



August 23, 2024

To: James Corless, Executive Director, Sacramento Area Council of Governments

From: Chris Lee, Partner, Politico Group  
Kiana Valentine, Partner, Politico Group

**Re: State Advocacy Report & Legislative, Budget, Administrative, and Ballot Updates**

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Politico Group is pleased to provide the following report to the Sacramento Area Council of Governments (SACOG) on recent advocacy activities and other relevant legislative, budget, administrative, and statewide ballot measure updates.

### Summer Advocacy Activities

Since the last meeting of the Policy and Innovation Committee in June, Politico Group has continued to work with SACOG staff to achieve and advance numerous state advocacy goals. Most notably, following months of advocacy by SACOG, its member jurisdictions, and regions around the state, the proposal to revert \$300 million from the Regional Early Action Planning Grant Program of 2021 (REAP 2.0) was successfully reduced to a \$40 million cut in the final 2024-25 state budget, with the Department of Housing and Community Development (HCD) absorbing \$10 million of the reduction through their allocation for administrative costs.

Since the release of the Governor's budget and initial legislative budget hearings in January, Politico Group worked closely with SACOG to take a leading role in pushing back against the proposed cut. Our joint advocacy highlighted the importance of REAP 2.0 funding for implementation of Green Means Go and the Sacramento Region's sustainable communities strategy. More broadly, it emphasized how SACOG's investments in housing-supportive infrastructure and planning were vital in achieving state and local goals to revitalize older commercial corridors, support economic growth, enhance housing affordability, and meet state greenhouse gas reduction targets. Finally, thanks to the diligent work of SACOG and its member agencies, we were able to reiterate that reverting funding from Green Means Go investments would have real and immediate impacts on housing and jobs—stopping real infrastructure projects in their tracks.

Later in the summer, Politico Group successfully advocated for amendments to AB 3093 (Ward), which includes new planning requirements for households for the lowest incomes under the Regional Housing Needs Allocation process. As discussed below, these amendments provide additional guidance for councils of government and local agencies who are required to implement these new requirements in the next housing element cycle. SACOG also joined with other local government groups to oppose an unworkable bill related to government contracts with non-profits and private firms (AB 2557, Ortega). This bill was held in the Senate Appropriations Committee.

Finally, Politico Group continued to monitor and report on executive branch activities, including the Governor’s infill housing executive order and the impacts of the recently adopted state budget on competitive SB 1 state transportation funding programs, as well as measures advancing to the November 2024 ballot.

## Final State Budget - \$260 Million for REAP 2.0 Restored

### Legislature and Governor Finalize 2024-25 State Budget

On June 22, Governor Gavin Newsom, Senate President pro Tempore Mike McGuire, and Assembly Speaker Robert Rivas [announced](#) they had reached [agreement](#) on the 2024-25 state budget. On June 29, the Legislature approved two budget bills reflecting the final spending agreement with the Governor. A full list of budget related legislation, including trailer bills, is included below. Each of the bills has been passed by the Legislature and signed by Governor Newsom.

While this action allowed the state to begin its fiscal year with a spending plan in place, the Legislature is poised to take up some minor changes to the 2023 and 2024 Budget Acts as well as additional budget trailer bills on education, health, resources, general government, and state employee memorandums of understandings in the final week of the session.

#### *List of Chaptered Budget Bills and Trailer Bills*

Bill No.	Subject
<a href="#">AB 107</a>	Budget Act of 2024
<a href="#">SB 108</a>	Amendments to Budget Act of 2024 (Budget Bill, Jr. #1)
<a href="#">SB 109</a>	Amendments to Budget Act of 2023 (Budget Bill #5 of 2023)
<a href="#">SB 153</a>	Education finance
<a href="#">SB 155</a>	Higher education
<a href="#">SB 156</a>	Public resources
<a href="#">SB 159</a>	Health
<a href="#">AB 160</a>	Medi-Cal Managed Care Organization (MCO) provider tax
<a href="#">AB 161</a>	Human services
<a href="#">AB 162</a>	Developmental services
<a href="#">SB 163</a>	Early learning and childcare
<a href="#">SB 164</a>	State government
<a href="#">AB 166</a>	Housing and homelessness
<a href="#">SB 167</a>	Taxation
<a href="#">AB 168</a>	Public safety
<a href="#">AB 169</a>	Juvenile justice
<a href="#">AB 170</a>	Courts
<a href="#">AB 171</a>	Employment
<a href="#">AB 173</a>	Transportation
<a href="#">SB 174</a>	CEQA: Capitol Annex
<a href="#">SB 175</a>	Taxation

### Overall Budget Summary

The final budget agreement incorporates a multi-year balanced budget approach across the budget year and 2025-26 based on current revenue and expenditure projections and closes budget deficits of about \$45 billion and \$30 billion, respectively. (Both houses issued summaries of the budget agreement: [Senate](#) | [Assembly](#)). As enacted, the Budget Act of 2024 contains a total of \$46.8 billion in solutions to address the fiscal year 2024-25 deficit, outlined as follows:

Category	2024-25 Amounts (in billions)
Reductions	\$16.0
Revenues	\$13.6
Reserves	\$6.0
Fund Shifts	\$6.0
Delays/Pauses	\$3.1
Deferrals	\$2.1
<b>Total</b>	<b>\$46.8</b>

### 2024-25 State Budget Highlights

- Regional Early Action Planning (REAP) 2.0 Grants.* The budget restores \$260 million of the Governor’s proposed \$300 million cut to the REAP 2.0 program. Metropolitan Planning Organizations will receive \$480 million, a \$30 million reduction from their prior \$510 million allocation. The Budget also reduces the Department of Housing and Community Development’s administrative costs for the program from \$30 million to \$20 million.
- Active Transportation Program (ATP).* The budget allocates \$100 million General Fund in 2024-25, \$100 million General Fund in 2025-26, and a commitment of another \$400 million General Fund to the ATP through fiscal year 2029-30. Recall, the Governor proposed a \$600 million General Fund reduction to the ATP and the Legislature responded with a proposal to backfill that cut with \$600 million from in State Highway Account (SHA). If the final budget agreement is fully implemented in the coming years, it would preserve the 2023 Budget Act’s General Fund commitment to the ATP.
- Highways to Boulevards.* The budget provides \$75 million GGRF for the Highways to Boulevards program (the 2022 Transportation Package originally appropriated \$150 million General Fund).
- Transit and Intercity Rail Capital Program (TIRCP) – Competitive Funding.* The budget rejects the proposed cut of \$148 million to the Competitive TIRCP contained within the Governor’s May Revise.
- Transit and Intercity Rail Capital Program (TIRCP) – Formula Funding.* The budget maintains the \$4 billion for the formula-based Transit and Intercity Rail Capital Program (TIRCP) approved in the Budget Act of 2023, but replaces \$839 million in General Fund with Greenhouse Gas Reduction Funds (GGRF –Cap-and-Trade revenues account) and the allocates the funding based on the appropriation timeline included in the Governor’s January Budget:

  - \$2 billion is appropriated in Fiscal Year 2023-24;
  - \$1 billion is appropriated in Fiscal Year 2024-25;

- \$1 billion is approved for appropriation in Fiscal Year 2025-26.
- *Zero-Emission Transit Capital Program.* The budget maintains the total amount of funding approved in the Budget Act of 2023, but updates the appropriation timeline as follows:
  - \$190 million is appropriated in Fiscal Year 2023-24;
  - \$220 million is appropriated in Fiscal Year 2024-25;
  - \$230 million is approved for appropriation in Fiscal Year 2026-27; and
  - \$460 million is approved for appropriation in Fiscal Year 2027-28.
- *Grade Separations.* The budget preserves \$150 million for high-priority grade separations. Recall, the Governor’s May Revise proposed cutting \$350 million for these purposes. Specifically, the 2024 Budget Act will provide \$75 million General Fund in 2025-26 and \$75 million SHA in 2026-27 (all subject to future appropriation) for targeted grade separation projects. The transportation trailer bill directs the Administration to backfill other grade separation projects with other eligible funding sources (see details below).

*Housing and Homelessness Budget Trailer Bill – Key Provisions*

- *Regional Early Action Planning Grants Program of 2021 (REAP 2.0).* Makes statutory changes to reflect the \$260 million restoration included in the budget deal, allocating \$480 million to Metropolitan Planning Organizations and reducing HCD administrative funding from \$30 million to \$20 million. Creates new provision to reallocate funding unspent by MPOs as of June 30, 2026, to other MPOs before reverting funding to the General Fund.
- *Proposition 1 Bonds.* Caps at 3% HCD’s administrative costs for Project Homekey and Veterans’ housing bonds.
- *Homelessness Programs and Funding.* Enacts the following provisions related to the Homeless Housing, Assistance, and Prevention Program, the Encampment Resolution Funding program, and the Family Homelessness Challenge Grants and Technical Assistance program:
  - Establishes round six of the Homeless Housing, Assistance, and Prevention (HHAP) Program and requires applicant to develop “data-driven plans that fund the state’s priorities,” including permanent housing solutions, homelessness prevention, interim housing solutions, and specified non-housing solutions. Requires the Department of Housing and Community Development (HCD) to make applications available by January 31, 2025, and due no later than 180 days afterwards.
  - Limits HHAP eligibility for new interim housing (except for youth interim housing solutions) unless an applicant demonstrates that their region has dedicated sufficient resources to sustain existing and planned affordable housing and existing interim housing solutions.
  - Requires round six HHAP applicants to apply as part of a region and be signatory to a round 6 regionally coordinated homelessness action plan that has been approved by HCD, including updates on system performance measures, key actions carried to be

carried out by collaborating entities, and explanations of how each participating jurisdiction is utilizing local, state, and federal funds to achieve system performance outcomes.

- After a round 6 HHAP application is approved, 50% of funding will be disbursed, provided that the individual applicant has obligated all Round 1-3 funding, expended all round 1 funding, and, for round 4, expended at least 50% and obligated at least 75% from its first disbursement.
  - The remaining 50% of round 6 funding may be withheld by HCD until the grantee's updated round 6 regionally coordinated homeless action plan is approved on or before January 31, 2027, and until the city or county has a compliant housing element.
  - Requires round 6 HHAP grantees to contractually obligate 75% and expend 50% of initial round 6 allocations by June 30, 2027.
  - Moves the deadline to April for annual HHAP annual reporting on uses, expenditures, individuals served, and outcomes and requires monthly fiscal reports. Requires final reports by grantees from HHAP rounds 3, 4, and 5 by April 1, 2027, 2028, and 2029, respectively.
  - Sets a July 1, 2024, deadline for transfer of HHAP, Encampment Resolution Funding (ERF), and Family Homelessness Challenge Grants and Technical Assistance (FHCG) programs from the California Interagency Council on Homelessness to HCD.
  - Adds HHAP, ERF and FHCG programs to the list of state housing laws where HCD can refer local government violations to the Attorney General for enforcement.
  - Reallocates unspent HHAP Round 3 funding from CoCs and Cities to other round 3 grantees, rather than dedicating funding to bonus awards.
  - Creates new reporting requirements for the ERF with similar system performance measures as HHAP.
- *California Dream for All homeownership program.* Requires the California Housing Finance Agency to work with legislative stakeholders to assess the program and report recommendations by January 31, 2026.

#### *Transportation Budget Trailer Bill – Key Provisions*

- *Grade Separations.* Requires the Secretary of Transportation to:
  - Coordinate with the Department of Transportation and the California Transportation Commission to identify available funding in state transportation programs that may be used to support grade separation projects that were previously awarded funding.
  - Prioritize funding for grade separation projects that are at risk of losing or failing to secure federal and local funding commitments, or that are at risk of approved project schedule delays, or both.
  - Report to the Legislature, on or before April 30, 2025, on any funding that the Secretary has identified for impacted grade separation projects.
- *Highways to Boulevards.* Requires up to 25 percent of available funding to be set aside for planning and the remainder for implementation.

- *Active Transportation Program*. Appropriates \$100 million from the General Fund to the Department of Transportation for the Active Transportation Program.
- *Port and Freight Infrastructure Program*. Authorizes agencies to apply to the Secretary of Transportation for a letter of no prejudice that would allow an applicant to expend its own funding on a project.
- *Transit Accountability*. Expands requirements of the accountability program to the distribution of funds appropriated to the Transportation Agency from the GGRF for the Formula Transit and Intercity Rail Capital Program (TIRCP), among other technical changes to align with the fund and year changes made in the Budget Act of 2024.
- *Fleet Replacement Reporting*. Requires the Department of Transportation to annually report to the Legislature on or before October 1 of each year, beginning in 2025 and ceasing in 2036, regarding the zero-emission vehicles that the department purchases, owns, or leases.
- *High Speed Rail, Office of Inspector General*. Clarifies the statutes concerning the office of the inspector general as follows:
  - Specifies the inspector general’s duties and responsibilities include reviewing and investigating adherence to contract provisions of any public or private entity that receives high-speed rail project funds.
  - Requires the High-Speed Rail Authority to include specified provisions granting the inspector general access to records and property in connection with the inspector general’s authorized duties are included in all contracts and contract amendments executed on or after July 1, 2024.
- *SB 673 - Emergency notification: Missing Black Youth*. Expands and revises the determinations a law enforcement agency must make to request an Ebony Alert; requires California Highway Patrol to activate an Ebony Alert and assist the investigating law enforcement agency if the department concurs with the agency’s determination; and requires the California Highway Patrol to report on the evaluation of the Ebony Alert, no later than July 1, 2027.

## Legislative Updates

The Legislature returned to Sacramento on August 5 after a month-long summer recess. With policy committee deadlines in the rear view, their focus immediately turned to fiscal committee hearings. Approximately 1,300 bills were still moving through the legislature at the beginning of August. Hundreds of these bills were considered through the “suspense file” process in each appropriations committee prior to the August 16 deadline for bills with a fiscal impact to advance in the legislative session.

Details on key bills Politico Group is tracking for SACOG are included below. The Legislature must wrap up all legislative business for the two-year session by August 31.

### **Amendments to Bill Requiring New RHNA Income Categories**

[AB 3093](#) by Assembly Housing & Community Development Chair Ward was approved by the Senate Appropriations Committee on August 15. This bill would implement the Administration’s highest priority

change from the Department of Housing and Community Development's (HCD) recent RHNA report by creating two new income categories within the current very low-income category:

- Extremely low-income (ELI) households based on federal Department of Housing and Urban Development definitions, or below 30% of area median income (AMI), and
- Acutely low-income (ALI) households with incomes of 15% of AMI.

The Senate Housing Committee had previously approved the bill with amendments to its provisions requiring HCD to develop implementation guidance. Specifically, the guidance must now include advice on how planning to accommodate acutely low- and extremely low-income households can, 1) comply with housing element requirements to analyze and, where feasible, remove potential and actual governmental constraints on housing production, and 2) impact the feasibility of residential development projects for financial or other reasons.

Additional amendments on August 19 were sought by regional governments and require HCD to publish, by December 31, 2026, advisory guidance to be used by each council of governments on distributing acutely low- and extremely low-income households. HCD has indicated that they plan on conducting stakeholder outreach during the development of this guidance, which would be incorporated within their general housing element guidance for the seventh cycle.

#### **Author Shelves Bill to Strictly Link RHNA and Sustainable Communities Strategies**

AB 1335, by Assemblymember Rick Zbur, would have amended SB 375 to require Metropolitan Planning Organizations (MPOs) to assume Regional Housing Needs Allocation (RHNA) housing units are built in a specified period of their Regional Transportation Plan/Sustainable Communities Strategies (RTP/SCS). While current law requires the RHNA to be consistent with the SCS, AB 1335 would essentially flip that dynamic and require the SCS to follow RHNA numbers, and therefore assume housing development that may not occur.

While the California Association of Councils of Government and other transportation stakeholders sought to work with the author and the bill's sponsor, Abundant Housing LA, after securing an agreement last year that all parties would collaborate on the bill before it advanced, it briefly appeared that the bill could move forward without collaboration with regional agencies. Ultimately, transportation stakeholder concerns about language offered to the author by the Department of Housing and Community Development led to the bill begin shelved for the year, although attempts to expand the prominence of RHNA and HCD in the SCS process are likely to return next year.

#### **Vehicle Miles Traveled CEQA Study Bill Advances**

The Assembly Appropriations Committee approved SB 768 at its August 15 hearing with clarifying amendments. This bill would require the State Transportation Agency, in consultation with regional transportation agencies, local governments, and other state agencies, to complete a study by 2028 examining how vehicle miles traveled (VMT) is used to measure transportation impacts pursuant to CEQA. The study would include costs of mitigation measures, an inventory of exempt project types, an inventory of regional VMT mitigation program reports, and an analysis of the differences and feasibility of mitigation measures in rural and urban areas. Finally, the study would include a discussion of the

relationship between VMT reduction and greenhouse gas emissions, housing, transportation, economic development, and equity.

### **Bill Advances to Expand Complete Streets Requirements on State Highways**

The Assembly Appropriations Committee approved SB 960 at its August 15 hearing with amendments that Senator Wiener negotiated with Caltrans and other stakeholders. Broadly speaking, the amended bill represents a more assertive approach to ensuring that Caltrans incorporates complete streets elements—including bicycle, pedestrian, and transit facilities—on state highway projects where appropriate. Unlike earlier versions of the bill, however, the amendments provide Caltrans with more flexibility and are better aligned with various state planning documents.

Specifically, the amended bill requires Caltrans to include goals and performance measures for complete streets features and transit priority facilities in the Strategic Highway System Management Plan; commit to specific four-year targets for incorporating complete streets features into projects funded by the State Highway Operations and Protection Program (SHOPP); adopt by July 2027 a transit policy and implementation guidance for facilities such as bus-only lanes and transit stops on the state highway system; and create an encroachment permit review process for complete streets projects, including designating an encroachment permit manager in each district. The bill also requires Caltrans to consult with local agencies and others in the development of SHOPP-funded complete streets projects, and on the transit priority policy and related guidance.

### **Brown Act Legislation Stalls in Senate**

After advancing from the Assembly earlier this year, [AB 817](#) by Assemblymember Blanca Pacheco (D-Downey) failed passage in the Senate Local Government Committee earlier in June. The bill would have created a framework for allowing remote participation by members of non-decision-making legislative bodies through two-way teleconferencing and had previously been amended to add a 2026 sunset and align the bill with teleconferencing requirements of [SB 544](#) (Laird), which was enacted last year and applies to state bodies subject to the Bagley-Keen Open Meeting Act.

The Senate Local Government Committee had requested several additional amendments to the bill, including limits to the subject matter jurisdiction and composition of the non-decision-making legislative bodies that could use the flexibility for remote participation. While the author was willing to accept most of the proposed amendments, she rejected limitations that would have required an in-person quorum and prohibited members who receive compensation from using the remote participation flexibility.

A recent state law, which offers more limited “just-cause” flexibility for remote participation by qualifying officials under the Brown Act expires on January 1, 2026. Local government groups interested in retaining or expanding the ability for remote participation in public meetings are likely to introduce new legislation on the topic in the next legislative session.

## **Executive Branch Updates**

### **Governor Issues Executive Order to Promote Infill Housing**

On July 31, Governor Newsom issued [Executive Order N-2-24](#), which seeks to support housing and climate goals by directing the Governor’s Office of Land Use and Climate Innovation (formerly the Office

of Planning and Research), the Department of Housing and Community Development (HCD), the California State Transportation Agency (CalSTA), the Air Resources Board (CARB), and other state agencies, to work together to address barriers to infill housing. According to the Administration, key efforts to promote infill housing will include the following:

- Lowering costs and increasing flexibility by exploring updates to the state building standards codes and permitting processes to accelerate housing approvals and development.
- Creating more resources for local governments to build housing through infill development, by developing mechanisms to provide local governments and developers with a range of additional resources, including state and federal infrastructure dollars and other financing.
- Building more tools and opportunities by publishing resources and guidance, including through the states' existing [Site Check](#) website, to assist developers and other stakeholders in identifying opportunities to transform vacant sites into housing for Californians.
- Aligning state housing and climate goals by creating tools to assess the environmental benefits of thriving urban cores and transportation centers and working to better align housing and transportation investments across the state.

Several items included in the order are especially relevant to regional planning and transportation agencies. Specifically, the order requires the following efforts:

- Caltrans is directed to work with CalSTA and the newly renamed Governor's Office of Land Use and Climate Innovation to analyze opportunities to support affordable infill housing as a mitigation measure for vehicle miles travelled (VMT) impacts under CEQA. This work would include publishing updates to Caltrans' "Transportation Analysis Under CEQA" guidance and identifying opportunities to leverage transportation funding, where eligible, to support affordable infill housing as a mitigation measure for transportation projects.
- The Governor's Office of Land Use and Climate Innovation is directed to convene an interagency Task Force on Mitigation Banks, to "develop a framework for a Statewide Mitigation Bank to provide flexibility in the use of infill housing as a mitigation strategy." This effort also appears to be focused on mitigating VMT impacts of housing and transportation projects by supporting the development of affordable infill housing.
- The California Housing Finance Agency is directed to analyze and report on financing mechanisms to support predevelopment, construction and permanent financing of affordable infill housing, while HCD is directed to analyze revolving funds and loan proceeds to "maximize opportunities to fund affordable infill development."

### **CTC Advances SB 1 Competitive Grant Programs at August Meeting**

The CTC approved fund estimates and guidelines for the next round of SB 1 competitive grant programs during their August 15-16 meeting in San Diego. Specifically, CTC staff presented a fund estimate and

proposed guidelines for the Trade Corridor Enhancement Program (TCEP), a revised fund estimate and revised guidelines for the Active Transportation Program (ATP), and guidelines for the Solutions for Congested Corridors Program (SCCP) and the Local Partnership Program (LPP) – Formulaic and Competitive. Calls for projects for the TCEP, SCCP, and LPP will occur immediately following the August meeting. In addition to the details on the TCEP and ATP below, here is a timeline for important SB 1 competitive grant program milestones:

Program	Call for Projects	Project Nominations Due	Staff Recommendations	Program Adoption
TCEP	August 16, 2024	November 22, 2024	June 6, 2025	June 26-27, 2025
SCCP	August 16, 2024	November 19, 2024	June 2025	June 2025
LPP – Competitive	August 16, 2024	November 20, 2024	June 6, 2025	June 26-27, 2025
ATP	March 22, 2024	June 17, 2024	November 1, 2024	December 5-6, 2024

#### *Trade Corridors Enhancement Program Budget Impacts*

The 2024-25 State Budget may have implications for the TCEP program, although the specific impacts are not clear at the time of this writing. Specifically, the transportation budget trailer bill ([AB 173](#)) requires the California State Transportation Agency (CalSTA) to coordinate with Caltrans and the CTC to identify available funding to backfill a \$200 million reduction for grade separation projects which had already received grant awards. Potential sources of funding include TCEP and other state transportation funding programs for which grade separation projects may be eligible.

A TCEP fund estimate adopted by the CTC today provides for \$1.07 billion in available funding and \$171 million in prior funding commitments, for an estimated funding round of \$900 million. Should TCEP funding be tapped to backfill previously awarded grade separation projects, the overall funding available for Cycle 4 will likely be reduced. The trailer bill language gave the state a year to develop the plan, but CalSTA and its partners appear to be moving much more quickly to resolve the outstanding grade separation funding issue.

#### **State Budget Impacts to Cycle 7 Active Transportation Program**

The CTC adopted a revised fund estimate based on the final 2024-25 state budget and amended guidelines for Cycle 7 of the Active Transportation Program (ATP) at its August 15-16 meeting. In preparation for those actions, CTC staff held a “funding reduction” workshop on July 17 to inform agencies and stakeholders about the budget’s impacts to Cycle 7 and solicit feedback on guideline amendments related to additional “tiebreaker” criteria.

While a majority of the 2022 Budget Act’s \$1.05 billion General Fund infusion into the ATP remains intact based on future funding commitments to the program, the 2024 Budget Act reduced funding immediately available for Cycle 7 by \$400 million. As a result, the Cycle 7 fund estimate, which was

adopted by the CTC in March 2024, was reduced from \$568.7 million to \$168.7 million. The ATP program is further broken down into three categories: 50 percent (\$84.4 million) for statewide competition, 10 percent (\$16.9 million) for small urban and rural areas, and 40 percent (\$67.5 million) divided between the largest 10 MPOs in the state.

Compounding the difficult budget news, Cycle 7 applications were due in June and are currently being reviewed and scored. CTC staff reporting during the July workshop that 277 applications were received requesting \$2.5 billion worth of funding. Staff also reported that while fewer applications were received in Cycle 7 than in Cycle 6, projects, or at least grant application funding requests, are growing in cost. For instance, the largest ATP request is for \$60.4 million, which is nearly two-thirds of the entire amount available for statewide competition and nearly 100 percent of the MPO pot.

In the SACOG region, twelve local jurisdictions and the San Joaquin Regional Rail Commission have applied for \$196 million in Cycle 7 ATP grants for 24 projects with a total cost of \$549 million.

Given the limited funding and huge number of requests, the revised Cycle 7 guidelines provide additional criteria to serve as “tiebreakers” should several projects receive the same score. The guidelines currently include three criteria for tiebreaker consideration: 1) project readiness, 2) highest score on the highest point value question, 3) highest score on the second highest point value questions. During the workshops, CTC staff solicited feedback on three additional criteria: 1) whether the applicant has applied for ATP funding for the same project two or more cycles and has not been successful, 2) application was submitted by a tribal government, and 3) highest score on the third highest point value question.

CTC staff also discussed plans for a contingency list of projects should additional funding become available. The 2024 Budget Act included a commitment for an additional \$400 million for ATP in future years, but this will require future budget action before the CTC can program new projects.

## November Ballot Updates

### **Climate and School Facilities Bond Measures Approved for Ballot**

On July 3, following late evening amendments on Saturday June 29, the Legislature passed, and Acting Governor McGuire signed, [SB 867](#) (Allen) the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 and [AB 247](#) (Muratsuchi) the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024. Each measure would authorize the issuance of \$10 billion in General Obligation (GO) bonds upon voter approval this fall.

Specifically, the climate bond measure would allow the state to borrow an unprecedented \$10 billion for projects that harden California’s defenses to the impacts of the warming climate. If approved by voters on November 5, the bond would constitute California’s biggest single climate investment in history and be the nation’s largest-ever voter-approved climate measure.

The climate bond includes the following overarching amounts for specific categories:

- \$3.8 billion allocated to water, including increasing supplies, providing flood protection and cleaning up contamination.
- \$1.5 billion for wildfires and forest health, including boosting firefighting efforts, conducting prescribed burns and making communities fire resilient.
- \$1.2 billion dedicated to efforts to combat sea-level rise, such as restoring wetlands to safeguard coastal communities.
- \$450 million for extreme heat mitigation.
- \$1.2 billion for protecting biodiversity, state conservancies, and nature-based solutions.
- \$300 million for climate resilient farms and working lands, including healthy soils.
- \$700 million for parks and outdoor access.
- \$850 million would be set aside for clean energy projects, including battery storage and infrastructure to advance offshore wind energy.

During informational hearings on the climate bond prior to its passage, members highlighted tradeoffs and compromises necessary to arrive at the final \$10 billion package. Some members raised concerns at the broad range of programs funded and questioned whether priorities would be addressed. Authors responded that needs highlighted by state agencies alone amounted to over \$50 billion dollars and many items that were heavily debated couldn't be included. The authors also shared that they developed the bond in context of the 2024-25 state budget, with items that were reduced or not included in the budget prioritized for investment in the bond.

Ongoing legislative oversight and the level of specificity in various bond programs was also a topic of discussion among members. Assemblymember Wood and others argued that prior resources bonds had included overly prescriptive language that slowed needed investments. Members and the Legislative Analyst's Office also highlighted that the climate bond investments would be authorized by the ballot measure, but unlike other prior bonds, individual expenditures would be subject to appropriation by the Legislature. This aspect of the bond will allow for increased ongoing oversight from the Legislature but will also provide an opportunity for stakeholders to ensure their priorities are considered as bond funding is appropriated and programs are developed. If the bond measure is approved, this work will begin in earnest in next year's budget process.

Finally, ensuring that disadvantaged communities and populations vulnerable to the impacts of climate change would benefit from the climate bond was another major area of discussion. SB 867 requires that at least 40 percent of total bond funds provide meaningful benefits to disadvantaged communities and vulnerable populations, with an additional 10 percent dedicated to severely disadvantaged communities. Unlike other recent climate investments, these metrics won't be based solely on California's EnviroScreen tool. The key definitions used in the bond are more flexible, with consideration for both income levels and heightened risk or increased sensitivity to climate change impacts:

- *“Disadvantaged community” means a community with a median household income of less than 80 percent of the area average or less than 80 percent of statewide median household income.*
- *“Severely disadvantaged community” means a community with a median household income of less than 60 percent of the area average or less than 60 percent of statewide median household income.*
- *“Vulnerable population” means a subgroup of population within a region or community that faces a disproportionately heightened risk or increased sensitivity to impacts of climate change and that lacks adequate resources to cope with, adapt to, or recover from such impacts.*

### **Final State Ballot Measures**

Following a weeklong effort among the Governor, legislative leaders, and numerous ballot measure proponents to winnow down the November 2024 statewide ballot, the Legislature passed and Acting Governor McGuire signed, [AB 440](#) (Pellerin) on July 3. This bill called for elections for measures placed on the ballot by the Legislature and assigned them proposition numbers. AB 440 also delayed [ACA 13](#) (Ward), which would require constitutional amendments that increase voter approval thresholds to pass by the same threshold, moving it to the November 2026 ballot.

After the dust settled on the evening of July 3, the Secretary of State published the final list of statewide measures that have qualified for the November ballot:

- **Prop. 2** – AB 247 (Muratsuchi): Education finance: school facilities: Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024.
- **Prop. 3** – ACA 5 (Low): Marriage equality – Strikes language previously approved by voters in Proposition 8 (2008) that defined marriage as only between a man and a woman.
- **Prop. 4** – SB 867 (Allen) Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.
- **Prop. 5** – ACA 1 (Aguiar-Curry) Local government financing: affordable housing and public infrastructure: voter approval [as amended by ACA 10 (Aguiar-Curry)]
- **Prop. 6** – ACA 8 (Wilson) Slavery – Prohibits slavery by deleting language allowing for involuntary servitude as punishment for a crime.
- **Prop. 32** – Raises minimum wage.
- **Prop. 33** – Expands local governments’ authority to enact rent control on residential property.
- **Prop. 34** – Restricts spending by health care providers meetings specified criteria.
- **Prop. 35** – Provides permanent funding for Medi-Cal health care services.
- **Prop. 36** – Allows felony charges and increases sentences for certain drug and theft crimes.

**Contact**

Email: Chris Lee ([clee@politicogroup.com](mailto:clee@politicogroup.com)) or Kiana Valentine ([kiana@politicogroup.com](mailto:kiana@politicogroup.com))

Phone: (916) 444-3770