application: add points to transformative/innovative questions
        - Will encourage working group to add points to this question, would like to expand on this because they got a lot of good answers to this question
  
- Application
  - Safety Question—can be difficult for some applicants to answer and some evaluators to evaluate it. Tends to be the safety question where applicants lose points, more so than the DAC question
    - Proposal: add narrative room for non-traffic safety issues (like personal safety, walking at night, etc.)
  - Cost/Benefit Question



- No good quantitative measure, currently is a narrative question, want it to be more substantive.
  - Eventually will have a cost-benefit tool, will not have this cycle but possible will for next cycle (CalBC)
  - Question may stay as is for now, but open to suggestions as to how question could be improved
- Other
    - All electronic application submittal—paper copies are a hassle for both applicants and Caltrans, and they are expensive. CTC hoping to have all electronic submission this cycle. May ask for uploading on Drobox or similar online service, or maybe ask for only one copy.
    - Performance metrics/Counts—Proposal is to only require counts if you are funded, not for application stage.



## UPCOMING FUNDING OPPORTUNITIES

Included below is a list of several upcoming grant programs, descriptions and due dates:

- ***Transit and Intercity Rail Capital Program (January 16)***—The TIRCP provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California’s intercity, commuter, and urban rail systems, and bus and ferry transit systems to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.
- ***Recreational Trails Program (February 3)***—The Recreational Trails Program (RTP) provides funds annually for recreational trails and trails-related projects. The maximum amount of RTP funds allowed for each project is 88 percent of the total project cost.
- ***Land and Water Conservation Fund (February 5)***—Land and Water Conservation Fund (LWCF) grants provide funding for the acquisition or development of land to create new outdoor recreation opportunities for the health and wellness of Californians.
- ***California Resilience Challenge Grant Program (February 7)***—The California Resilience Challenge is an initiative of the Bay Area Council Foundation and is administered by the Bay Area Council. This program will support climate resilience planning projects, with a preference for projects that will lead to implementation of resiliency infrastructure. Projects should be targeted at improving local or regional resilience to one or more of the following four climate challenges: Drought; Flooding, including from sea level rise; Extreme heat; and Wildfire. Specific eligible project activities include feasibility studies, infrastructure adaptation and resilience plans, hazard mitigation plan updates coupled with deeper planning around some specific adaptation solutions, and climate vulnerability assessments. Grant awards will range from \$100,000 to \$200,000 and there is approximately \$2 million available in total funding statewide.
- ***Affordable Housing and Sustainable Communities Grant Program (February 11)***—AHSC provides funding for affordable housing developments (new construction or renovation) and transportation infrastructure. This may include sustainable transportation infrastructure, such as new transit vehicles, sidewalks, and bike lanes; transportation-related amenities, such as bus shelters, benches, or shade trees; and other programs that encourage residents to walk, bike, and use public transit.
- ***Youth Reinvestment Grant Program (February 14)***—The Youth Reinvestment grant may be awarded to community-based nonprofit organizations or to local government agencies that will pass through 90 percent of the funds to the CBOs that will deliver services. Successful proposals will fund programs that provide alternatives to arrest and incarceration by implementing appropriate interventions.
- ***Infill Infrastructure Grant Program (February 18 for large jurisdictions and rolling for small jurisdictions)***—The IIG Program provides grants on a competitive basis and limited over-the-counter funding for infrastructure improvements in support of residential





or mixed-use infill development projects. Specific eligible improvements include development or rehabilitation of parks or open space, transit shelters, streets, sidewalks, and streetscape improvements.

- **Transformative Climate Communities Grant Programs (Required Survey January 15 and Application February 28)**—Individual grants of up to \$200,000 are available to planning activities possibly leading toward a Transformative Climate Communities Implementation Grant. Planning activities must further goals of a locally adopted plan or Strategic Growth Council (SGC) efforts, and directly benefit a disadvantaged community.
- **FEMA Assistance to Firefighters Grant Program (February 2020)**—The primary goal of the Assistance to Firefighters Grants (AFG) is to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments, nonaffiliated Emergency Medical Services (EMS) organizations, and State Fire Training Academies (SFTA) for critically needed resources to equip and train emergency personnel to recognized standards, enhance operations efficiencies, foster interoperability, and support community resilience.
- **Per Capita Park Grant Program (Spring 2020)**—Funds are available for local park rehabilitation, creation, and improvement grants to local governments on a per capita basis. Recipients are encouraged to utilize awards to rehabilitate existing infrastructure and to address deficiencies in neighborhoods lacking access to the outdoors.
- **Urban Greening Grant Program (Spring 2020)**—Eligible urban greening projects will reduce GHG emissions and provide multiple additional benefits, including, but not limited to, a decrease in air and water pollution or a reduction in the consumption of natural resources and energy. Eligible projects will result in the conversion of an existing built environment into green space that uses natural and green infrastructure approaches to create sustainable and vibrant communities. A competitive project will maximize opportunities to reduce GHG emissions through project design and implementation as well as incorporate green infrastructure solutions that improve the sustainability and function of existing urban hardscapes and landscapes.
- **Urban Flood Protection Grant Program (Spring 2020)**—\$100 million from Proposition 68 shall be available to the Natural Resources Agency for competitive grants for the purposes of multi-benefit projects in urbanized areas to address flooding. Eligible projects shall include, but are not limited to, stormwater capture and reuse, planning and implementation of low-impact development, restoration of urban streams and watersheds, and increasing permeable surfaces to help reduce flooding.
- **Local Partnership Program (June 12)**—Jurisdictions with voter approved taxes, tolls, and fees, or with imposed fees, will be eligible for this competitive grant program if the taxes, tolls, or fees are dedicated solely to transportation. The initial programming cycle will cover 2017-18 through 2019-20.
- **Active Transportation Program (June 15)**—The Active Transportation Program was created to encourage increased use of active modes of transportation, such as biking and



walking. Pursuant to statute, the goals of the Active Transportation Program are to increase the proportion of trips accomplished by biking and walking, increase the safety and mobility of non-motorized users, enhance public health, including reduction of childhood obesity through the use of programs including, but not limited to, projects eligible for Safe Routes to School Program funding, and ensure that disadvantaged communities fully share in the benefits of the program.

- **Transit-Oriented Development Housing Program (June 2020)**—Funded from Proposition 1, funding under the TOD program will support low interest loans available as gap financing for rental housing development that include affordable units, and as mortgage assistance for homeownership developments. In addition, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station.
- **Storm Water Grant Program (June 2020)**—Funded from Proposition 1, funding will be available for multi-benefit storm water management projects which may include, but shall not be limited to: green infrastructure, rainwater and storm water capture projects and storm water treatment facilities.
- **Trade Corridor Enhancement Program (July 15)**—The objective of the Trade Corridor Enhancement Program is to fund infrastructure improvements on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, as identified in the California Freight Mobility Plan, and along other corridors that have a high volume of freight movement as determined by the Commission. The program will fund projects that benefit the movement of goods along identified trade corridors.



Inspection Services CI

**For the period of December 16<sup>th</sup> through December 29<sup>th</sup>, 2019, there were 30 New Single Family Dwelling Permits Issued.**

The running total of New Single Family Dwellings in Plan Review is **791!!!**

Multi Family Permits in review:

Gateway Terrace Apartments located at 405 W 12<sup>th</sup> St, 1 Office/Lounge and 6, 2 story Apartments; 2 buildings have 16 units, 3 buildings have 30 units, and 1 building has 4 units.

Yosemite at Lake Apartments located at 2850 E. Yosemite Ave.; 15- 27,276 SF 3-story apartment buildings each with 15 units, and a 1,200 SF maintenance building.

Compass Pointe phase II: 128 units in 16, 8-plex buildings plus a clubhouse.

There were 0 multi-family permits issued during this period.

(No change since last report)

There were 0 new construction commercial permits issued during this period.

There were 2 new tenant improvement permits issued during this period; one for equipment foundations for Greif Brothers' located at 2400 Cooper Ave., and one for ADA upgrades and electrical work for Rumen's Auto Body located at 1461 W. Main St.

There were 3 new commercial submittals during this period; one for the community building for the apartments at 1137 B St., one for equipment for Greif Brothers' located at 2400 Cooper Ave, and one for a new building for Gateway Community Church located at 353 E. Donna Dr.

There were 4 new tenant improvement submittals during this period; one for general improvements for Rally's Drive-in restaurant located at 2049 E. Child's Ave., one for partitions and electrical improvements on the shell building located at 851 W. Olive Ave., one for improvements for Xfinity located at 3116 R St., and one for layout changes for Walmart located at 3055 Loughborough Dr.

There was 1 CofO issued for this period; for ADA upgrades for the Masonic Lodge located at 1810 M St.

## Inspection Services CI

**For the period of December 2<sup>nd</sup> through December 15<sup>th</sup>, 2019, there were 21 New Single Family Dwelling Permits Issued.**

The running total of New Single Family Dwellings in Plan Review is **649**.

### Multi Family Permits in review:

Gateway Terrace Apartments located at 405 W 12<sup>th</sup> St, 1 Office/Lounge and 6, 2 story Apartments; 2 buildings have 16 units, 3 buildings have 30 units, and 1 building has 4 units.

Yosemite at Lake Apartments located at 2850 E. Yosemite Ave.; 15- 27,276 SF 3-story apartment buildings each with 15 units, and a 1,200 SF maintenance building.

Compass Pointe phase II: 128 units in 16, 8-plex buildings plus a clubhouse.

There were 0 multi-family permits issued during this period.

(No change since last report)

There were 0 new construction commercial permits issued during this period.

There were 4 new tenant improvement permits issued during this period; one for Sees Candy in the mall, located at 851 W. Olive Ave #640, one for a 40x8 cooler for Smart N Final located at 1425 Martin Luther King Jr. Wy., one for Burlington Coat Factory located at 3120 R St., and one for refrigerator modifications for Grocery Outlet located at 1125 W Main St.

There were 0 new commercial submittals during this period.

There were 2 new tenant improvement submittals during this period; one for Journey's in the mall, located at 851 W. Olive Ave #776, and one for offices at 221 W. Main St.

There were 2 CofOs issued for this period; one for the Blue Fire Cannabis Dispensary located at 1975 W. Olive Ave., and one for MFA North tenant improvements located at 127 W. El Portal.



You are invited to the

# Grand Opening

of the newest Golden Valley Health Centers

## Northview Health Center



**WHEN:**

Thursday, January 16, 2020

12:00pm - 2:00pm

**WHERE:**

Golden Valley Health Centers  
Northview

3940 Sandpiper Ave.  
Merced, CA 95340

12:00pm — Check-in

12:15pm — Program Begins

12:30pm — Ribbon Cutting Ceremony

12:45pm - 2:00pm — Health Center Tours, Prizes,  
Snacks, Entertainment and More!

### Get to know your new medical home:

- Family Medicine, Women's Health, Walk-in Urgent Care, Behavioral Health, Health Education, Pediatrics, Chiropractic and Specialty Services
- On-site Pharmacy
- On-site Lab Services
- Conveniently located across from Mercy Medical Center



**GOLDEN VALLEY**  
HEALTH CENTERS

[www.gvhc.org](http://www.gvhc.org) | 1.866.682.4842

# California's Homelessness Crisis — and Possible Solutions — Explained

gvwire.com/2020/01/02/californias-homelessness-crisis-and-possible-solutions-explained/

CalMatters

January 2,  
2020



- 
- 
- 
- 
- 
- 
- 
- 

**By Matt Levin and Jackie Botts, CalMatters**

California's most vexing issue is also its most shameful: the large and rising number of residents who lack a safe place to call home. In a state with vast amounts of wealth, more than 150,000 of its residents sleep in shelters, cars, or on the street.

Related Story: [California Needs to Treat Homelessness Like the Disaster It Is. Let's Provide ...](#)

The [United Nations](#) compared the tent encampments of San Francisco to the slums of New Delhi and Mexico City. [Nearly 5,000 people](#) live in the half square mile of Los Angeles' Skid Row. And while the problem is most acute in California's urban centers, homelessness is

now a common fixture in many of the state's suburbs and rural towns. State and local officials have pledged billions in recent years to help, but voters remain frustrated by a lack of visible progress.

President Donald Trump has wielded the state's homelessness woes as a political cudgel, excoriating Gov. Gavin Newsom and the state's progressive policies for allowing the country's "best highways, our best streets, our best entrances to buildings" to be blockaded by people without homes. In a Christmas Day tweet, Trump repeated his threats of federal intervention if the state fails to fix the problem.

Here's what you need to know about California's homelessness crisis — including possible solutions.

## How Many People Are Homeless?

---

At last official count 151,278 individuals are homeless in California, according to the U.S. Department of Housing and Urban Development. That's the highest number since at least 2007, and represents a nearly 17% uptick since 2018. The number of unsheltered Californians — living on the streets or in cars — has surged the past year.

Official homelessness statistics mostly come from "one night counts" — a volunteer-led snapshot of the number of people experiencing homelessness one night in January. Experts say this method likely underestimates the unsheltered, and doesn't capture the total number of people who fall into homelessness over the course of a year, which could be two or three times higher.

It's not surprising that California, the largest state, has the biggest homeless population in the country. But while about 1 in 9 Americans lives in California, roughly 1 in 4 homeless Americans lives here. New York and Hawaii have slightly higher per capita rates of homelessness, but California has the largest proportion of people living without shelter. That means the state's homeless population is far more visible than in other places, and more vulnerable to the illness, violence and death that accompany living on the street.

And although states such as Texas and New York have seen a slight uptick in their homeless counts since last year, California saw the largest proportional swell of any state besides New Mexico. The Trump administration is quick to point out that the country would have seen an overall decline in homelessness if California and Oregon were excluded from the count.

## Who Are They?

---

Governments and services providers tend to focus their efforts on the chronically homeless — an individual with a disability who has lived without consistent shelter for a year, or has had multiple recent bouts of homelessness. About 26% of Californians experiencing

homelessness fit that definition, or some 34,000 people.

African-Americans are disproportionately found on California's streets — roughly 30% of the state's unhoused population is black, according to HUD. Several Bay Area regions, including San Francisco and Marin County, have some of the highest rates of black homelessness in the country. A legacy of racial discrimination in rental housing, higher rates of poverty among black families, and overrepresentation in the state's incarceration and child welfare systems all contribute to the high numbers of African-Americans experiencing homelessness.

A person experiencing homelessness is about twice as likely to be male than female, and significantly more likely to be LGBTQ than in the population at large. A growing proportion are seniors, with new research indicating nearly half fall of seniors on the street fall into homelessness after age 50.

## Are They Local, or Are They Coming From Somewhere Else?

---

One of the more enduring myths about California's homeless population is that the vast majority have traveled here from other states, seeking generous government assistance and weather more hospitable to living outdoors. It's a baseless claim perpetuated by both sides of the aisle — Gov. Newsom has made it repeatedly.

While comprehensive statewide data is lacking, local surveys indicate people living on the streets are typically from the surrounding neighborhood. Example: 70% of San Francisco's homeless people were housed somewhere in the city when they lost housing; only 8% came from out of state. Three quarters of Los Angeles County's homeless population lived in the region before becoming homeless.

There's little evidence to suggest undocumented immigrants constitute a large share of California's homeless population. But those that are unhoused are particularly difficult to help. Crucial safety net resources such as Social Security, Section 8 housing vouchers and food stamps are unavailable to the undocumented, who often resist engagement with homeless services providers because of deportation fears. Language and cultural barriers also complicate re-housing efforts.

## A Welcome Decrease in Veteran and Family Homelessness

---

Military veterans, at higher risk of mental illness and substance abuse issues, make up a disproportionate share of the country's homeless population. Roughly 11,000 veterans experience homelessness in California on any given night, about 8% of the state's total homeless population.

**Roughly 11,000 veterans experience homelessness in California on any given night,**



## **about 8% of the state's total homeless population.**

Most vets experiencing homelessness are over age 50, and often have significant disabilities and medical conditions that are exacerbated by precarious housing situations. Military members who experienced an episode of sexual trauma during their service are at especially high risk.

The good news is that the number of vets living on the streets has declined significantly over the past decade, both nationally and in California. Experts credit initiatives from the Obama administration incentivizing a “housing-first” approach — where permanent housing is provided without preconditions for addiction or mental health treatment — to help homeless vets. The city of Riverside succeeded in housing all 89 of its homeless veterans after adopting that approach.

Homelessness among families is also down over the last decade. Still, about 6,000 families and 12,000 children were homeless in California last year, according to point-in-time estimates. Unlike households without children, those with at least one child are far more likely to utilize emergency shelter or transitional housing. One striking statistic: Infancy is the age at which a person in the United States is most likely to be found in a homeless shelter.

Several studies have found strong correlations between early childhood housing instability and behavioral and learning difficulties later in school.

## High Rents Drive up Homelessness

---

Mental health problems, addiction, childhood trauma, interaction with the criminal justice system and poverty all play significant roles in whether someone becomes homeless. But the primary reason? They can no longer afford rent.

Related Story: [HUD Reporting 2.7% Percent Uptick in Homeless Population](#)

About 1.3 million California renter households are considered “extremely low income,” making less than \$25,000 a year, according to the California Housing Partnership, a nonprofit organization the state created to advise affordable housing builders. Predictably, these financially strapped households can barely afford the state’s escalating rents, and are most at risk of falling into homelessness.

Fueled by decades of underproduction, California’s stock of “naturally occurring” affordable housing is dwindling, as shoddy, older apartments that used to house lower-income families are increasingly taken by higher-income tenants.

Government-subsidized housing has not filled the gap. That’s partly because doing so would be insanely expensive. The nonpartisan Legislative Analyst’s Office estimates that building new housing for every low-income Californian who needs it would cost \$15 to \$30 billion annually. That’s what the state currently spends on Medi-Cal, its massive program to provide

health care to the poor, which covers a third of the state's residents.

## What About Mental Illness and Addiction?

---

Advocates for homeless people are leery of casting too much blame for the state's crisis on mental health and substance abuse issues. They argue that plenty of low-income residents in other states struggle with drug addiction and debilitating psychological conditions. They simply manage to remain off the streets because the rent is cheaper.

But recent data suggests these issues are more prevalent among people experiencing homelessness than previously reported, especially for those living on the street. About half of the unsheltered nationally report that mental health and/or substance abuse contributed to their loss of housing. A Los Angeles Times [investigation](#) found two-thirds of L.A. County's residents living on the streets suffer from a psychological or substance abuse disorder, far more than what's been reported in official statistics that exclude mental disorders that aren't "long-term."

Methamphetamine use is [up across the West Coast](#), and is often to blame for some of the most visible episodes of homelessness seen on California streets. Unfortunately, physicians say meth addiction is [confoundingly difficult to treat](#). While methadone is available to wean heroin addicts off of opioids, no such replacement medication exists for meth.

**There is the eternal question of cause and effect: The severe stresses people face when they lose shelter and are forced to live exposed on the streets can also wreak havoc on their mental health and lead to substance abuse.**

Worse still, meth can exacerbate existing mental illnesses. Addiction and psychological conditions are often inextricably intertwined, and present a complex case for outreach workers or (more often) law enforcement to confront. A disconcerting number of California [board-and-care facilities](#), which have traditionally housed low-income patients with schizophrenia and other severe conditions, have shuttered in recent years.

Many have also blamed California's [conservatorship laws](#) for making it too difficult to compel treatment for people with mental illness or drug addiction living on the street. Civil libertarians and disability rights groups argue that [conservatorship](#) —when a court-appointed official manages another person's life, including medical decisions — should be used as sparingly as possible, as it risks violating civil liberties and is a hollow remedy given the severe shortage of actual treatment options. Under a 1967 state law known as the Lanterman-Petris-Short Act, Californians can be held for treatment against their will only if they are deemed a danger to themselves or others, or are determined to be gravely disabled. Other states such as New York do not impose such strict requirements. California is experimenting with allowing three counties to take legal power over mentally ill people living on the street, but only in [limited](#) circumstances.

Finally there is the eternal question of cause and effect: The severe stresses people face when they lose shelter and are forced to live exposed on the streets can also wreak havoc on their mental health and lead to substance abuse.

## Other Factors That Cause Homelessness

---

Survivors of domestic violence are among those at high risk of homelessness. One California study found that women reporting an episode of domestic violence were four times more likely to suffer housing instability than other women.

The formerly incarcerated — ineligible for many public housing programs and frequently a target of discrimination in the rental housing market — often take refuge in emergency shelters or on the streets. While comprehensive California data is lacking, one study by a criminal justice reform advocacy group found that people who have been in jail or prison are ten times more likely to experience homelessness than the general public.

Youth aging out of the foster care system likely constitute a significant share of the more than 11,000 homeless young adults in California. One study found 30% of former foster care children in the Midwest were homeless at least once before age 24. Lacking family support networks and often victims of childhood traumas, about 25% of California's foster youth transitioning into adulthood live in precarious housing situations.

## Emergency Shelters and Permanent Supportive Housing

---

California has a patchwork of government-provided housing for people experiencing homelessness. While the nomenclature varies from city to city, the two most prevalent and important categories of housing are emergency shelters and permanent supportive housing.

***Emergency Shelters:*** These are any facilities that provide temporary shelter for people experiencing homelessness. At their most basic they are a barracks-like arrangement of cots, and provide a bed and a meal. Typically they are operated by publicly funded nonprofit and religious organizations. Many shelters bar residents from staying with partners or pets, and are often viewed by homeless people as dangerous and dirty, even compared to sleeping on the streets. A KPCC investigation of Los Angeles area shelters last year found reports of rats, bedbugs, foul odors and harassment rampant at several shelters.

But while shelter beds frequently go unused in Los Angeles County, where transportation is also a complicating factor, overall the state has a major shortage. Federal funding has shifted away from emergency shelters over the last decade, causing the Bay Area, for example, to lose 1,700 shelter beds since 2011, according to the Bay Area Council Economic Institute.

San Francisco and Los Angeles have tried to reinvent emergency shelters, equipping them with health and social services providers who can help guide residents to more stable housing outcomes. According to city officials more than 50% of the short-term residents of San Francisco’s “navigation centers,” which are tailored to high-needs clients, are ultimately placed in housing. Emergency shelters are generally much cheaper to build than permanent supportive housing, but new projects often run into stringent community opposition.

***Permanent Supportive Housing:*** Homelessness experts agree that emergency shelters are mostly just a Band-Aid — permanent supportive housing is the long-term solution. Usually targeted at the chronically homeless, this offers a highly subsidized apartment paired with support services including psychological counseling, substance abuse rehab and job training. Permanent supportive housing is a pillar of the “housing first” model of ending homelessness: Individuals don’t need to quit drugs or agree to participate in any program to get a permanent roof over their head. Studies show that once placed in permanent supportive housing, residents tend to stay off the streets and out of the hospital and jail, saving taxpayers considerable expense.

One problem: Permanent supportive housing is really expensive to build. In Los Angeles, a recent estimate from the city auditor put the median cost of building one unit at more than \$530,000. A new project coming on line in San Jose is estimated to pencil out at roughly \$470,000 per unit. The outrageous price tags aren’t just driven by land costs — a shortage of construction labor and prolonged city approval processes are also to blame. Cities including Oakland have recently begun buying and converting single-room occupancy hotels to sidestep prohibitively high new construction costs.

## Preventing Homelessness

---

Many California cities have made significant strides in moving people from streets and shelters into safe, stable housing. The Los Angeles Housing Services Authority, buoyed by fresh state and local funds approved by voters, estimated that it was able to place more than 20,000 people experiencing homelessness into housing last year.

So why did L.A. County’s homeless population still grow 12% between 2018 and 2019? Because an estimated 55,000 residents simultaneously lost a place to live, according to the Los Angeles Homeless Services Authority (another source puts the number closer to 34,000). San Francisco officials say for every homeless person they house, another three fall into homelessness. Much to the chagrin of local politicians trying to prove taxpayer money is being spent effectively, new shelters and supportive housing will have trouble making a dent in visible homelessness unless the spigot is plugged in the first place.

States and local governments across the country (including California) are devoting a rising share of homelessness resources to prevention strategies. These include:

- **Eviction counseling and defense:** Being evicted — forcibly removed from an apartment — can lead to devastating family housing instability. An eviction record also makes it exceedingly difficult to find rental housing. The Newsom administration bulked up legal services in last year’s budget for low-income tenants facing evictions.
- **Emergency rental assistance:** New York and Chicago have seen early successes with programs that provide small cash assistance and landlord mediation services to renters struggling to make ends meet. Many California cities have versions of these programs. But targeting emergency aid to those most at risk of homelessness can be difficult. A pilot project from Los Angeles County, UCLA and the University of Chicago hopes to use big data and predictive analytics to better target emergency services to stem homelessness.
- **Diversion and rapid re-housing:** Quickly connecting individuals who just lost their home with a new one is one of the most cost effective ways of preventing long-term homelessness. In rapid re-housing programs, people teetering on the verge of homelessness or new to a shelter are often provided a security deposit, first month’s rent (or more), and connected to a landlord with an immediate vacancy.

## Law Enforcement’s Role

---

Is it legal for someone to sleep on the sidewalk or other public property?

A landmark federal court decision says yes — if there aren’t shelter beds available. Allowed to stand by the Supreme Court in late 2019, the Ninth Circuit Court of Appeals’ ruling in Martin vs City of Boise held that ticketing, arresting or otherwise criminalizing people living outside violates constitutional protections against cruel and unusual punishment. Several California cities and counties filed amicus briefs urging the Supreme Court to reverse the decision, arguing it would hamstring efforts to clear homeless encampments that posed serious public health and safety risks.

**A recent audit of how Los Angeles spends homelessness dollars found that over 50% went to law enforcement. Several police departments have created units dedicated to interacting with homeless populations, often pairing cops with social workers.**

The impact of the Boise decision remains unclear. Police departments and sheriffs still can enforce various “quality of life” ordinances, as well as bans against public defecation and drug use. Many advocates say issuing citations against these behaviors is counterproductive, because people experiencing homelessness have few resources to pay off city fines, and brief incarceration episodes only add to housing instability.

Homelessness puts enormous financial and resource strains on California police and sheriff departments. A recent audit of how Los Angeles spends homelessness dollars found that over 50% went to law enforcement. Several police departments have created units dedicated to interacting with homeless populations, often pairing cops with social workers.

Sweeps also take a toll on unsheltered people, who can lose what little belongings they still have — including sleeping bags, family photographs and medicine.

## What Is the State Doing About Homelessness?

---

As homelessness has soared in California, so has state spending on programs to address it, especially in the last two years.

In 2018, then-Gov. Jerry Brown directed \$500 million to emergency homelessness funding in response to a [plea for help](#) from mayors of the state's 11 largest cities. That same year, voters passed [Prop. 1](#), a \$4 billion bond that funds affordable housing construction. They also passed [Prop. 2](#), a \$2 billion bond to fund supportive housing for people with mental illness.

In his first year, Gov. Gavin Newsom upped the ante on homelessness spending. He designated a record [\\$1 billion](#) of his 2019-2020 budget to one-time investments combating homelessness, on top of \$1.75 billion to expand California's affordable housing stock. The budget includes funding to increase welfare grants for low-income families with children, to house mentally ill patients who are homeless or at-risk, and to rapidly rehouse college students who become homeless.

The largest chunk, \$650 million, went to emergency aid for California's cities and counties to build more emergency shelters, medium- and long-term housing and motel conversions. But that money didn't start flowing immediately: Cities and counties couldn't apply for the funds until [early December](#)

In an effort to get local governments to cooperate with his homelessness agenda, Newsom also signed a suite of bills that remove regulatory barriers to building more housing for homeless people. Two of the new laws allow developers to bypass certain requirements of the California Environmental Quality Act, which neighborhood groups have tried to use to block new housing developments such as a [homeless shelter](#) on San Francisco's Embarcadero.

A task force on homelessness Newsom assembled in May is expected to release its recommendations soon. Those will shape how Newsom tackles homelessness in 2020 on a range of issues, from whether he'll push a legal ["right to shelter"](#) to how much money he'll budget to try to fix the problem.

Counties and cities also shell out significant funds to address homelessness. For example, the [Los Angeles city budget for 2018-2019](#) included \$426 million for homeless outreach and services, largely financed by [Prop HHH](#), a \$1.2 billion bond measure passed by voters in 2016 to fund 10,000 new units of supportive housing over ten years. But there's no comprehensive statewide accounting of local spending on the problem.

Though California spends big on homelessness, failing to house the growing number of people living on the streets may cost much more. A [2016 study](#) found Santa Clara County spent \$520 million a year on the county's homeless population between 2007 and 2012, including the costs of health care, jail and public benefits.

## What Are Trump and the Feds Doing?

---

According to data from the [U.S. Treasury Department](#), California communities received nearly half a billion in federal grant money to fight homelessness in 2018. California couldn't come close to providing its current levels of emergency shelter, housing vouchers, health services for the indigent and permanent supportive housing without significant assistance from Washington.

Under the Obama administration, federal resources were steered toward a "housing first" model that prioritized permanent supportive housing and allowing people to access housing without preconditions such as sobriety or job training. While the Trump administration has yet to officially deviate from that bipartisan approach, [recent personnel decisions](#) and [public comments](#) from the president have California homeless advocates and housing officials fearful that a federal "crackdown" on homelessness is looming.

Governor Gavin N has done a really bad job on taking care of the homeless population in California. If he can't fix the problem, the Federal Govt. will get involved!

<https://t.co/2z8zM37PUA>

— Donald J. Trump (@realDonaldTrump) [December 25, 2019](#)

What exactly a "crackdown" would entail remains an object of fear, loathing and uncertainty for the Newsom administration. A [2019 report](#) from the White House Council of Economic Advisers blamed California's homelessness woes on regulatory barriers to building new housing and lax enforcement of laws against loitering and public nuisance. The report also cast doubt on the efficacy of permanent supportive housing, prompting a homelessness expert at the University of California San Francisco to [compare](#) the White House's findings to climate change denial.

Some fear the Trump administration intends to try to force homeless people living on California's streets to move to former federal armories and other converted federal buildings. While experts says the legal and practical obstacles to such widespread sweeps are considerable, officials at the federal department of Housing and Urban Development have [reportedly](#) scouted and inquired about properties across the West Coast. Trump could also issue an [executive order](#) that strips funding from cities that tolerate public encampments, beefs up law enforcement resources to deal with homelessness, and directs funding to shelters and away from permanent supportive housing.

## What Are Other Places Doing Successfully?

---

Some U.S. cities, counties and states have made enviable progress in reducing homelessness, revealing possible solutions for California. Four communities have been recognized by the U.S. Interagency Council on Homelessness for effectively ending chronic homelessness, meaning that any homeless person with a disability is immediately provided shelter and is able to land permanent housing within 90 days if he or she wants. Three states and 78 communities have ended veteran homelessness.

Related Story: [Brefeld Says Fresno Is 'Under Siege' by Homeless People](#)

Houston has reduced homelessness by over half, from a peak of around 8,500 in 2011 to around 4,000 in 2019, according to federal point-in-time data. The city began by bringing together more than 100 agencies, including the city of Houston, the counties, nonprofit agencies, businesses and the federal HUD. Coalition members continually update a data dashboard that tracks homeless people as they interact with shelters and services. During regular meetings, they match a list of homeless people seeking permanent supportive housing with spots. A sobriety center provides a safe place for people who are publicly intoxicated to sober up — and avoid an arrest record. Federal funding has been key to bringing thousands of new supportive housing units online: HUD nearly doubled its funding for Houston homelessness programs between 2008 and 2018, to \$38.2 million.

In Atlanta, a city similar in population to Sacramento or Long Beach, the homeless population has also more than halved since 2010, even as rents have raced upwards. Like Houston, Atlanta has embraced the “housing first” approach, investing public and private dollars in a growing stock of low-barrier shelter beds, rapid rehousing units and permanent supportive housing. One innovative solution: A host-family program that pairs homeless LGBTQ young adults with supportive households.

## What About Outside-The-Box Solutions?

---

Desperate shortages of affordable housing have led some cities to consider desperate measures.

Take for example, a recent proposal out of Oakland, where homelessness grew 47% from 2017 to 2019. City Council President Rebecca Kaplan floated a plan to house up to 1,000 homeless residents on a cruise ship in the city’s port. Though not a novel idea — cruise ships offered emergency shelter during Hurricane Katrina — the Port of Oakland instantly dismissed the proposal as “untenable,” while Twitter users pointed out the irony of housing people in boats rather than actual homes.

**Cities around the country have jumped on the tiny house craze, building villages of the pint-sized dwellings for the homeless.**



Oakland is also home to another controversial solution: move the homeless out of street encampments and into metal structures more often used as tool sheds. The city currently operates four “cabin communities,” which include electricity, security guards and supportive services. About two-thirds of residents who have been through the program have found more permanent shelter — a statistic the city calls a success. Supporters of the sheds — including Riverside Mayor Rusty Bailey, who has been sleeping in one himself to garner local support for the strategy — say that they are warmer, safer, and more humane than sleeping in tents on cement. Detractors argue that the cramped structures are a poor substitute for permanent supportive housing or building affordable apartments.

Cities around the country have jumped on the tiny house craze, building villages of the pint-sized dwellings for the homeless. Los Angeles has piloted a program to pay homeowners to host homeless people in backyard “granny flats.” Other cities have turned to 3D-printed homes that can be turned out in 48 hours to lower the cost of building extremely-affordable units.

CalMatters.org is a nonprofit, nonpartisan media venture explaining California policies and politics.

---

*City of Merced*  
**MEMORANDUM**

---

**DATE:** January 9, 2020  
**TO:** City Council  
**FROM:** Kim Espinosa, Planning Manager  
**SUBJECT:** Actions at the Planning Commission Meeting of January 8, 2020

---

At their meeting of January 8, 2020, the Planning Commission set the date for the Joint Meeting with the City Council regarding the North Merced Annexation Feasibility Study for January 27, 2020.

The Commission also received a brief training from the City Attorney's Office on the Brown Act.

If you have any questions about these items, please feel free to contact me.

n:shared:Planning:PCMemos2020