



# TAKE ACTION BRIEF

## January 2024

California’s State Legislature reconvened January 3 for the second year of the biennial 2023-24 Legislative Session following its Interim Recess, and the 118<sup>th</sup> United States Congress kicked off its second session the following week.

At the top of the agenda in both the state and federal capitols is the budget process. In the first week of January, U.S. Congressional leaders reached agreement on overall budget levels for Fiscal Year 2024, but House Speaker Mike Johnson confronted fallout from some of the conservative members of the Republican conference in the days that followed. Meanwhile, California Governor Gavin Newsom presented his 2024-25 State Budget proposal January 10, estimating a \$37.9 billion deficit that stood out in comparison to the \$68 billion shortfall previously identified by the Legislative Analyst’s Office.

The second year of the State Legislative Session is always fast and furious with “two-year bills” facing a January 12 cut-off to pass policy committee if they have a fiscal implication, then another deadline January 19 to clear all committees and pass to the floor. January 31, known as the “House of Origin Deadline” is the last day for each house to pass bills introduced in 2023.

CSDA members can track all bills affecting special districts at [csda.net/bill-tracking](https://csda.net/bill-tracking). Learn more about the State Budget in this *Take Action* Brief and stay tuned to CSDA eNews as well as the [Advocacy News Blog](#) for developments throughout the year.

Next month is CSDA’s annual *Take Action* Month, but you can get ahead of the game by downloading CSDA’s guide to [Take Action: Engaging with Your Community and Legislators](#) for insights on building relationships with the lawmakers serving your area. Visit [CSDA’s Map of Special Districts](#) to learn which legislative districts overlap with your special district. If you have a relationship with your legislators, please let us know by completing our brief [Grassroots Mobilization Survey](#).

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## ➤ CSDA responds to Governor’s proposed 2024-25 State Budget

CSDA Chief Executive Officer Neil McCormick responded to Governor Gavin Newsom’s 2024-25 State Budget proposal by stating:

**“We appreciate Governor Newsom’s proactive efforts to maintain the State’s commitments in the face of declining revenues. To succeed, it is all the more critical that the State Legislature and Administration take a mindful approach when considering new policy proposals that could increase costs or hamper revenues for special districts and other local agencies. The future of our communities and our economy depend on the water, sanitation, fire protection, parks, open space, healthcare, and other essential services our members provide together with the State and other partners.”**

On January 10, Governor Newsom put forward his [2024-25 State Budget](#), totaling \$291.5 billion (\$208.7 billion General Fund) in proposed state spending. Disagreement between the Governor and the Legislative Analyst’s Office (LAO) over the size of the State’s deficit taking center stage, with the Governor projecting a \$37.86 billion deficit, compared to the LAO’s projection of \$68 billion.

Visit [csda.net](http://csda.net) for a full CSDA overview of the Governor’s January proposal of the 2024-25 State Budget, a few key areas affecting all-types of special districts include:

### **Climate Change**

The 2024-2025 Budget maintains \$48.3 billion for climate commitments, with over \$10 billion from the Federal government. The budget summary highlights \$6.7 billion in adjustments to climate programs, including reductions, delays, and funding shifts, primarily from the Greenhouse Gas Reduction Fund (GGRF), of \$2.9 billion, \$1.9 billion, and \$1.8 billion, respectively.

### **Zero-Emission Vehicles**

Funding of \$10 billion which was committed in the 2021-2022 Budget is extended over seven years, including targeted investments for increasing access to clean transportation in disadvantaged communities. An expenditure reduction of \$38.1 million is proposed, including Drayage Trucks and Infrastructure Pilot Project (\$23.5 million), ZEV Manufacturing Grants (\$7.3 million), and Emerging Opportunities (\$7.3 million), while maintaining \$477 million previously dedicated to those programs. A fund shift of \$475.3 million to the GGRF, including ZEV Fueling Infrastructure Grants and Drayage Trucks and Infrastructure, is proposed, along with a \$600 million GGRF delay from 2024-2025 across various programs, including ZEV infrastructure.

### **CEQA Judicial Streamlining**

The Governor proposes ongoing \$2.3 million from the General Fund to support implementation of a recently enacted CEQA judicial streamlining statute pertaining to infrastructure.



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## Labor, Workforce Development

The 2022 Budget allocated \$2.2 billion in support of apprenticeships, providing workforce training for climate change mitigation, and fostering a diverse health and human services workforce. The 2024-2025 Budget proposes a reduction of approximately \$100 million, as well as proposed delays totaling \$734.5 million.

The California Jobs First Initiative, formerly known as the Community Economic Resilience Fund, faces a \$300 million funding delay. The Budget includes \$100 million General Fund annually for this initiative from 2024-2025 through 2026-2027.

Various reductions, reversions, and delays are anticipated to impact Healthcare Workforce Investments, High Road Training Partnerships, the Apprenticeship Innovation Fund, the Goods Movement Workforce Training Facility, the California Youth Apprenticeship Program, the Low Carbon Economy Program, the Displaced Oil and Gas Worker Pilot Fund, EMT Training, and the Women in Construction Unit. Additionally, a budgetary loan of \$125 million from the Labor and Workforce Development Fund to the General Fund is proposed.

The Governor's Budget proposal includes a section related to Senate Bill 525 (Durazo, 2023). SB 525 codified incremental minimum wage increases for specified healthcare workers, effective June 1, 2024. The Administration is seeking early action in January by the Legislature to add an annual "trigger" to make the minimum wage increases subject to General Fund revenue availability, clarify the exemption for state facilities, and make clarifications in connection with implementation.

## ERAF

When the Educational Revenue Augmentation Fund (ERAF) initiated the redirection of property tax revenue from cities, counties, and special districts to K-12 schools in 1992, this reduction resulted in equivalent State General Fund savings by reducing other State revenues allocated to schools.

The Governor's Budget includes a proposal to specify that charter schools are explicitly eligible for receipt of ERAF dollars. It has been the practice in some counties with excess ERAF dollars to exclude charter schools in the associated funding calculations when initially distributing ERAF dollars, thereby increasing the amount of excess ERAF dollars in the county and increasing the amount of funds returned to those local agencies that had their property tax receipts diverted into ERAF. However, the current Administration argues that this practice conflicts with existing state law and the Local Control Funding Formula that determines school funding. Administration officials had previously expressed as much to various counties where this phenomenon was discovered, instructing those counties to allocate ERAF dollars to charter schools as mandated by law.

To remedy any continued noncompliance, the Governor's proposal would specify that charter schools are explicitly eligible for receipt of ERAF dollars and seemingly put an end to this practice, which would impact local agencies in excess ERAF counties by reducing the amount of excess ERAF dollars returned to local agencies within those counties. As this proposal is aimed at excess ERAF counties, the impacts would be limited to certain Bay Area counties (presently Marin, San Mateo, San Francisco, Santa Clara, and Napa, according to a [2020 report from the Legislative Analyst's Office](#)) as well as the county of Alpine.



## ➤ November 2024 statewide ballot measures affecting special districts

The last day for propositions to qualify to appear on the November 5, 2024 Statewide General Election Ballot is June 27, 2024. Below is an overview of the state-of-play and an executive summary of the most significant measures affecting special districts and the communities they serve.

- **Four measures** have [formally qualified](#) for the November, having been placed on the ballot as Constitutional Amendments through a two-thirds vote of each house of the State Legislature.
- **Six measures** are [eligible for the ballot](#) as statewide initiative measures with elections officials having verified the required number of signatures. These initiatives will formally qualify if they are not withdrawn by proponents prior to June 27.
- **34 initiatives** are [in circulation](#), four of which the proponents claim to have gathered at least 25 percent of the requisite signatures.

**Here is a breakdown of the November ballot measures that matter most to special districts:**

### *Qualified Statewide Ballot Measures*

#### **[ACA 1 \(Aguir-Curry\) Local government financing: affordable housing and public infrastructure: voter approval.](#)**

Long-supported by CSDA, ACA 1 gives voters the opportunity to allow special districts, cities, and counties to approve general obligation bonds and special taxes for public infrastructure and affordable housing with the same 55 percent vote threshold now authorized for school bonds.

#### **[ACA 13 \(Ward\) Voting thresholds.](#)**

The second-most important measure on the ballot (more to come later on the most important measure), ACA 13 requires any initiative measure that would increase voter approval requirements in the State Constitution to pass by the same approval requirement it seeks to impose on others. CSDA strongly supported passage of this measure in the State Legislature to place it before voters, with dozens of special districts joining CSDA's statewide call-to-action.

### *Eligible Statewide Ballot Measures*

#### **[1921. \(21-0027A1\) Eliminates employees' ability to file lawsuits for monetary penalties for state labor-law violations. Initiative Statute.](#)**

Repeals 2004 law allowing employees to file lawsuits on behalf of themselves and other employees against employers to recover monetary penalties for certain state labor-law violations. Labor Commissioner retains authority to enforce labor laws and impose penalties. Eliminates Labor Commissioner's authority to contract with private organizations or attorneys to assist with enforcement.

#### **[1935. \(21-0042A1\) Limits ability of voters and state and local governments to raise revenues for government services. Initiative Constitutional Amendment.](#)**

Sponsored by the [California Business Roundtable](#) ("CBRT"), this initiative would revise the Constitution in a manner that would threaten the essential functions of government by promulgating a drastic rise in litigation and severely restricting the ability of voters and state and local governments to fund essential services and infrastructure needs. CSDA is in strong opposition and has called for all special districts to formally approve an oppose resolution. Governor Gavin Newsom, along with the State Legislature and former Senate President Pro Tem John Burton, with support from CSDA and other amicus curiae, petitioned the California Supreme Court to





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remove the initiative from the ballot arguing it is Constitutionally invalid. The Court issued an order to show cause on November 29, 2023 and ordered briefing in December and January with amicus briefs due February 14. The matter will likely be set for argument in March or April and a decision is anticipated by June.

**1936. (21-0043A1) Raises minimum wage. Initiative Statute.**

Existing law requires annual increases to California’s minimum wage until it reached \$15.00 per hour for all businesses on January 1, 2023. This measure extends these annual increases (\$1.00 per year) until minimum wage—currently, \$15.00 per hour for businesses with 26 or more employees, and \$14.00 per hour for smaller businesses—reaches \$18.00 per hour. Thereafter, as existing law requires, the minimum wage will annually adjust for inflation.

*Circulating Initiatives with 25 Percent of Signatures Reached*

**1947. (23-0005) Repeals voter-enacted changes to property tax rules for transfers between family members. Initiative Constitutional Amendment.**

Reinstates property tax reassessment rules for certain real property transfers between family members (including by inheritance), which voters eliminated through Proposition 19 in 2020. Reduces local property tax revenues and eliminates funding source for Proposition 19’s California Fire Response Fund. Allows transfers to children (or grandchildren if parents are deceased) without property tax reassessment of: (1) principal residence, regardless of current value or continued use as principal residence; and (2) \$1 million in other real property.

*Initiatives and Referenda Cleared for Circulation*

**1957. (23-0015A1) Increases requirements on government agencies and Legislature when responding to records request. Initiative Statute.**

Sponsored by [California Watchdog](#), this initiative would likely cost public agencies in excess of \$1 billion [according to the Legislative Analyst’s Office](#). It would place excessive records retention requirements on public agencies— all of which remain ineligible for reimbursement pursuant to the state mandate process. Furthermore, the initiative would dramatically increase a public agency’s exposure to litigation and could stimulate a cottage industry dedicated to pursuing California Public Records Act litigation. CSDA is formally opposed and its analysis of the measure is available [here](#).

**1967. (23-0025A1) Limits environmental lawsuits challenging new housing construction. Caps development fees on housing. Initiative Statute.**

[As determined by the Legislative Analyst’s Office](#), “[t]he 2 percent cap on local government development fees [imposed by this initiative] would reduce local government revenue likely by at least hundreds of millions of dollars per year, potentially exceeding \$1 billion per year.” CSDA’s own analysis concluded that the initiative will have major impacts on local agency finances, placing an onerous two percent cap on development impact fees. Special districts that collect impact fees would face significant budget shortfalls resulting from slashed impact fee receipts, or would be forced to seek significant tax and fee increases on current residents that may be unwilling or unable to pay. Moreover, shifting the cost-burden from developers and new homeowners to current residents could lead to litigation under Proposition 218 by taxpayers claiming it is unconstitutional for current residents to subsidize services provided to developers and new residents. CSDA is formally opposed and its analysis of the measure is available [here](#).



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## ➤ Virtual special districts tour on water infrastructure for firefighting

Over 50 representatives from state and federal legislative offices recently attended CSDA's Virtual Special Districts Tour, this year highlighting the need for partnership in funding water infrastructure for firefighting. This annual event showcases how local special districts are leading the way on issues of critical statewide concern.

CSDA's Virtual Tour brought together public officials from throughout California as well as from Washington D.C. to discuss challenges faced in both urban and rural areas, and to consider opportunities to partner with special districts in meeting those challenges.

### [View Compilation Video on Water Infrastructure for Firefighting Topic](#)

The first presentation highlighted the work of the North Tahoe Fire Protection District, North Tahoe Public Utility District, and the Tahoe City Public Utility District to solve the critical infrastructure need in their high fire risk region.

The Tahoe Basin experienced catastrophic impacts from the Angora Fire in 2007 and the Caldor Fire in 2021. Those incidents demonstrated their rural communities did not have the infrastructure to provide necessary fire flows in response to large events. The three special districts detailed how they work together through the [Tahoe Water for Fire Suppression Partnership](#) to find solutions and advocate with state and federal officials.

### [View Full Version of Lake Tahoe Video](#)

The second presentation showcased the collaboration between the Sacramento Metropolitan Fire District and the Sacramento Suburban Water District. Sac Metro Fire has responded to significant fires recently and is reliant upon water districts such as Sacramento Suburban to provide the water to combat those fires. The water district faces increasing costs for pipeline repairs and groundwater well installations. These costs make it more challenging to keep up on the needed infrastructure replacement to protect public health and safety.

### [View Full Version of Sacramento Video](#)

The Virtual Tour concluded with a request from all districts for funding assistance from the state and federal government. Special districts intend to carry forward this advocacy work through their respective lawmakers as well as through the National Special District Coalition (NSDC), of which CSDA is a founding member. NSDC has made this issue a [priority initiative](#). At the state level, [SB 470](#) remains a key opportunity in 2024.

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***The complete Special Districts Virtual Tour and tour packet can be found at [csda.net/SpecialDistrictsTour](http://csda.net/SpecialDistrictsTour)***

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## ➤ Make sure your district updates its roster with the Secretary of State

*Does your special district have a new Board Member? New Board President? New Board Secretary?*

[Government Code section 53051](#) requires local agencies to update their Registry of Public Agencies document, which must be filed with both the California Secretary of State and the county clerk of each county where the agency operates an office. The form contains various fields, including:

1. Full, legal name of the agency;
2. Official mailing address of its governing body;
3. Name and residence or business address of each member of the governing body of the agency; and
4. Name, title, and residence or business address of the clerk or secretary of the board and the chairman, president, or other presiding officer.

Should any changes occur that affect any of those fields, an updated form must be filed within 10 days with both the Secretary of State and the county clerk of each county where the agency operates an office.

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***The Registry of Public Agencies document, also known as Form SF-405, is available for download at the California Secretary of State's website at [sos.ca.gov/business-programs/special-filings/forms/](https://sos.ca.gov/business-programs/special-filings/forms/)***

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While Government Code section 53051 does not provide specific sanctions for failures to abide by its provisions, local agencies may find themselves vulnerable in legal proceedings absent compliance. [Government Code sections 960.2](#) and [960.3](#) allow for individuals seeking to initiate legal proceedings against an agency to leave copies of the service of process with the Secretary of State, rather than with the local agency. In the event a local agency is served in this manner and its Registry of Public Agencies filings are grossly deficient or incomplete, the agency might not be able to rely on pre-existing legal protections.



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## ➤ Districts Make the Difference student video contest now open

The Districts Make the Difference Student Video Scholarship Contest has launched its third annual national competition for high school students.

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*More information is available at*  
[DistrictsMakeTheDifference.org/Video-Contest](https://DistrictsMakeTheDifference.org/Video-Contest)

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The contest, first established by CSDA in California, has become a pillar of the National Special Districts Coalition's ongoing efforts to expand public awareness of the essential services that more than 35,000 special districts provide in their communities across the country. During the first quarter of the year, high school students are invited to produce a creative, original, 60-second video highlighting special districts services.

**Videos submitted through March 30** are reviewed and narrowed to 10 finalists based on stated criteria. The finalists' videos are available online through the Districts Make the Difference and NSDC media channels for a national public vote.

**The top scholarship is \$2,000**, with additional scholarships for second and third place. Each winning entry also is accompanied with a \$500 "scholarship" for their teacher of choice to expand the next generation's knowledge of special districts.

Special districts across the country are encouraged to share the contest opportunity in their outreach to their communities, high schools, and community civic organizations, as well as on their social media feeds, in newsletters and on websites using the images provided.





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## ➤ OTHER WAYS TO TAKE ACTION

### Learn More

#### Special District Leadership Academy

February 4-7, 2024

Embassy Suites by Hilton San Luis Obispo – San Luis Obispo, CA

Register here: <https://members.csda.net/EventDetail?EventKey=24SDLACON1>

Based on CSDA’s groundbreaking, curriculum-based continuing education program, which recognizes the necessity for the board and general manager to work closely toward a common goal. SDLA provides the knowledge base to perform essential governance responsibilities and is designed for both new and experienced special district board members.

### Join Today

Join an Expert Feedback Team to provide CSDA staff with invaluable insights on policy issues. Email [updates@csda.net](mailto:updates@csda.net) to inquire about joining one of the following teams:

- Environment & Disaster Preparedness
- Governance
- Human Resources & Personnel
- Local Revenue
- Public Works, Facilities, and State Infrastructure Investment & Partnership

### Stay Informed

In addition to the many ways you can **TAKE ACTION** with CSDA’s advocacy efforts, CSDA offers a variety of tools to keep you up-to-date and assist you in your district’s legislative and public outreach. Make sure you’re reading these resources:

- CSDA’s weekly e-Newsletter
- Districts in the News
- CSDA’s *California Special Districts Magazine*

Email [updates@csda.net](mailto:updates@csda.net) for help accessing these additional member resources.