

2015 YEAR IN REVIEW



2015

Rural County Representatives of California

1215 K Street, Suite 1650, Sacramento, CA 95814
(916) 447-4806
rccnet.org
@RuralCounties



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2015 YEAR IN REVIEW

FOREWORD

This Year in Review highlights the significant 2015 legislative and regulatory actions taken on issues impacting California's rural counties, and outlines the advocacy efforts RCRC's Governmental Affairs staff engaged in on behalf of its members. The Year in Review aims to provide an overall summary of the most pressing issues of 2015 as they relate to RCRC member counties.

Each year the RCRC Board of Directors sets the policy direction for the organization through their adoption of Policy Principles in January. Guided by those Principles, the staff works closely with RCRC's officers and member supervisors to influence state and federal policy affecting rural California counties. In addition, a number of public policy issues are brought before the Board Directors for consideration. This allows individual Board members and their respective counties to further engage in the public policymaking process.

It is always challenging to quantify all of the year's achievements and efforts, but the following report summarizes the many issues of concern to RCRC member counties, and describes how RCRC worked to influence those issues to the benefit of our member counties and the organization. As you will see, RCRC had a number of successful outcomes in 2015 – reauthorization of the Secure Rural Schools program, one-year funding of the State PILT, shaping the medical marijuana regulatory framework – while a number of other RCRC priorities remain unresolved.



The Year in Review concludes with an outline of the anticipated challenges and priorities facing California's rural counties in 2016. In the political world, there are always unanticipated issues that arise. Yet, the staff and leadership of RCRC are prepared to meet those challenges for the betterment of our member counties.

ISSUES & SUBJECT MATTERS

2015-16 STATE BUDGET PACKAGE

On June 24, 2015, Governor Brown signed the 2015-16 State Budget Package. Each year RCRC staff analyzes the overall State Budget Package and provides an in-depth summary report titled, *The Rural Rundown*, highlighting key issues of importance impacting California's rural counties.

The 2015-16 State Budget Package covered a myriad of issues of concern to RCRC member counties, with the issues of water and the ongoing drought taking center stage. Other key highlights included State Payment in Lieu of Taxes, School Bus Funding, Cap-and-Trade, Mandates, State Responsibility Area (SRA) Fees, Fairs, and a host of other fiscal and policy issues.

The following are some highlights:

- The State Budget Package included \$644,000 in funding for PILT to the 36 impacted counties.
- The State Budget Package failed to restore Medi-Cal reimbursement rate cuts for Medi-Cal or Distinct Part/SNF services. RCRC continues to advocate for the restoration of Medi-Cal reimbursement rates as they are key to accessing health care in rural areas.
- The State Budget Package allocated significant resources to address a host of water and drought related issues including nearly \$500 million from Proposition 1 E for flood protection related activity, and \$1.4 billion in Proposition 1 monies through the State Water Resources Control Board as part of the drought response package.
- The State Budget Package funded a number of complicated property tax-related issues that are important to Alpine, Amador, and San Benito Counties. Furthermore, the State Budget Package resolved a decades-old controversy involving several "negative bailout" counties whereby property taxes are allocated in a manner that results in a reduced amount to the county. The State Budget Package continued to provide funding to counties with increased costs for providing additional courthouse security for newly-constructed trial courts, which is of great importance in Calaveras and San Benito Counties.
- Additionally, the State Budget Package included \$3.1 million for the support of local fairs to be directed to the Fairs and Expositions Fund for redistribution to improve the financial situation of smaller fairs and to provide training for Fair Board Members, and \$9 million to the California Department of Food and Agriculture for deferred maintenance projects, of which \$7 million is allocated to the Network of California Fairs.

RCRC's complete Summary of the 2015-16 State Budget Package, *The Rural Rundown*, can be accessed [here](#).

BROADBAND & TELECOMMUNICATIONS DEPLOYMENT

Background: The expansion and deployment of broadband and telecommunications services to rural communities is critical to strengthening local and regional economies, and helps promote job creation. California's broadband infrastructure is supported through a combination of federal funding and the California Advanced Services Fund (CASF), which is administered by the Public Utilities Commission (PUC). In addition to federal funding, CASF funding helps support broadband deployment and expansion to unserved and underserved regions throughout the state, particularly those located in rural communities. In late March, President Barack Obama established the Broadband Opportunity Council, charged with engaging stakeholders to better understand efforts the federal government can pursue to expand broadband infrastructure.

RCRC staff works with state and federal policy makers, agencies, businesses, and advocacy organizations involved in a variety of broadband and telecommunications issues.

2015 Legislation: The Legislature considered a number of bills regarding broadband infrastructure development and deployment this year. Assembly Bill 1262 (Wood) was enacted to provide funding available through the CASF for support of regional broadband deployment and expansion, along with Assembly Bill 57 (Quirk), which establishes a "deemed approved" approach for approval of collocation and siting of wireless telecommunication facilities if a local government fails to take action on an application within a prescribed timeframe. Assembly Bill 238 (Stone) was put forth to increase broadband service speeds associated with receiving grant monies from the CASF; however, this measure failed to advance out of the first policy committee.

RCRC adopted a "Support" position on AB 1262, and an "Oppose" position on AB 57. While RCRC is supportive of efforts to streamline state and federal regulations to increase broadband deployment, AB 57 represented a major expansion of requirements on local governments beyond what is prescribed under Federal law and regulations.

2015 Regulatory Actions: In comments to the Broadband Opportunity Council's, RCRC highlighted some of the barriers to deployment and expansion in rural communities. Several of the recommendations may be addressed as part of a series of administrative actions the various federal agencies will implement, namely opportunities to modernize federal programs to expand eligibility for broadband investments.

Other Significant Actions: RCRC staff hosted meetings with a number of state and federal advocacy organizations and entities engaged in a myriad of different broadband issues including The Wireless Association, formerly known as the Cellular Telephone Industries Association, The Wireless Infrastructure Association, and AT&T, among others. Additionally, RCRC staff attended various regional and statewide meetings and workshops for broadband and telecommunications stakeholders including meetings hosted by the PUC, and the California Emerging Technology Fund.

Media Efforts: RCRC staff continues to report on broadband legislation and state and federal broadband regulatory efforts through *The Barbed Wire* and social media tools.

Staff: Paul Smith, Staci Heaton and Randall Echevarria

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Background: The California Environmental Quality Act (CEQA) requires a lead agency to prepare and certify the completion of an Environmental Impact Report (EIR) on a project that may have a significant impact on the environment, or to adopt a Negative Declaration if it finds that a project will not have a significant impact. CEQA requires a lead agency to prepare a mitigated Negative Declaration for a project that may have a significant impact on the environment if revisions to the project would avoid or mitigate that impact, and there is no substantial evidence that the project, as revised, would have a significant impact on the environment. CEQA also requires cities and counties to consult with California Native Tribes during the local planning process for the purpose of protecting traditional tribal cultural places.

2015 Legislation: Early this year, several Members of the Senate convened a meeting of interested parties to convey their interest in tackling CEQA reform. Among the reform topics of particular interest to local agencies was “document dumping” and “late hits,” tactics that often require the public hearing on a project to be continued, thus delaying taking action on a project. Discussions between stakeholders and legislative staff on Senate Bill 122 (Jackson) commenced, but language added to the bill instead indicated the intent to create a new comment period on the final EIR. As this would extend the process and eliminate the closure provided by the final EIR, RCRC and other local government organizations signaled intent to oppose SB 122 unless the intent language was amended out of the bill. RCRC adopted a “Watch” position on SB 122 as amended.

RCRC-supported Assembly Bill 323 (Olsen) was signed into law. Chapter 52, Statutes of 2015, extends the January 1, 2016 sunset date to January 1, 2020, on an exemption from CEQA for projects to repair, maintain, and make minor alternations to existing roadways under specified conditions.

2015 Regulatory Actions: Statute requires the Governor’s Office of Planning and Research (OPR) and the Natural Resources Agency to periodically update the CEQA Guidelines. In recent years, updates have responded to specific statutory directives, such as greenhouse gas emissions (Senate Bill 97; 2007) and streamlining for infill development (Senate Bill 226; 2011). In 2013, OPR and the Natural Resources Agency began a comprehensive review of the CEQA Guidelines which included stakeholder input into the scope and content of possible revisions to the CEQA Guidelines. RCRC participated in these stakeholder discussions.

In August 2015, OPR released a preliminary discussion draft of changes to the CEQA Guidelines. The preliminary discussion draft contains changes or additions to 27 sections, and Appendix G of the CEQA Guidelines, touching on nearly every step of the environmental review process. It is intended to make the process easier while still ensuring environmental protection. OPR has characterized the changes into efficiency improvements, substantial changes, and technical changes.

While developed by OPR, the CEQA Guidelines are ultimately adopted by the Natural Resources Agency. Once OPR is satisfied it has considered and responded to all issues, a draft will be submitted to the Natural Resources Agency to begin the formal rulemaking process, likely to occur in 2016. RCRC staff will engage local planning staff and participate in the CEQA Guidelines Update through the remainder of the process.

This update does not include the changes related to transportation analysis required by Senate Bill 743 (Steinberg; 2013). Proposed changes related to the transportation analysis were released by OPR for public review in August 2014. RCRC submitted comments regarding the proposal with concerns on the impact of implementing vehicle miles traveled (VMT) in the same manner in the urban transit priority areas as in a rural developed area. The proposed changes are currently being revised based upon public comments, and will be released separately.

Other Significant 2015 Actions: Assembly Bill 52 (Gatto) passed in 2014 established a process for a California Native Tribe to engage in the CEQA review process to avoid significant impacts on tribal cultural resources. The provisions of AB 52 are applicable to projects on or after July 1, 2015 that file a Notice of Preparation, a Notice of Negative Declaration, or a mitigated Negative Declaration. OPR released a Discussion Draft Technical Advisory for AB 52 implementation in May 2015. RCRC joined a coalition and commented on aspects of the Technical Advisory that require further clarification. First, the coalition letter proposes to clarify that a lead agency's determination regarding whether a resource is a "tribal cultural resource" under Public Resources Code section 21074 subdivision (a)(2) is a separate and distinct determination from the determination of whether an impact to a "tribal cultural resource" is significant. Second, the letter proposes to clarify that AB 52's consultation provisions do not trigger when the lead agency determines that a project is exempt from review under CEQA. While the statute is in effect, the Discussion Draft Technical Advisory for AB 52 is still technically a draft, awaiting amendments based upon the comments received.

Staff: Kathy Mannion and Mary Pitto

CLIMATE CHANGE - CALIFORNIA GLOBAL WARMING SOLUTIONS ACT OF 2006 (ASSEMBLY BILL 32)

Background: Assembly Bill 32, also known as the California Global Warming Solutions Act of 2006, requires the California Air Resources Board (CARB) to develop, update, and implement strategies to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020, and to 80 percent below 1990 levels by 2050. AB 32 mandated CARB to formulate and implement a comprehensive GHG emissions reduction plan (known as the AB 32 Scoping Plan) including the development of regulations and a Cap-and-Trade auction, with the requirement that the plan be updated every five years.

Since AB 32 was signed into law, CARB and various other state agencies have adopted and implemented numerous regulations, policies, and programs to meet those specified GHG emissions reductions goals.

2015 Legislative Actions: In April, Governor Brown issued Executive Order B-30-15 establishing a new interim 2030 GHG emissions reduction goal of 40 percent below 1990 levels. Shortly thereafter, Senator Fran Pavley amended her Senate Bill 32 to place the requirements in the Executive Order into law accompanying the original targets set by AB 32. The bill received strong opposition from the oil and gas industry, among others, and raised questions about potential costs to low-income communities should it become law. Placing the interim target into law would have also forced CARB and other state agencies to offer stricter regulatory proposals, potentially on industries like solid waste that are already heavily regulated under AB 32, in order to meet the proposed 2030 goals. Ultimately, the bill died in the Assembly during the last few weeks of the legislative session.

2015 Regulatory Actions: The 2014 AB 32 Scoping Plan Update established the development of a statewide plan to address carbon emissions and storage on California's forest lands, known as the Forest Carbon Plan. Shortly thereafter, the state established the Forest Climate Action Team (FCAT), on which RCRC staff was offered a seat, where state, federal and local government representatives would work together to develop the Forest Carbon Plan. Throughout the year, FCAT subcommittees worked to develop various pieces of the Forest Carbon Plan, and are working toward completing a draft to make available for public comment in 2016. RCRC has worked to ensure that county perspectives on forest management and wildfire mitigation are included in the Forest Carbon Plan, and will continue to do so as the draft is prepared for public release.

CARB also began outreach in October to begin the second update of the AB 32 Scoping Plan, even though the previous update was just completed in 2014. The second update will focus on the 2030 interim goal set by the Administration, and will concentrate on emissions reductions from short-lived climate pollutants, energy efficiency, natural and working lands, electricity, transportation, and land use. CARB expects to release a draft of the AB 32 Scoping Plan update for public comment in spring 2016.

Other Significant 2015 Actions: In his 2015 inaugural address, Governor Brown identified key climate change strategies he felt California would need to address in order to meet the 2030 emissions reduction target set in Executive Order B-30-15. Those six strategies included a 50 percent reduction in petroleum use by cars and trucks, increasing from one-third to 50 percent California's electricity derived from renewable sources, doubling the energy efficiency savings achieved at existing buildings, reducing the release of methane, black carbon, and other short-lived climate pollutants, managing farm and rangelands, forests and wetlands so they can store carbon, and regularly updating the state's Safeguarding California climate adaptation strategy. The state held a series of symposiums on natural and working lands, renewables, and petroleum use in July and August.

Staff: Staci Heaton and Mary Pitto

CLIMATE CHANGE - CAP-AND-TRADE

Background: Assembly Bill 32, also known as the California Global Warming Solutions Act of 2006, permitted the California Air Resources Board (CARB) to develop a Cap-and-Trade program that would restrict emissions from certain large industrial sectors and require those companies to buy carbon credits as part of a statewide auction system. Proceeds from the auction are deposited into the Greenhouse Gas Reduction Fund (GGRF) for appropriation by the Legislature to state agencies for projects and grant programs that reduce greenhouse gas (GHG) emissions. In 2014, the Legislature continuously appropriated through the budget process 60 percent of all monies in the GGRF, with twenty-five percent for the High Speed Rail Authority, and thirty-five percent for the Transportation, Affordable Housing and Sustainable Communities program. The remaining 40 percent of the GGRF monies are discretionary, and are to be annually allocated by the Legislature using the Cap-and-Trade Auction Proceeds Investment Plan, a three-year investment strategy prepared by the Department of Finance and CARB, as a guide.

2015 Legislative Actions: As the Legislature moved through the process of adopting a 2015-16 State Budget, the Assembly and Senate could not come to a consensus on a spending plan for the discretionary portion of the GGRF. RCRC supported the Assembly's proposal, which would have allocated \$92 million to the California Department of Forestry and Fire Protection (CAL FIRE) for forest management, restoration, and urban forestry projects, and preserved the California Department of Resources Recycling and Recovery's (CalRecycle) funding for waste diversion programs, and a program dedicated to increasing carbon in soils called the Healthy Soils Initiative. The Senate proposal, however, removed all funding from CAL FIRE not related to urban forestry, reallocated it to the Wildlife Conservation Board, and dramatically cut CalRecycle's waste diversion funding. It also eliminated all funding for the Healthy Soils Initiative. The Legislature and the Administration ultimately agreed to suspend discussions of the discretionary GGRF allocations until after the start of the 2016 Legislative session.

RCRC-supported Assembly Bill 590 (Dahle) went through several iterations, but essentially would have allowed GGRF funds to be spent to support the biomass power industry in California. Since biomass energy is not only a clean form of energy that helps to reduce GHG and other criteria pollutants, but is also vital to the completion of forest management projects in California, RCRC is a strong supporter of ensuring the availability of biomass facilities near forestry activities and feels it is not only appropriate, but vital to use GGRF monies for the support of biomass infrastructure in order to assist in bringing California's forests back into a healthy and fire-resilient state. AB 590 was held in committee toward the end of the session, but could resurface in 2016.

2015 Regulatory Actions: Late this year, CARB began the process of completing its second Cap-and-Trade Auction Proceeds Investment Plan for fiscal years 2016-17 through 2018-19. The draft, released in October, contained several encouraging recommendations for rural counties including prioritizing funding for forest management projects on federal lands to mitigate wildfire risk, biomass and fuel production facilities near forest feedstock, and investments in organics diversion strategies to help implement Assembly Bill 1826 (Chesbro). If the Legislature allocates funding accordingly in the next three years, rural counties will see a marked increase in benefits from GGRF monies.

Another important inclusion in the Cap-and-Trade Auction Proceeds Investment Plan is a stated goal of increasing rural community participation in the state's climate mitigation efforts by providing more opportunities for those areas to receive GGRF monies. Senate Bill 535 (De León) requires 25 percent of all GGRF dollars be spent for the benefit of disadvantaged communities (DACs). RCRC continues to be emphatically opposed to the current method of identifying DACs for GGRF allocations using the CalEnviroScreen tool. CalEnviroScreen was not established by SB 535 but was developed by the

California Environmental Protection Agency (CalEPA). Because it combines economic and population characteristics with pollution burdens, it effectively excludes twenty-nine counties from eligibility from receiving those earmarked funds. While the Cap-and-Trade Auction Proceeds Investment Plan does not fix CalEPA's DAC methodology, it does give hope for rural carve-outs in future GGRF programs where disadvantaged rural communities can receive funds without having to compete with urban and suburban areas.

Other Significant 2015 Actions: A number of state agencies continued to develop programs and awarded GGRF funds for projects to reduce greenhouse gas emissions including CAL FIRE, the Department of Conservation, and the Strategic Growth Council. CalRecycle proposed targeting 10 percent of their grant funds to rural areas for the 2015-16 cycle; however, these monies are included in the unfunded discretionary programs the Strategic Growth Council is considering in their Affordable Housing and Sustainable Communities Program.

Staff: Staci Heaton and Mary Pitto

CLIMATE CHANGE - SHORT-LIVED CLIMATE POLLUTANTS

Background: In the last two years, various state agencies and the Legislature have begun a more robust discussion on the role played in California's greenhouse gas (GHG) profile by short-lived climate pollutant (SLCP) emissions. Emissions from SLCPs were directly addressed in the 2014 Assembly Bill 32 Scoping Plan Update, and are also included as one of the Governor's Climate Change Pillars to reach the Administration's 2030 GHG reduction goals.

In 2014, the Governor also signed Senate Bill 605 (Lara) into law which required the California Air Resources Board (CARB) to develop a strategy by January 1, 2016 to reduce SLCP emissions. The legislation gives CARB a clear mandate to complete a number of actions specific to SLCPs including, but not limited to, completing an inventory of sources and emissions of SLCPs in the state, identifying existing and potential new control measures to reduce SLCP emissions, and providing recommendations to further reduce SLCP emissions.

SLCP emissions include three main components:

- Black carbon, which is a component of fine particulate matter and has been identified as a leading environmental risk for premature death. According to CARB, wildfire contributed 66 percent of California's black carbon emissions in 2013, and is increasing each year.
- Fluorinated gases (F-gases), which are the fastest growing source of GHG emissions in California. Most F-gas emissions come from leaks in air conditioning and refrigeration systems.
- Methane, which is the principal component of natural gas. Methane emissions largely originate in the agricultural, waste treatment, and oil and gas sectors.

2015 Regulatory Actions: CARB released a draft Short-Lived Climate Pollutant Reduction Strategy in September to move toward meeting the mandate set forth in SB 605. While the draft continued to acknowledge the significant contribution to SLCPs from wildfires, it completely failed to set any emissions reduction targets or offer any specific recommendations to mitigate wildfire emissions or preserve forest carbon sequestration. Instead, the draft delayed the discussion to the Forest Carbon Plan and the Bioenergy Action Plan, neither of which will be even close to completion or even available in draft form by the SB 605 deadline. The draft also recommended strict organics diversion goals that go beyond those in Assembly Bill 1826 (Chesbro) before the provisions of that bill have been fully implemented and monitored for their effectiveness and viability. A final version of the Short-Lived Climate Pollutant Reduction Strategy is scheduled for adoption in December.

Public Affairs Efforts: RCRC issued a press release regarding the inadequacy of the draft in addressing black carbon emissions from wildfire, and referencing the comment letter submitted to CARB.

Staff: Staci Heaton and Mary Pitto.

DROUGHT RESPONSE

Background: In 2014, Governor Brown declared a Drought State of Emergency. With no end in sight, on April 1 Governor Brown issued Executive Order B-29-15 (Executive Order) directing the first ever statewide mandatory water restrictions, and calling for a reduction in water usage by 25 percent over 2013 levels. The Executive Order was issued the same day that the Department of Water Resources' (DWR) final manual snow survey of the year found no snow at Phillips Station in the Sierras – the first time since recordings started that there was no snow at the meadow location.

2015 Legislation: In March 2015, Governor Brown and legislative leaders introduced and passed a \$1 billion package (Assembly Bill 91/Assembly Bill 92) to expedite bond funding that accelerated \$128 million in expenditures from the Governor's Proposed Budget to provide direct assistance to workers and communities impacted by the drought. Additionally, the bill package included \$272 million in Proposition 1 Water Bond funding for state drinking water and water recycling, and accelerated \$660 million from Proposition 1E for flood protection in urban and rural areas.

The final 2015-16 State Budget included an additional \$2.2 billion of one-time resources to continue immediate drought relief. This included the acceleration of \$1.8 billion from Proposition 1, combined with new dollars from the General Fund and Cap-and-Trade monies.

The United States Senate Committee on Energy and Natural Resources held a hearing in early October to examine several legislative proposals to mitigate the impacts of the severe drought on the western states. Because of the far-reaching impacts of the drought throughout the West, Chairwoman Lisa Murkowski has stated her intent to work with her colleagues on both sides of the aisle to compile a West-wide drought bill.

RCRC submitted a letter to the Committee on H.R. 2898 by Representative Valadao (R-CA), the Western Water and American Food Security Act, and S. 1894 by Senators Feinstein (D-CA) and Boxer (D-CA), the California Emergency Drought Relief Act. RCRC conveyed support for the express recognition of the state's water right system in federal legislation, and stated RCRC's preference for the water rights provisions contained in H.R. 2898, as the language of that measure is more specific. RCRC also expressed support for the inclusion of financing provisions in federal drought legislation to assist with new and improved water infrastructure, and noted that S. 1894 includes important provisions for federally-backed financing and grants.

2015 Regulatory Actions:

California Statewide Groundwater Elevation Monitoring Program

The Executive Order provides for immediate implementation of all California Statewide Groundwater Elevation Monitoring Program requirements in high and medium groundwater basins. DWR is required to refer noncompliant agencies including counties, within high and medium priority basins to the State Water Resources Control Board (SWRCB) by December 31. The SWRCB is required to consider adopting regulations or taking appropriate enforcement action to promote compliance.

Model Water Efficient Landscape Ordinance

The Executive Order required DWR to update the Model Water Efficient Landscape Ordinance (MWELO) through expedited regulation. The California Water Commission approved the revised MWELO on July 15. Local agencies have until December 1 to adopt the MWELO or to adopt a local ordinance which must be at least as effective in conserving water as MWELO. The Executive Order and the revised

ordinance require local agencies to report to DWR on the implementation and enforcement of their local ordinances by December 31. Reports are due by January 31st of each year thereafter.

Water Conservation Mandate

In response to the Executive Order, the SWRCB adopted an emergency regulation in May requiring an immediate 25 percent reduction in overall potable urban water use. The regulation uses a sliding scale for setting conservation standards. RCRC submitted comments to the SWRCB on the proposed regulation urging consideration of several changes including the expansion of the number of tiers and, under certain circumstances, allowing the modification of the amount of water subject to the conservation standard, thus providing a means to move into a lower conservation tier. RCRC and CSAC arranged two conference calls so that SWRCB staff could brief counties on the expedited process underway and to seek informal comments on regulation development prior to formal notice of proposed rulemaking.

Each month the SWRCB compares every urban water supplier's water use with their use for the same month the prior year to determine if they are on track for meeting their conservation standard. Local water agencies determine the most cost effective and locally appropriate way to achieve their standard. The SWRCB has the authority to issue fines of \$500 per day for violations of its emergency regulation. The SWRCB also has the authority to issue penalties of up to \$10,000 per day for violations of a Cease and Desist Order.

Water Right Curtailments

The SWRCB held a public workshop in May to receive input regarding drought related activities in the San Francisco Bay/San Joaquin Delta (Bay-Delta) watershed. The SWRCB is curtailing water rights in specific areas of the state if there is insufficient water to fulfill the needs of all water right holders. RCRC submitted comments to the SWRCB on the topic of water right curtailments, commending the SWRCB's commitment to the water right priority system, and to making curtailment decisions on water right priorities and water availability. RCRC also urged the SWRCB to make available for public review the supporting documentation and data being used to make determinations on water availability relative to water right priority.

Public Affairs Efforts: RCRC maintains a dedicated, up-to-date drought resource portal on the RCRC website designed to keep members informed of the latest news, developments, and economic assistance opportunities relating to California's drought.

Staff: Cyndi Hillery, Kathy Mannion, Justin Caporusso, Santinia Pasquini and Nick Konovaloff

ECONOMIC DEVELOPMENT

Background: California's rural counties often face chronic high rates of unemployment, poverty, and foreclosure, coupled with lower average median incomes, declining populations, limited access to higher educational opportunities, and a limited tax base. While economic opportunities largely hinge upon the success of local small businesses, recreational tourism, agriculture, and natural resources, there are a number of opportunities for rural economic growth and job creation across California's key industry sectors. RCRC is developing a comprehensive rural economic development program to assist RCRC member counties with enhancing economic resources to help address these unique economic challenges in California's rural communities. RCRC's Economic Development Officer (EDO) seeks to identify and establish opportunities for economic growth in California's rural counties, and will help facilitate community and economic development planning and initiatives, identify and secure funding sources for county and regional infrastructure projects, and liaise with local organizations, businesses and individuals in RCRC communities and regions.

2015 Efforts: RCRC staff attended several events and trainings on international and agricultural trade, public-private partnerships, and various infrastructure financing tools and resources. Key events included the 2015 California Economic Summit, International Trade Summit-Exporting Agriculture, California Financing Coordinating Committee Funding Fair and the California Council of Development Finance Agencies Financing Roundtable.

RCRC staff visited several member counties and hosted meetings with key representatives from various public and private entities engaged in industrial and economic development activities. In the last half of 2015, RCRC staff attended meetings in Butte, Calaveras, Glenn, Nevada, Tehama and Tuolumne counties to discuss economic opportunities and challenges.

Staff: Terrance Rodgers

ELECTED OFFICIALS/CALPERS REINSTATEMENT

Background: For decades, California retirement law allowed elected officials to retain their retirement status and still serve in elected office with compensation. However, when the Legislature enacted the Public Employees' Pension Reform Act in 2013, it called into question whether those who retired from public service can hold office, and/or hold office without reinstating into a respective public pension system.

In many RCRC member counties it is common that many former employees of California Department of Forestry and Fire Protection, the California Highway Patrol, California Department of Transportation, district agriculture associations (fairs), as well as local government agencies hold seats on their local Boards of Supervisors. When retired annuitants are elected to Boards of Supervisors in rural counties, these individuals retain their retirement compensation and elect to receive compensation for service on their respective boards.

2015 Legislation: As part of the 2015-16 State Budget package, the Legislature enacted Senate Bill 84 (Senate Budget & Fiscal Review Committee). This General Government trailer bill continues the elected officials' exemption from reinstatement for retired annuitants within the California Public Employees' Retirement System. Since 2013, RCRC has made it a priority to clarify state law to ensure the decades-old exemption for elect official remained in place.

Staff: Paul Smith

FORESTRY – CALIFORNIA FOREST WATERSHED ALLIANCE CREATION

Background: In 2013, The California Forest Watershed Alliance (CAFWA), of which RCRC is a founding Charter Member, was formed as an urban-rural coalition dedicated to the restoration and improvement of California's forested watersheds. Managed by RCRC, CAFWA is comprised of representatives from RCRC, The Nature Conservancy (TNC), the Association of California Water Agencies (ACWA), the California Forestry Association (CFA), and the California Farm Bureau Federation (CFBF). CAFWA's unique partnership joins diverse stakeholders with the common goal of seeking new solutions and forest management practices that will reduce the risk of destructive megafires. CAFWA's mission is to engage state and federal officials on the topic of forest management, encouraging them to develop solutions to the current large-scale problems related to forest management, and to highlight how current forest management practices affect wildfire prevention and watershed health within California's forests.

Significant 2015 Actions: This year, CAFWA Directors met with several key Director and Cabinet Secretary level members of the Brown Administration to introduce CAFWA and carry its key messages on funding and forest management.

In April, CAFWA filed comments to the House Subcommittee on Federal Lands urging to address the budgetary obstacles that are preventing the U.S. Forest Service from carrying out critical forest restoration projects.

In June, CAFWA participated in the Washington, D.C. Fire Funding Advocacy Day seeking to find a new way to fund wildfire disasters such that forest management, watershed improvement, and fire prevention project funds are protected and not consumed by firefighting costs.

CAFWA submitted written comments to the House Subcommittee on Conservation and Forestry of the Agriculture Committee, calling on the House to pass legislation that promotes landscape-scale collaboration, fixing "fire borrowing," expediting forest restoration projects, addressing the pace of the judicial process, and continuing funding for forest-water research. CAFWA also submitted similar written comments to the Senate Energy and Natural Resources Committee for their hearing on forestry and fire behavior in November.

Public Affairs Efforts: CAFWA's Communications Subcommittee focused its efforts on creating a brand identity, and developing materials and tools that further carry CAFWA's messaging and advocacy efforts. This campaign included development of a logo, website, and leave-behind materials to supplement advocacy efforts. CAFWA's website, www.caforestsandwatersheds.org, can be accessed [here](#).

Staff: Cyndi Hillery, Justin Caporusso and Santinia Pasquini

FORESTRY - TREE MORTALITY

Background: California is experiencing its fourth year of record drought, resulting in unprecedented tree mortality and insect infestations. In 2014, 2.6 million trees were killed by bark beetle infestation, and more than 20 million have died in 2015. Despite 2015 being the worst fire season in history, more trees will be lost and more acreage will be affected by disease and insect infestation than by wildfire this year. In the Southern Sierra Nevada Mountains, home to a large part of the state's watersheds, nearly 10.5 million trees, covering 835,000 acres, have been lost to insect and disease die off in 2015, in comparison to just 300,000 trees lost in 2014. Bark beetles are native to California, and attack trees under stress. They are normally found in low numbers, but will on occasion reach epidemic levels in extreme weather conditions.

Dead and dying trees dramatically increase the risk of large wildfires and create public safety hazards in Wildland Urban Interfaces, around communities, along roadways, and in our recreational areas. The bark beetle epidemic is not going to end until California experiences either several consecutive years of normal rainfall, or the beetles run out of trees to attack, and it will take a concerted effort at the local, state, and federal levels to combat it. The best solution is the removal of infested trees, thinning overstocked stands of trees, and improving the overall health of California's forested landscapes and watersheds; goals that RCRC continues to advocate for.

The 2014 Farm Bill (Section 8204) directed the Secretary of the United States Department of Agriculture (USDA) to designate at least one landscape-scale area in at least one national forest in each state that were subject to an insect and disease epidemic such that they could be eligible for a treatment program. The Secretary was given authority to designate additional landscape-scale areas on federal forest lands, outside of the initial 60 day window, as needed to address insect or disease threats.

The areas requested by Governor Brown for California were deemed eligible by the Secretary. Designated areas can utilize a 3000 acre categorical exclusion from the National Environmental Policy Act (NEPA), and may be eligible to receive funding authorized by the Farm Bill. However, while the Farm Bill authorized up to \$200 million dollars annually to fund the program, no money has been appropriated. Any projects that are accomplished within designated areas will be funded with existing funding.

Significant 2015 Actions: RCRC worked extensively with the California Department of Forestry and Fire Protection and other state agencies to raise the level of awareness of this perilous situation, both in independent meetings, and as a member of an Administration-convened working group on the subject.

On California's federal landscapes, it was clear that the existing insect and disease designation maps did not adequately outline the complete footprint of lands affected by disease and insect damage, and RCRC urged land managers to utilize their authority to expand that designation. Both California Natural Resources Secretary John Laird, and Region 5 Regional Forester Randy Moore submitted comments urging the expansion of the insect and disease designation, and are still awaiting verification from the Secretary. RCRC would like to see the Secretary expand inclusion to all appropriate lands in California that meet the designation criteria. While RCRC recognizes that funding is not immediately available to treat these lands, the 3000 acre categorical exclusion is a valuable tool for project planners looking perform landscape-level forest management work.

Ultimately, On October 30 Governor Brown issued a Proclamation of a State of Emergency (Proclamation) regarding tree mortality, and ordered state resources be brought to bear on the catastrophe. Citing the risks to public safety due to falling trees, fire, and insufficient county or municipality resources to address the problem, the Proclamation states that "strict compliance with various statutes and regulations would prevent, hinder, or delay the mitigation of the effects of the

drought,” and suspended the California Environmental Quality Act for the purposes of carrying out specific provisions of the Proclamation. Additionally, the Governor simultaneously released a letter calling upon USDA Secretary Tom Vilsack to partner with California in deploying federal resources to provide relief and assistance to homeowners and communities located adjacent to federal lands.

On November 5, RCRC was appointed to the formal State Tree Mortality Task Force, alongside a number of Member County Supervisors.

RCRC is in the process of planning a tour for Legislators and key staff members of the tree mortality crisis, and stands ready to partner with the state and federal governments to find solutions to the current catastrophe, and to work on proactive solutions for prevention for those forests not yet affected.

Staff: Cyndi Hillery

FORESTRY - WILDFIRE FUNDING

Background: Just twenty years ago, the U. S. Forest Service (USFS) was spending approximately 15 percent of its total budget on firefighting. As of this year, the USFS spends more than half their budget on it. Over the past two decades the agency has been forced to shift away from fire prevention and forest health activities to focus more of their limited resources on fire suppression. In the meantime, more intense and extreme wildfires, longer wildfire seasons, and a cycle of insufficient forest management on federal lands are driving an increase in wildfire suppression costs.

Wildfire suppression is funded entirely within the USFS budget. Unfortunately, annual appropriations have not kept up with the rising costs of fighting fires. When suppression costs run high, agencies must borrow additional money from other already depleted programs to make up the difference; a practice referred to as “fire borrowing.” In some cases, money is diverted from programs aimed at preventing or lessening the severity of future wildfires. Ultimately, this system creates a large backlog of needed prevention and forest health projects that go unfunded.

RCRC has pursued numerous avenues to address this issue. Beginning in 2008, RCRC supported the Federal Land Assistance, Management and Enhancement (FLAME) Act, but unfortunately, the goal of the FLAME Act of creating a “firewall” between fire prevention and suppression funding was never fully realized. In December 2013 the Wildfire Disaster Funding Act (WDFFA) was first introduced to attempt a change in the way wildfire disasters were funded. Several subsequent versions of the WDFFA both in bill form and as budget proposals have been attempted, but have not yet been successful. The WDFFA continues to face opposition from members of Congress who object to the structural concept of any “off-budget” funding, or any funds that were held in accounts that were not subject to annual review and appropriation by the Budget Committee. Movement on this issue is expected until the close of 2015.

2015 Legislation: In the current Congress, the WDFFA is H.R. 167 (Simpson, R-ID) and S. 235 (Wyden). The concept behind the WDFFA seeks to address the broken wildfire funding structure by funding the costs of catastrophic and particularly costly wildfires out of a special set-aside fund, thereby protecting the funding for critical fire prevention and forest health programs in federal land management agencies baseline funding structures. Due to a change in leadership in the House Budget Committee, there was hope that the WDFFA may have better prospects this year. However, many Republican House Members including members of the House Budget Committee, voiced concern regarding the “off-Budget” funding issue. While no clean WDFFA passage has been garnered, there is still broad support for the issue, and when the issue was brought up in a Senate Agriculture Committee hearing on Forestry and Wildfire issues, every member on the Committee voiced support for the idea of reforming the way wildfires were funded.

Other Significant 2015 Actions: United States Department of Agriculture Secretary Tom Vilsack and Under Secretary for Natural Resources and Environment Robert Bonnie and have both repeatedly stressed the need for changes proposed in the WDFFA. Stating that increasing the pace of forestry work “is not a matter of will; it is a matter of capacity,” noting that wildfire budgeting is “crippling the agency.” They have both urged Congress to pass a bi-partisan proposal to allow some wildfires to be funded outside of the USFS Budget in order to allow more resources to be invested in forestry work. President Obama included this provision in his Budget and has urged Congress to pass it as well.

RCRC has advocated independently, in conjunction with the California Forest Watershed Alliance, and as a member of the Fire Funding Coalition for the passage of the WDFFA, either as a stand-alone measure, as part of a forestry reform package, as a Budget or Appropriations element, or in another form factor. It

has been a key policy platform in meetings with state and federal agency officials, legislators, and policy staff over the past year.

Staff: Cyndi Hillery, Staci Heaton and Justin Caporusso

FORESTRY - FORESTRY REFORM

Background: RCRC continues to advocate for a common sense approach toward reducing the effects and severity of wildfires that have plagued California over the last decade. The lack of active management on our national forests by the United States Forest Services' (USFS) continues to threaten the state as California experiences increasingly devastating megafires. Current state and federal forest management law makes it difficult for RCRC to engage state and federal officials in an effort to improve forest management and fire prevention activities on public lands. Selective fuel reduction work, along with other forest management tools, must be done on private, state, and federal forestland in order to protect people, homes, communities, businesses, and natural resources.

Efforts to reform federal forestry policy have often linked the issue of Secure Rural Schools and Self-Determination Act (SRS) reauthorization for the past several years. Previous efforts lacked sufficient "bridge" funding between the end of the current SRS program and the new system of financing envisioned in the new plan. This is perhaps the single largest concern for California's forested counties, and is likely not a concern shared by other regions of the country. Because California's timber industry was minimized far longer ago than surrounding timber states, it would take much longer to reestablish the size and scope of timber production required by the measures in California than in other states.

2015 Legislation: This year, Representative Bruce Westerman (R-AR) introduced H.R. 2647, the Resilient Federal Forests Act of 2015. While H.R. 2647 includes some strategic policy changes that RCRC supports, there continue to be concerns that the bill may not strike the right balance either. On the positive side, the bill does include a number of provisions that would streamline the regulatory review process for certain projects including salvage operations after a wildfire disaster or in situations of critical insect or disease infestation. These types of reforms make practical sense, are based on sound science, and are good policy expansions that should be included in any legislative package. RCRC supported those elements of the bill that coincide with RCRC's forestry policies.

However, the bill focuses on a new forestry program bringing increased economic vitality to California's counties, but makes no mention of the fact that it will take many years for the infrastructure to rise to a level of productivity that could sufficiently cover what forested counties are currently receiving under the SRS program.

Additionally, the change in the funding structure found in H.R. 2647 falls short of the comprehensive fix found in the Wildfire Disaster Funding Act (S. 235). The current funding system leaves fire prevention and other forest management activities shortchanged. Year after year federal firefighting agencies have exhausted their funds to fight emergency fires and are then forced to raid non-fire accounts to pay for suppression activities. The approach utilized in S. 235 would help end this dysfunctional and destructive approach, while the approach in H.R. 2647 may not be sufficient.

Other Significant 2015 Actions: Several key federal Committees have discussed fire and forest management issues including the House Subcommittee on Federal Lands, the House Subcommittee on Conservation and Forestry of the Agriculture Committee, and the Senate Energy and Natural Resources Committee. Significant action is still tentatively predicted prior to the close of the calendar year, and is likely to include elements of the Westerman bill, other forestry provisions, and some possible elements of funding reform.

Staff: Cyndi Hillery, Staci Heaton and Justin Caporusso

S. 1879: REFORMING THE FEE-TO-TRUST SYSTEM

S. 1879 (Barrasso, R-WY), the “Interior Improvement Act,” seeks to overturn the Supreme Court decision in *Carcieri v. Salazar* (Carcieri). RCRC has a “Support if Amended” position on S. 1879, and is actively working with members of Congress and other local government partners to ensure inclusion of those amendments prior to the final passage of the measure.

Background: On February 24, 2009, the U.S. Supreme Court issued the Carcieri decision, which struck down the Secretary of Interior’s ability to take land into trust on behalf of tribes that were not federally recognized at the time the Indian Reorganization Act of 1934 went into effect.

RCRC believed the pre-Carcieri system of Fee-to-Trust regulations was insufficient and inappropriately implemented. The Carcieri decision offered an opportunity to develop a Fee-to-Trust system that creates a practical process by which counties have a seat at the decision-making table. RCRC continues to advocate that a “quick fix” bill to effectively overturn the Carcieri decision (i.e., eliminate the pre-1934 requirement) without additional changes will cement counties’ position of having no voice and no input on major land use changes in their communities.

2015 Legislation: S. 1879 would create a new Fee-to-Trust system, and makes a cursory effort toward addressing several of the issues counties have urged Congress to include such as ensuring a local government voice, mitigation, and clarifying timeframes for responses. However, the bill does not turn those concepts into working statutory language that would actually protect counties. Moreover, S. 1879 adds several negative elements that are not included in the pre-Carcieri system, such as limiting access to judicial review for certain parties, and defining “jurisdiction” in a way that makes counties ineligible to comment on certain trust applications that make S. 1879 an incomplete fix, and in fact, further roll back pre-Carcieri law, at worst.

S. 1879 was slated for a hearing and markup in the Senate Committee on Indian Affairs in early September, but after concerns were raised by numerous key Senators including Dianne Feinstein (D-CA), and stakeholders, the hearing was postponed indefinitely while the Senate focuses on other priorities. Whether or not ultimate passage of the measure can be achieved in the Senate, even with major amendments, is still unknown, as tribes, local governments, and key Senators continue to express concerns with the language of the measure.

Staff: Cyndi Hillery

GRAZING REGULATORY ACTION PROJECT

Background: The State Water Resources Control Board (State Water Board) is tasked with a broad mandate to address all discharges of “waste” that could affect the quality of waters in the state. The definition of “waste” includes sewage and all other waste substances associated with human habitation, or of human or animal origin, or from producing, manufacturing, or processing operations. As such, the State Water Board also interprets this mandate as a responsibility to regulate discharges of waste that could affect water quality including indirect discharges from livestock grazing operations to address water quality impairments. In recent years, several of the State’s Regional Water Boards have shown increased interest in regulating discharges from grazing operations, culminating in a proposed statewide regulatory program known as the Grazing Regulatory Action Project (GRAP).

2015 Regulatory Actions: After conducting a round of invitation-only stakeholder meetings in late 2014, the State Water Board held a series of public meetings in January to solicit input from interested parties on the development of a statewide program to regulate grazing operations. At the time, the State Water Board had no formal proposal for GRAP, but also offered no new relevant data or studies supporting the regulation of grazing operations, particularly when ranching operations already address water quality via best management practices, ranch plans, and individual conservation plans.

RCRC joined with key stakeholders in the ranching industry including the California Farm Bureau Federation, and the California Cattlemen’s Association, to develop strategies to halt the development of GRAP. After months of working closely with the industry, and many discussions with State Water Board staff and Board members, the agency officially discontinued development of the statewide program in September.

Staff: Staci Heaton

LAND USE MANAGEMENT AND PLANNING

Background: Cities and counties have the primary jurisdiction over land use planning and regulation in California. The California Constitution gives cities and counties the authority to regulate land use to protect the public health, safety, and welfare of its residents.

State planning and zoning laws establish a detailed process for local planning including authorization for the preparation of local General Plans and Specific Plans, and regulation of land use through zoning and subdivision regulations. A General Plan is local government's long-term blueprint for development.

The Governor's Office of Planning and Research (OPR) is responsible for updating the General Plan Guidelines, the "how to" resource for drafting a General Plan. The California Environmental Quality Act (CEQA) is also an important tool for local land use planning and regulation.

2015 Legislation: RCRC, along with other organizations representing local governments, negotiated amendments to, and ultimately supported, Assembly Bill 851 (Mayes). AB 851, which makes changes to the city disincorporation process in the Cortese-Knox-Hertzberg Act, was sponsored by the California Association of Local Agency Formation Commissions.

The law governing disincorporation had not been updated since 1973, and there was concern that if a city were to pursue a disincorporation there would be considerable confusion at the local level as many areas of the law were unclear, outdated, and even unconstitutional. AB 851, which was signed by Governor Brown, establishes procedures for a disincorporation which includes the city providing a written statement which certifies information regarding its indebtedness and revenues available. Additionally, AB 851 provides procedures for the successor agency including land use guidelines, financial responsibilities, and other governmental procedures to ensure an orderly transition of services and responsibilities.

2015 Regulatory Actions: OPR is required to adopt and periodically revise guidelines for the preparation and content of local general plans. OPR's General Plan Guidelines (GPG) have provided guidance to local agencies on the development of general plans for nearly 40 years. The GPG was last adopted in 2003 with several topic specific amendments made since that time.

OPR began a comprehensive update of the 2003 GPG in 2013. RCRC participated in an advisory group for preliminary discussions on statutory requirements, current issues, and formatting. A draft of the update to the GPG was released in October with comments due December 18, 2015.

The proposed GPG represents a change in format and information presentation. It provides an extensive overview of the required general plan elements including tips for compliance, best practices, and data resources. OPR also includes a new GPG Online Mapping Tool to provide planners with the ability to customize city and county maps, with access to state Geographic Information System data for each element.

In addition to the mandatory elements, the proposed GPG also includes new issue areas such as visioning, community engagement, climate change, economic development, social equity/environmental justice, and healthy communities.

OPR anticipates completing the update in 2016. RCRC staff will engage local planning staff and participate in the Guidelines update during 2016.

Staff: Kathy Mannion and Mary Pitto

MEDICAL MARIJUANA

Background: In 1996, California voters approved Proposition 215 – the Compassionate Use Act – which exempts patients and defined caregivers who possess or cultivate marijuana for medical treatment recommended by a physician from criminal laws which otherwise prohibit possession or cultivation of marijuana. In conjunction with Proposition 215, the Legislature approved Senate Bill 420 in 2003 to further implement the State’s medical marijuana laws, guidelines and practices.

Under the federal Controlled Substances Act, it is a violation of federal law to possess, use, cultivate and/or distribute marijuana. The Controlled Substances Act is enforced by federal law enforcement agents, and prosecutions are made in federal courts by the United States Department of Justice (DOJ). Generally speaking, during the Obama Administration, the DOJ has issued several memorandums to United States Attorneys to not focus federal resources upon those who are engaged in various marijuana activities if those engaged are operating under their respective state’s laws and regulatory structures (there are federal perimeters associated with this proclamation).

Nearly a year ago, the RCRC Board of Directors adopted Policy Principles regarding marijuana cultivation including principles that rural counties need under any statewide regulatory scheme.

2015 Legislation: In the 2015 Regular Legislative Session, a three-bill medical marijuana licensing/regulatory framework package was enacted – Assembly Bill 266 (Bonta), Assembly Bill 243 (Wood), and Senate Bill 643 (McGuire).

The medical marijuana legislative package addressed RCRC’s four key policy concerns which include preserving local control, providing explicit county taxing authority, ending the collective model, and addressing environmental impacts. In addition, the package addresses:

- The ability to have policies restricting the use of marijuana by employees;
- The power to collect fees associated with local medical marijuana licensing and regulatory activities;
- The allowance of appellation verification statements to be permitted (“branding”); and,
- The restriction of licensees for previous criminal convictions and a strong revocation process for violations of corresponding state medical marijuana laws.

2015 Regulatory Actions: Both the North Coast Regional Water Quality Control Board and the Central Valley Regional Water Quality Control Board adopted Orders of Waste Discharge Requirements (WDR) to address the urgent water quality and diversion concerns that face many RCRC member counties where cultivation is prevalent. Both WDR Orders impose monitoring and reporting requirements on existing and future medical marijuana cultivation sites operating according to state law including development of best management practices, compliance with all timber harvest, stream diversion, pesticide regulations, and compliance with any and all applicable county regulations and ordinances. The two WDR orders differ slightly, as the Central Valley Order does not permit cultivation discharges in any county within the region that bans cultivation, while the North Coast Order extends its provisions to non-medicinal cultivation sites should recreational use become legal in California in the near future. RCRC strongly supported both WDR Orders as the two regions cover the majority of RCRC’s member counties.

In addition, the State Water Resources Control Board (SWRCB) adopted a fee schedule in September for the newly regulated medicinal marijuana cultivation sites to cover the inspection, enforcement, and mitigation costs of cannabis cultivation activities. The annual fees range from \$700 to \$10,000 and are based on the discharger’s threat to water quality, and whether they are a member of an approved

monitoring group. Without imposing these fees, the SWRCB would be forced to raise fees on other dischargers, such as municipal and industrial storm water permit holders and landfills.

Other Significant 2015 Actions: RCRC staff developed a county-focused PowerPoint on the package and visited RCRC member counties to present to their Boards and other groups. In November, RCRC, the California State Association of Counties, and the Urban Counties Caucus also hosted a webinar on the package.

It is likely that at least one recreational-use marijuana ballot measure will qualify for the 2016 General Election Ballot.

Media Efforts: RCRC successfully placed opinion pieces on behalf of members regarding the effects of marijuana cultivation on California's water quality, and issued a press release supporting the WDRs. RCRC's efforts received significant coverage in both local and statewide print and online publications.

Staff: Paul A. Smith, Staci Heaton and Justin Caporusso

MEDI-CAL REIMBURSEMENT RATES

Background: The 2011-12 State Budget cut reimbursement rates by 10 percent off of the 2008 rates to a variety of Medi-Cal providers including Distinct Part/Skilled Nursing Facilities (DP/SNFs), pharmacies, and other fee-for-service Medi-Cal activities. Payment reductions of this scale threaten accessibility to medical services for low-income and underserved patients, particularly those living in rural and already medically underserved areas. RCRC worked extensively for restoration of those cuts through the Legislative and budget processes in 2013 and 2014. RCRC supported Assembly Bill 1805 (Skinner) in 2013 and Assembly Bill 1759 (Pan), both of which sought to address the Medi-Cal reimbursement cuts. Access to healthcare in rural and remote areas of California is already challenging. Rural counties have some of the highest percentages of retirement age providers of any regions of the state. Cuts to provider rates reduce access to care in rural areas and can result in facilities being closed that are dependent on Medi-Cal reimbursements, such as DP-SNFs.

2015 Legislation: RCRC supported both Senate Bill 243 (Hernandez) and Assembly Bill 366 (Bonta). The bills were identical companion measures which would have restored the 10 percent Medi-Cal rate reductions and proposed to bring payments to providers in line with what Medicare pays for the same services, helping to overcome some of the access to care issues facing Medi-Cal patients. Both bills were subsequently amended and shelved.

Other Significant 2015 Actions: Despite being included in the Budget Conference Committee report, the final 2015-16 State Budget failed to address the Medi-Cal reimbursement rate restorations. Budget Trailer bills, Assembly Bill 94 and Senate Bill 74, retained the 10 percent cut on reimbursement rates on fee-for-service Medi-Cal providers, and provided no forgiveness of the “clawback” for DP/SNFs. The Special Session on healthcare financing provides an opportunity for this issue to be addressed, though no measures relating to this issue have yet been assigned to the Special Committee.

Public Affairs Efforts: In June, RCRC participated in a strategic media outreach campaign in conjunction with the California Hospital Association and a broad-based coalition of Medi-Cal providers, known as We Care for California. Nearly 5000 health professionals, advocates, law makers and RCRC staff attended a rally urging the Governor and the Legislature to restore the Medi-Cal reimbursement rates.

Staff: Cyndi Hillery, Santinia Pasquini and Justin Caporusso

MINING

Background: The Surface Mining and Reclamation Act of 1975 (SMARA) requires a local lead agency, usually a county and in certain cases cities, to review and approve a reclamation plan, as well as financial assurances for reclamation before an entity can begin surface mining operations.

SMARA includes provisions for enforcement by a local lead agency and the circumstances under which the state can investigate, fine, or otherwise take over those responsibilities in the case of a jurisdiction who is not meeting the stated requirements of SMARA when conducting the required inspections and reviews.

In 2014, Senator Fran Pavley introduced Senate Bill 1270, a far-reaching SMARA reform bill that sought to usurp local lead agency authority over mining inspections and financial assurance reviews. RCRC and a broad coalition of local governments strongly opposed this legislation, and successfully stopped it mid-year.

2015 Legislation: This year, Senator Pavley sought to continue the discussion regarding changes to SMARA, and introduced Senate Bill 209. However, Assembly Bill 1142 (Gray) was introduced, which sought to clarify and improve the inspection and financial assurances processes of SMARA.

Originally, RCRC objected to SB 209 on several grounds, taking an “Oppose Unless Amended” position on the bill. The measure severely limited the pool of qualified surface mining inspectors to a state licensed geologist, state licensed civil engineer, or state licensed geophysicist, requiring that the inspector could not have been employed by any mining operation in the jurisdiction in the previous 12 months, and prohibited county employees from inspecting county operated mines, among others.

AB 1142 began in sharp contrast to SB 209. Assembly Member Gray and his staff worked closely with stakeholders including the mining industry and local governments, to ensure that the proposed measure and any amendments taken to the bill were acceptable, and would not run afoul of county processes. AB 1142 proactively identified that county employees are permitted to inspect county operated mines. The bill specifically stated that an inspector cannot have been an employee of the facility being inspected for the previous 12 months, rather than the catch all “any facility in the jurisdiction” as outlined in SB 209.

Both bills included the creation of a training program for mining inspectors, laying out the development of a curriculum to be generated by the State Geologist that would include inspection techniques, proper use of the inspection form, and calculation for financial assurances. The courses would have been provided in a workshop format, similar to the workshops provided now.

Following efforts on behalf of the Administration’s Working Group, and through a series of amendments requested by RCRC and other stakeholders, Senator Pavley amended her bill to the point that RCRC took a “Support if Amended” position on the bill. The two bills were double-joined toward the end of session because they dealt with the same provisions of the code, and ultimately, Assembly Member Gray shelved his bill making both bills two-year bills. We anticipate that both measures will resume in 2016 and will eventually be approved by the Legislature.

Other Significant 2015 Actions: Running in parallel to the Legislative process, the Governor convened a working group on this same issue, composed of key Administration staff members from the California Department of Natural Resources, Department of Conservation, Mining and Geology Board, and the Governor’s personal staff, as well as key stakeholders from local government, environmental, business, and industry interests, and staff from Senator Pavley’s and Assembly Member Gray’s offices.

The Administration's goal was to draft compromise language that addressed key operational concerns within the agencies that handle the enforcement of SMARA. Key issues included, but were not limited to:

- Storage and maintenance of reclamation plan documentation and the completeness of historic reclamation plans;
- Adequacy, timeliness, review processes for, and forfeiture procedures of, the financial assurances for mining operations;
- Quality of inspections, the training level of inspectors, and the need to improve the quality, consistency, and frequency of the inspections;
- Improvements to the enforcement process when inspections show non-compliance, with an emphasis on locally-driven enforcement and the state as a back-stop as needed;
- Creation of less intrusive state options, other than take-over, to note lead agency deficiencies and ensure they are corrected to improve local SMARA implementation;
- Discussion regarding the cost of SMARA's annual mine fees paid to the state since both small and large mining operations paying near the top of the \$4,000 annual per mine cap, which does not cover program administration costs; and,
- Creation of a system by which small civil and administrative penalties can be collected in a cost-effective manner without major litigation.

The working group met weekly from March through the end of the Legislative session. Much of the compromise language created by the working group ended up in either SB 209 or AB 1142.

Staff: Cyndi Hillery and Mary Pitto

PAYMENT IN LIEU OF TAXES

State

Background: California Payment in Lieu of Taxes (State PILT) was established in 1949 to offset adverse impacts to county property tax revenues that result when the state acquires private property for wildlife management areas. Fish and Game Code Section 1504 specified that when income is derived from real property acquired and operated by the state as wildlife management areas, the Department of Fish and Wildlife (DFW) *shall* pay annually to the county in which the property is located an amount equal to the county taxes levied upon the property at the time title was transferred to the state. Prior to this fiscal year, the DFW had not made any State PILT payments to the 36 impacted counties in well over a decade, resulting in arrearages of approximately \$19 million.

2015 State Legislation: RCRC sponsored Senate Bill 234 (Wolk/Nielsen). Much like SB 1410 of 2014, SB 234 proposed to appropriate \$19 million from the General Fund to the DFW to make payments to counties for outstanding obligations. Despite a bi-partisan coalition of 25 co-authors and unanimous support in the policy committee, SB 234 was held in the Senate Appropriations Committee.

RCRC also advocated for State PILT in the 2015-16 State Budget Package. The Governor's January Proposed State Budget included \$644,000 in State PILT payments for the 2015-16 fiscal year, representing the full funding of approximately \$1.5 million previously estimated by the DFW, less the property tax allocation for school districts. However, the Administration remained opposed to addressing the arrears.

RCRC was successful in securing the \$8 million (\$19 million previously estimated by the DFW less the property tax allocation for school districts) in arrears owed to the 36 counties in the Legislature's proposed State Budget, however this provision ran into trouble in negotiations with Administration on the final Budget deal.

Ultimately, the 2015-16 State Budget Package included \$1.77 million to the DFW for the Management of Department Lands and Facilities, which included \$644,000 to pay current year State PILT to 36 counties. Senate Bill 97, also known as the Budget Bill Junior, passed as part of the final State Budget Package. SB 97 reduced the \$9.77 million appropriated by the Legislature to the DFW for the Management of Department Lands and Facilities to \$1.77 million, thus eliminating the \$8 million intended for arrearages of State PILT payments to counties. Additionally, the Resource Budget Trailer Bill (Senate Bill 83), included language that makes State PILT payments permissive by changing the Fish and Game Code Section 1504 from "shall" to "may."

RCRC will continue to advocate for the arrears in State PILT funding owed to counties as well as for reversing the language that makes State PILT payments permissive.

Public Affairs Efforts: Leveraging both the legislation and powerful legislative support behind State PILT, RCRC developed and executed a strategic media effort which resulted in positive press coverage in print, electronic, and broadcast media outlets including newspaper, television, radio and online publications.

Staff: Kathy Mannion, Nick Konovaloff and Justin Caporusso

Federal

Background: The Federal Payment In Lieu of Taxes (PILT) program was enacted by Congress in 1976 to provide federal payments to local governments to offset property tax losses they suffer due to the presence of nontaxable federal lands within local governments' jurisdictions. Many of California's counties, particularly those containing significant federal landholdings, rely on Federal PILT funding to help fund critical programs and services including police and fire departments, emergency medical services, and search and rescue operations. Federal PILT contributes approximately \$40 million annually to California's counties to support these basic local government services.

RCRC staff and the RCRC Executive Committee continue to urge Congress to honor the pledge they made to rural counties over 30 years ago when the Federal PILT program was established. As part of these efforts, RCRC advocates that Congress return Federal PILT to a long-term, mandatory spending program.

2015 Legislation: In late December 2014, Congress authorized approximately \$450 million in Federal PILT payments to counties throughout the country for Fiscal Year 2015. Congress recently enacted a two-year budget deal, which lifted the current sequester spending caps on defense and domestic spending programs and suspended the debt ceiling through March 2017. The deal is anticipated to increase discretionary spending by approximately \$50 billion in Fiscal Year 2016 and \$30 billion for Fiscal Year 2017, of which Federal PILT could be paid from.

Other Significant 2015 Actions: RCRC initiated a multi-pronged statewide advocacy and media strategy earlier this year, advocating for a long-term reauthorization and permanent funding of the Federal PILT program. While these efforts are still ongoing, the launch of the advocacy strategy resulted in passage of 30 local Resolutions urging Congress to take action.

RCRC staff and the RCRC Executive Committee hosted meetings with key Congressional leaders and staff on reauthorization of the Federal PILT program during the National Association of Counties' Annual Conference in Washington, D.C. earlier this year.

SECURE RURAL SCHOOLS AND SELF-DETERMINATION ACT

Background: The federal Secure Rural Schools and Self-Determination Act (SRS) was enacted by Congress in 2000 to provide counties and schools in forested communities with guaranteed payments due to national policies that drastically reduced funding derived from timber harvesting on tax-exempt federal forest lands. SRS is a critical funding source for California's forested counties and schools, where funding supports road maintenance and day-to-day school operations. Congress has reauthorized SRS funding multiple times since its enactment; however, payments continue to be decreased year-over-year.

RCRC continues to make SRS reauthorization and federal forestry reform one of its top federal priorities. RCRC staff and the RCRC Executive Committee will continue to meet with key Congressional members, staff, and state and federal advocacy partners to secure a reauthorization of SRS.

2015 Legislation: In April, Congress enacted H.R. 2, commonly referred to as the "Doc Fix," which mainly addressed Medicare reimbursement payments. The measure also contained provisions that provided retroactive SRS payments for Fiscal Year 2014, and extended payments through the end of FY 2015. California received approximately \$31 million in SRS payments in FY 2014 and \$29 million FY 2015. In October, Senator Ron Wyden (D-Oregon) introduced S. 2164, the Secure Rural Schools and Payment in Lieu of Taxes (PILT) Extension Act of 2015, to fund a ten-year extension to both SRS and the Federal PILT programs; however, the fate of that proposal is uncertain as a funding mechanism has not been identified.

2015 Regulatory Actions: Once H.R. 2 was enacted, RCRC worked closely with both the U.S. Forest Service and the State Controller's Office to expedite the administration of the 2014 payments to counties.

Other Significant 2015 Actions: RCRC staff and the RCRC Executive Committee attended the National Association of Counties' Annual Conference in Washington, D.C. earlier this year to advocate for a long-term reauthorization of SRS and federal forestry reform.

Public Affairs Efforts: RCRC launched a multi-pronged statewide advocacy and public affairs strategy in the first quarter of the year that garnered passage of 27 local Resolutions urging Congress to immediately pass a long-term reauthorization of SRS. The Resolutions were then used in media efforts to raise the visibility of the issue, and urge Congress to reauthorize the program.

Staff: Paul Smith, Randall Echevarria and Justin Caporusso

SOLID WASTE MANAGEMENT

Background: California imposes a variety of solid waste mandates upon cities and counties. Oversight of the day-to-day solid waste management at the municipal level, and enforcement of California's solid waste rules, are primarily conducted through the Department of Resources Recovery and Recycling (CalRecycle). However, Assembly Bill 32 (Nunez), the California Global Warming Solutions Act of 2006, gave broad authority to the California Air Resources Board (CARB) to regulate the reduction of greenhouse gas (GHG) emissions, which extend into the purview of many other state agencies including solid waste issues.

Under current law cities and counties have a mandated 50 percent diversion rate, however, the state is striving to reach a goal of 75 percent waste diversion by 2020. A large number of products are banned from routine disposal at landfills and require special handling, which drives up costs for most local governments. Under existing law, our state's solid waste management activities are financed by a per ton disposal fee paid by landfill disposal facilities to the state. Similar models exist at the local level as locally-enacted "tipping fees," which are used to finance local solid waste management activities. As the state moves towards a policy of dramatically reducing the amount of waste disposed, the existing financing scheme becomes questionable, and projections indicate the per-ton disposal fee will no longer be able to sustain the role of CalRecycle.

2015 Legislation: To maintain sustainable funding for CalRecycle and meet the goals of organic diversion from landfills, it will be necessary to increase the tipping fee and apply new fees to others in the solid waste management system that are not currently subject to fees. In 2015, Assembly Bill 1063 (Williams) was introduced to provide for an increase in the tipping fee and an alternative sustainable funding mechanism for CalRecycle. The Administration took an interest in CalRecycle's long-term funding challenge and made it clear that they are eager to adopt an increase in the tipping fee, as well as provide CalRecycle with the authority to impose additional fees for an alternative sustainable funding mechanism.

RCRC, other public agency representatives, and private industry spent considerable time meeting with key Administration and CalRecycle staff trying to reach a consensus amongst the solid waste stakeholders on the level of a tipping fee increase, and implementation of a generator fee. RCRC staff made it clear that in order to support a tipping fee increase it would need to be a reasonable increase related to direct efforts to manage and reduce the amount of solid waste, and include enough of an increase to cover the State Water Resources Control Board (SWRCB) Waste Discharge Requirement (WDR) Fees charged to landfills.

At the end of the 2015 Legislative Session, AB 1063 was held to hopefully secure additional support from various stakeholders prior to taking it to the floor. While the Legislature is out of session, there are ongoing discussions about how to proceed and what will be contained in the proposal. There are several potential scenarios for the future of solid waste financing reform in 2016. AB 1063 could be revived and amended with consensus language, or solid waste financing reform could become part of the budget process in 2016 and be included in trailer bill language.

2015 Regulatory Actions: CARB released a draft Short-Lived Climate Pollutant (SLCP) Reduction Strategy in September to move toward meeting the mandate set forth in Senate Bill 605 (Lara), which required CARB to develop a strategy by January 1, 2016 to reduce SLCP emissions. The draft recommended strict organics diversion goals that go beyond those in Assembly Bill 1826 (Chesbro; 2014), the mandatory commercial organics bill, before the provisions of that bill have been fully implemented and monitored for their effectiveness and viability. AB 1826 requires a phased-in mandatory commercial organics recycling program beginning in April 2016, with full implementation by January 01,

2019. The goal of AB 1826 is to divert 50 percent of organics from landfills by 2020. The Draft SLCP Reduction Strategy sets a new goal of 75 percent by 2020, and 90 percent by 2025. The final version of the SLCP Reduction Strategy is scheduled for adoption in December. RCRC has joined an industry coalition requesting delay of any new goals until after implementation of AB 1826.

In late 2015 CARB also began the process of completing its second Cap-and-Trade Auction Proceeds Investment Plan for fiscal years 2016-17 through 2018-19. The draft, released in October, contained several encouraging recommendations for rural counties for which RCRC has long advocated including investments in organics diversion strategies to help implement AB 1826, and biomass and fuel production facilities near forest feedstock. If the Legislature allocates funding accordingly in the next three years, rural counties will see a marked increase in benefits from Greenhouse Gas Reduction Fund monies.

After several years in the regulatory process, the SWRCB approved the General Waste Discharge Requirements for Composting Operations (General Order) to protect water quality at new and existing facilities. Under the General Order, composting facilities that process at least 5,000 cubic yards of material per year are divided into two tiers, based on the size of the operation and the risk it poses to groundwater or nearby surface water. The General Order sets standards for the construction, operation, and maintenance of composting facilities to protect surface water and groundwater. It provides a number of requirements including standards for the permeability of the ground underneath the composting piles, drainage, and specifications for leachate collection and containment. The General Order also includes requirements for monitoring and reporting, and exempts agricultural composting, chip and grind facilities and operations, and small home composting and community gardens.

RCRC's Environmental Services Joint Powers Authority participated in the regulatory process for the General Order. While the SWRCB did incorporate many changes to address some of the concerns that were raised, some expect the cost to comply will force a number of operations to go out of business, and discourage new operations from being constructed. These regulations could affect the state's ability to accommodate sufficient capacity to process the mandated organic diversion from landfills and meet the state's 75 percent recycling and composting goal by 2020.

Other Significant 2015 Actions: Assembly Bill 341 (Chesbro; 2011) established a policy goal for the state to source reduce, recycle, or compost 75 percent of all solid waste generated by the year 2020. While this goal is not a mandate on local jurisdictions, it ultimately impacts local solid waste management activities statewide. AB 341 also required CalRecycle to provide a report to the Legislature that outlines strategies to achieve that policy goal. The CalRecycle AB 341 Report to the Legislature was released on September 3, 2015.

CalRecycle recommends five priority strategies to provide a framework for decision making to reach the 75 percent recycling goal, and states that it is not intended to be an implementation plan. The report provides a mix of statutory and regulatory changes, fiscal policies and incentives, infrastructure expansion and development, and guidance and assistance to be considered as the state moves forward toward reaching the goal.

The number one priority is moving organics out of landfills as it is the largest waste stream in landfills. Removing organics from landfills also supports the state's broader climate change environmental goals, such as reducing the release of short-lived climate pollutants, managing soils to store carbon and increase water yield, reducing petroleum use, and increasing electricity from renewable sources.

While the requirements of AB 1826 do not even begin until 2016, the report sets the stage to consider additional measures, and highlights CARB's regulatory authority to ban organics from landfills. Some of

the specific strategies included in the report for organics management include financial incentives for organics infrastructure, organics disposal phase-out, remove incentives for the use of green waste as alternative daily cover, regulatory changes for compostable materials handling and in-vessel digestion regulations, facility siting and permitting process streamlining, public education to break down barriers to siting facilities, and local food waste and composting programs.

The other four priority strategies that frame CalRecycle's recommendations in the report are expanding the recycling/manufacturing infrastructure in California, exploring new approaches for state and local funding of sustainable waste management programs, promoting state procurement of post-consumer recycled content products, and promoting extended producer responsibility.

Staff: Paul Smith and Mary Pitto

TRANSPORTATION

State

Background: California's state and local transportation systems are funded through a variety of funding mechanisms, with the majority of funding provided through a combination of State excise taxes on gasoline and diesel fuels, and federal investments from the Highway Trust Fund. However, transportation revenues have been in decline over the years as the use of more fuel efficient vehicles have increased and overall gasoline consumption

RCRC works closely with various transportation state stakeholder groups and organizations including state agencies, commissions, and the Legislature to develop transportation programs that support the rural transportation system. RCRC staff advocates for transportation funding formulas that provide funding protections or guarantees for rural roads, bridges, and highways.

2015 Legislation: The State Legislature has considered a variety of funding and reform proposals to address the estimated \$6 Billion State and \$8 Billion local shortfall in annual transportation funding. Governor Jerry Brown called for a Special Session on Transportation, and introduced a legislative framework that included both new transportation revenues and reforms; however, the Legislature was unable to negotiate a final agreement before adjourning for the Regular Session. The Legislature established a Transportation Conference Committee to continue discussions over new transportation revenues and reforms during the Legislative recess, and is anticipated to vote on a final package of bills when they return in January.

2015 Regulatory Actions: The California Department of Transportation unveiled their revised California Interregional Transportation Strategic Plan to update the State's interregional corridors to reprioritize transportation investments in the interregional transportation system. RCRC worked with a number of counties and organizations to preserve the "Focus Routes" as identified in State Statute, however, Caltrans advanced their proposal without adopting any significant changes.

The California Transportation Commission took action late last year and through the first quarter of this year to revise the Active Transportation Program (ATP) guidelines. RCRC actively participated in the stakeholder process and worked with the Rural Counties Task Force and North State Super Region to develop recommendations for the 2015 ATP. Various recommendations that we made were considered and changes were adopted to the ATP that resulted in an increased number of RCRC member counties receiving funding.

Other Significant 2015 Actions: The Road User Charge (RUC) Technical Advisory Committee (TAC) continues to meet monthly to develop recommendations for the State's RUC Pilot Program. RCRC has worked closely with California Transportation Commission (CTC) Staff, members of the RUC TAC, and other statewide advocacy organizations to help guide development of the RUC recommendations. The CTC is anticipated to release their final report of recommendations by the end of the year.

Media Efforts: RCRC supported advocacy and media efforts through the Fix Our Roads Coalition, which is a statewide group of representatives from business, labor, transportation and local government stakeholders that RCRC joined earlier this year to help advance legislative proposals around new transportation revenues and reforms.

Federal

Background: In 2012, Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21), which was a two-year bill to fund our nation's highway, rail, and transit systems. The MAP-21 surface transportation program was paid for with \$109 billion from the Federal Highway Trust Fund (HTF); however, those revenues have been in decline over the years and Congress has had to shore up the HTF through a General Fund transfers. While MAP-21 was scheduled to expire five times since first enacted, Congress has taken action to provide a series of short-term extensions and funding for the HTF to keep the fund from becoming insolvent through December 4, 2015.

2015 Legislation: On December 3, 2015, Congress enacted a long-term highway, bridge, transit, and rail funding bill just before the current short-term extension was set to expire. The bill, referred to as the Fixing America's Surface Transportation (FAST) Act, is a fully-paid-for \$305 billion, five-year surface transportation bill. California is anticipated to receive approximately \$26 billion between 2016-2020 to fund a variety of transportation projects. The FAST Act largely addresses several critical county issues RCRC has advocated for over the past two years; specifically as it relates to increased funding for local and regional transportation priorities and increased bridge funding for both on and off-system bridges.

Other Significant 2015 Actions: RCRC Officers and staff attended the National Association of Counties' Annual Advocacy Day in Washington, D.C. to advocate on a variety of topics including reauthorization of the Federal Surface Transportation Program. RCRC advocated for increased funding to support local and regional transportation priorities, dedicated funding for high-risk rural roads and local on-system bridges.

WATER - BAY DELTA CONSERVATION PLAN/CALIFORNIA WATERFIX

Background: Planning for the Bay Delta Conservation Plan (BDCP), the Administration's plan to route water from the north Delta to the south Delta through a pair of 40-foot wide tunnels and deliver it to the existing pumping facilities, has been ongoing since 2006.

The BDCP was originally developed to support the issuance of long-term (50-year) incidental take permits for the Central Valley Project (CVP) and State Water Project (SWP) that met the requirements of the federal Endangered Species Act (FESA) and the California Endangered Species Act (CESA). This was to be accomplished through the development of a federal Habitat Conservation Plan (HCP) and state Natural Communities Conservation Plan (NCCP).

In July the approach to permitting of the project changed. The Department of Water Resources (DWR) and the United States Bureau of Reclamation (USBR) now propose to utilize the more conventional approach for the renamed project (California WaterFix) of seeking take authorization through Section 7 of FESA and Section 2081 (b) of CESA.

The final Environmental Impact Report/Environmental Impact Statement (EIR/EIS) will be submitted to the state and federal regulatory agencies for approval and permit authorization. As with any large infrastructure project, California WaterFix will require multiple regulatory reviews and permitting processes to obtain all the necessary approvals before moving forward.

2015 Regulatory Actions: In July, the DWR and the USBR released revisions to the BDCP in the form of a Partially Recirculated Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS). The preferred project identified in the RDEIR/SDRIS is Alternative 4A (California WaterFix). California WaterFix is similar to the BDCP's preferred Alternative 4 with three 3,000 cubic feet per second intakes on the Sacramento River in the north Delta. Key changes included the reduction in power requirements by the elimination of the three pumping facilities, and the increased use of state-owned property as opposed to private property. The north Delta intakes are proposed to be operated with the existing south Delta pumping facilities as a dual conveyance system.

RCRC submitted comments on the RDEIR/SDEIS in October. Key points included ongoing concern due to the lack of assurances for areas upstream of the Delta and in-Delta as it relates to regional water sustainability, water rights protections, and no negative unmitigated direct or indirect impacts to the water supply, economy and environment of these areas.

RCRC had previously submitted extensive comments on the original BDCP draft Environmental Impact Report/Environmental Impact Statement (DEIR/DEIS) and the Implementing Agreement (IA) in July 2014.

Other Significant 2015 Actions: The DWR and the USBR have filed a petition with the State Water Resources Control Board (SWRCB) to change their water rights for California WaterFix. California WaterFix requires changes to the water right permits for the CVP and SWP to authorize the proposed new points of water diversion and re-diversion. Because construction will involve the discharge of material into water bodies, DWR and USBR have also submitted an application for a certification from the SWRCB that the discharge comply with state and federal water quality requirements.

On October 30, the SWRCB noticed the water right change petition and the water quality certification application. Additionally, the SWRCB noticed the public hearing on the water right change petition which will be held in two parts. Part I of the hearing is proposed to address the effects of the project on agricultural and municipal uses and associated legal users of water. Part II is proposed to address the

effects of the project on fish and wildlife including what appropriate Delta flow criteria should be included in any approval of the change petition. Part II is also planned to consider inclusion of the final CEQA document in the hearing record. A pre-hearing conference will commence on January 28, 2016 and continue, if necessary on January 29, 2016

Staff: Kathy Mannion

WATER - SUSTAINABLE GROUNDWATER MANAGEMENT ACT

Background: In September 2014, Governor Brown signed the Sustainable Groundwater Management Act (SGMA) into law. RCRC was actively involved in working to secure amendments to the three bill package as it moved through the legislative process. Maintaining local land use authority was chief among the issues for RCRC. In the end, amendments were successfully negotiated, and RCRC moved to a “Watch” position.

The SGMA established a framework of priorities and requirements to guide local agencies as they work towards the goal of sustainably managing groundwater within a basin or subbasin. “Local agency” includes a local agency that has water supply, water management, or land use responsibilities within a groundwater basin.

2015 Legislation: Numerous bills dealing with groundwater were introduced in 2015, the majority of which failed to move forward. The three most significant bills which passed the Legislature and were signed into law are:

Senate Bill 13 (Pavley), which amended and clarified various sections of the SGMA. SB 13 changed the Department of Water Resources’ (DWR) role with respect to reviewing and posting Groundwater Sustainability Agency (GSA) formation notices. These changes relate to notification completeness reviews, overlapping boundaries, and exceeding service area jurisdiction as a GSA. SB 13, which becomes law January 1, 2016, also amended the notice of intent provision related to GSA formation.

The SGMA did not include provisions to streamline the groundwater adjudication process, but commitments were made in 2014 to address the issue the following year. To this end, Senator Pavley introduced Senate Bill 226, which integrates and streamlines the groundwater adjudication process for basins that are subject to the SGMA, and Assembly Member Alejo introduced Assembly Bill 1390, which establishes methods and procedures for comprehensive groundwater adjudications. RCRC adopted an “Oppose Unless Amended” position on both bills, and worked to secure amendments to address county concerns. In the end, the effort proved successful, and RCRC removed opposition to both measures.

2015 Regulatory Actions: As the implementation of the SGMA required the development of multiple guidelines and regulations, RCRC and the California State Association of Counties (CSAC) formed a joint County SGMA Working Group (Working Group) to facilitate county involvement in the development of the guidelines and regulations.

Basin Boundary Modifications

The SGMA established a process for local agencies to request that the DWR revise the boundaries of a Bulletin 118 groundwater basin including the establishment of a new subbasin. The DWR and the Working Group met to discuss identified issues and concerns relating to basin boundary modifications. Additionally, RCRC and CSAC, in coordination with the Working Group, developed and submitted comments and proposed amendments to the draft emergency basin boundary regulations in September.

The SGMA requires the DWR to adopt emergency regulations that outline the basin boundary modification process by January 1, 2016. Starting January 1, 2016, the DWR will accept basin boundary modification requests for 90 days.

Groundwater Sustainability Agency Formation

In response to SB 13, the DWR developed guidelines for local agencies to use after they have decided to become or form a GSA. The guidelines outline the information that must be submitted by a local

agency after the decision to become or form a GSA has been made. The DWR will use this information to perform completeness reviews for all GSA formation notices. Pursuant to the amendments made by SB 13 to the SGMA, only complete GSA formation notices will be posted on the DWR's GSA Formation Table and GSA Interactive Map.

Groundwater Sustainability Plans and Alternative Plans

GSAs are required to develop Groundwater Sustainability Plans (GSP) in groundwater basins and subbasins that are designated by the DWR as medium or high priority basins.

The Working Group and the DWR participated in a series of meetings to discuss and provide input on the ten issue topic papers developed by the DWR to focus the GSP discussions. RCRC and CSAC, in coordination with the Working Group, submitted written comments on Topic #3, Land Use and County Involvement. The comments included a discussion of GSA/land use planning agency interaction, the level of review of a GSP by the land use planning agency, and how the GSP may influence the General Plan, and alternatively, how the General Plan may influence the GSP.

In early 2016 the DWR will hold three public meetings to receive input on the Draft GSP emergency regulations, which will be posted 30 days before for first meeting. The DWR is required to adopt emergency regulations by June 1, 2016.

Other Significant 2015 Actions:

Groundwater Workshops

RCRC, along with CSAC, the Association of California Water Agencies, and the California Water Foundation sponsored three workshops focused on governance and the common considerations and approaches to shaping a Groundwater Sustainability Agency. The three workshops were held on January 26 in Willows, February 4 in Tulare, and February 5 in Modesto. The target audience of the workshops was county, city and water agency decision makers and key staff.

Staff: Kathy Mannion and Nick Konovaloff

WATER - WATER STORAGE

Background: California is experiencing its fourth year of a historic drought that is negatively impacting urban, agricultural, and environmental water uses. The impacts of the drought have significantly elevated the discussion of expanding water storage capacity as a critical element of integrated water management in the state. As a result, there is activity at both the state and federal level regarding the issue of water storage.

2015 Legislation: RCRC supported three federal water storage-related bills in 2015. H.R. 1060, the “Sacramento Valley Water Storage and Restoration Act,” authored by Representative Doug LaMalfa, would amend the CALFED Bay-Delta Authorization Act. The legislation would authorize the construction of the Sites Reservoir in Colusa County if the Department of Interior (Interior) determines the project is feasible. RCRC also requested consideration of the inclusion of the Sites Reservoir in the storage section in a comment letter regarding federal drought legislation.

Specifically, H.R. 1060 directs the Interior to work with the necessary federal agencies to work with the state, Sites Project Authority, and other stakeholders to issue the final joint environmental impact statement and report on the Sites Project. The legislation also directs the United States Bureau of Reclamation (USBR) to advance the Sites Project as a non-federal project if both the USBR and the Interior agree the Sites Project can be expedited by the Sites Project Authority, and to implement a long term agreement with the Sites Project Authority for the coordination of operations of the Central Valley Project and Sites Project.

The other two pieces of federal legislation mirrored each other. H.R. 291 (Napolitano) and S. 176 (Feinstein & Boxer), “Water in the 21st Century Act,” would provide both incentives and investments to help meet California’s water challenges.

Specifically, the legislation would provide that the Secretary of the Interior may enter into a cost-shared financial assistance agreement with any non-federal entity in a Reclamation State. The agreement is to carry out the planning, design, and construction of any permanent water storage and conveyance facility used solely to regulate and maximize the water supply arising from a project eligible under this title. This may include increasing the availability of usable water supplies in watershed or region to benefit people, the economy, and the environment; provide flood control, and for the development of incremental hydroelectric power generation.

H.R. 291 and H.R. 1060 remain in the House Subcommittee on Water, Power and Oceans, and S. 176 is in the Senate Committee on Environment and Public Works.

2015 Regulatory Actions: RCRC submitted comments on the California Water Commission (CWC) Water Storage Investment Program (WSIP) Draft Regulations. The WSIP meets the requirements of Proposition 1 (Water Bond), which requires the CWC to develop and adopt regulations to award bond funding for water storage projects that provide public benefits. The CWC is currently developing the regulations through a public process and must adopt regulations by December 15, 2016.

The Water Bond provides \$2.7 billion in funding for the public benefits of water storage projects. Eligible projects include CALFED surface storage, groundwater storage and groundwater clean-up, conjunctive use and reservoir reoperation, and local and regional surface storage. The public benefits that can be funded include ecosystem improvement, water quality improvement, flood control, emergency response, and recreation. Fifty percent of a project’s state funding must go toward ecosystem benefits, and state funding for a project cannot exceed 50 percent of the total project cost. The statute requires the CWC to

select projects through a competitive public process. In early 2017, the CWC is scheduled to begin the first step of a two-step application process, being the pre-application process. Once the pre-application period concludes, the full application development period will begin, and should last about six months. In 2018, the technical review, independent peer review, and the CWC project decision-making will transpire.

Staff: Kathy Mannion and Nick Konovaloff

WATER - WATER SYSTEM CONSOLIDATION

Background: RCRC participated in a number of meetings with the Administration on how best to address the very real water supply and water quality problems faced by small communities, as well as individuals on private wells. The complexity of the issues surrounding water system consolidation, the Administration's proposed long-term solution, became more evident at each meeting as new issues were raised. RCRC urged the Administration to reconsider its stated intent to utilize a budget trailer bill to enact the major policy changes proposed given the short time frame and the multitude of unresolved issues. The Administration instead proposed to follow-up the budget trailer bill with "clean-up" legislation.

2015 Legislation: Senate Bill 88, the Administration's "Drought" Budget Trailer Bill, was passed by the Legislature as part of the 2015-16 State Budget Package in June, and was signed by the Governor shortly thereafter. SB 88 included a variety of provisions including a well ordinance California Environmental Quality Act (CEQA) exemption, drought-related expanded local enforcement authority, and drought monitoring and reporting requirements. Also included in the bill was a provision strongly opposed by a coalition of local agency organizations relating to water system consolidation.

SB 88 authorized the State Water Resources Control Board (SWRCB) to require consolidation (physical or operational) of water systems in disadvantaged communities in unincorporated areas or served by mutual water companies with a chronic lack of adequate, safe, and reliable drinking water. Individual domestic well owners not served by a water system are also included within the provisions of the bill. Under SB 88, the SWRCB is also authorized to order the extension of service to an area so long as the extension of service is an interim measure in preparation of consolidation.

Senate Bill 552 (Wolk), the Administration's sponsored clean-up bill, was amended on July 7 in an attempt to fix the flaws in SB 88 - but it does little to change the fundamental flaws in the new law. SB 552 is a two-year bill.

2015 Regulatory Actions: The SWRCB is taking action on a case-by-case basis, first issuing an official notice strongly encouraging the potentially subsumed water system and potentially receiving water system to negotiate a voluntary consolidation. The parties are directed to complete the negotiations and report the outcome to the SWRCB not later than six months following the date of the notice. During the six month negotiation period the SWRCB is offering to provide technical assistance and help with the development of an appropriate and necessary financing package. If the two systems have not developed a plan for consolidation within six months, the SWRCB may then order the two systems to consolidate.

Staff: Kathy Mannion and Nick Konovaloff

WATER - WATERS OF THE UNITED STATES

Background: The Federal Clean Water Act (CWA) clearly states that the federal government has jurisdiction over the “Navigable Waters of the United States (Waters of the U.S.),” with the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) serving as the governing bodies who implement CWA policies. Specifically, the EPA and the Corps serve as permitting agencies for all federal, state, and local actions that impact federal waters.

Since 1985, several rulings by the U.S. Supreme Court have brought into question the scope of federal jurisdiction under the CWA. Specifically, the central policy point is whether the federal government has the authority to oversee and regulate many of the nation’s wetlands, and if they have a physical nexus to federal navigable waters. Since 2008 there have been many attempts at the federal level - both congressional and regulatory - to expand the EPA and Corps jurisdiction and definition of navigable waters. Such an expansion would heavily impact local control over permitting and land use by requiring federal involvement for any action affecting a body of water.

2015 Regulatory Actions: EPA and the Corps finalized a highly controversial joint rule in 2015 which alters the definition of Waters of the U.S., expanding federal jurisdiction to include some wetlands, waters that are adjacent to traditional navigable water, and other undefined, marginal waters. Throughout the rulemaking process, the rule was met with widespread criticism from a wide swath of stakeholders including RCRC, due to the additional unconstitutional authority it would give the agencies over various bodies of water. The agencies moved forward with the rule as planned, however, despite the opposition.

2015 Legislation: Congress continued to exhibit bipartisan opposition to the rule in 2015, proposing two bills, S. 1140, and H.R. 1732, that would force EPA and the Corps to withdraw the rule and redo the rulemaking process with an enhanced public process including more meaningful input from state and local governments and other stakeholders. While RCRC has gone on record supporting both bills, the Administration has vowed to veto any standalone legislation blocking the rule. However, it is likely that budget riders – provisions added to federal budget allocation bills that aren’t directly related to the budget – will be added to this year’s slate of budget bills to block implementation of the Waters of the U.S. rule. The President has indicated that he will not impede vital budget appropriations in order to protect the rule, so the riders do have the chance to be signed by the President.

Other Significant 2015 Actions: Once the final rule was published, three separate lawsuits were filed by a total of thirty-one states seeking to enjoin the rule and ultimately force EPA and the Corps to repeal and redraft it with more meaningful stakeholder input. The State of California was not party to any of the lawsuits. At the same time, a similar action was jointly filed by twelve industry groups including the American Farm Bureau Federation and the National Alliance of Forest Owners. The day before the rule was to take effect in August, a North Dakota U.S. District Court judge granted the injunction in the thirteen states that had filed suit in his court on the basis that the rule would harm the states that filed the suit, and that their lawsuit is likely to succeed when it is finally decided. Then in October the Court of Appeals for the Sixth Circuit expanded the stay nationwide based on the substantial possibility of success of the lawsuits filed against the rule. The rule will remain suspended until various federal courts review the suits and issue rulings on the legality of the rule.

Staff: Staci Heaton

WATER - WETLANDS

Background: State Water Resources Control Board (SWRCB) staff is currently focused on Phase 1 of the Wetland and Riparian Area Protection Policy, which is proposed to be implemented in three phases. Phase 1 is called the Wetland Area Protection and Dredge and Fill Permitting Policy. The purpose of Phase 1 is to protect all waters of the state including wetlands, from dredge and fill discharges. Phase 1 includes a wetland definition and associated delineation methods, an assessment framework for collecting and reporting aquatic information, and requirements applicable to discharges of dredged or fill material. The SWRCB announced in July that SWRCB staff is preparing the draft staff report for internal review, and that the proposed policy and Substitute Environmental Document is expected to be released for public comment prior to year-end.

RCRC is a longtime member of a diverse coalition of interested stakeholders engaged in the state's wetlands rulemaking process. Shared coalition concerns include inconsistency between the proposed California wetlands definition and the federal wetlands definition, increased permitting burdens on public and private entities, increased regulatory demands on California regulatory agencies, and increased litigation.

2015 Regulatory Actions: The San Francisco Regional Water Quality Control Board (Regional Board) earlier this year solicited comments on the 2015 San Francisco Bay Basin Plan Triennial Review. The Notice of Public Solicitation requested input on issues for inclusion in the Regional Board's Triennial Review work plan. Among the issues under consideration was Issue 2.4 – Complete the Stream and Wetland System Protection Policy.

In August, the wetland coalition submitted a comment letter to the Regional Board urging that they defer development of a stream and wetland policy as part of its 2015 Basin Plan Triennial Review until such time as the SWRCB completes its development of a new wetlands and riparian area protection policy and program.

After consideration of public comments, Regional Board staff ranked completion of the Stream and Wetland System Protection Policy as 11 out of 30 proposed projects that may be pursued over the next three years. The Regional Board will consider the Basin Plan Triennial Review recommendations at their regular meeting on December 16.

Staff: Kathy Mannion

WILLIAMSON ACT (CALIFORNIA LAND CONSERVATION ACT)

Background: The California Land Conservation Act of 1965, commonly referred to as the Williamson Act, established a program under which local governments were authorized to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners receive lower property tax assessments based on farming/ranching and open space uses as opposed to full market value.

The Open Space Subvention Act of 1971 provided local governments an annual state subvention to provide for the partial replacement of the foregone property tax revenues. The 2008-09 State Budget reduced the state subvention by 10 percent, and the 2009-10 State Budget essentially eliminated the subvention by reducing the appropriation to \$1,000 statewide. There have been no state subvention payments to counties since 2009.

2015 Legislation: RCRC supported one Williamson Act-related bill in 2015. Assembly Bill 707 (Wood) requires the Department of Conservation (DOC) to provide a preliminary valuation to the county assessor and Board of Supervisors as specified. AB 707 also allows the Board of Supervisors to submit comments for consideration to the DOC prior to determining the final cancellation value. AB 707 will help ensure that local government is engaged in negotiations for the cancellation value of the land held under a Williamson Act contract as specified. AB 707 was signed into law by the Governor.

On the State Budget front, RCRC sent letters to the respective Senate and Assembly Budget Subcommittees urging the Legislature and Governor to recommit and provide full funding for the Williamson Act Subvention Program in 2015-16. The subcommittees took no action on this issue, however.

Staff: Kathy Mannion and Nick Konovaloff

PUBLIC AFFAIRS

RCRC's public affairs program was established to supplement the advocacy efforts of the Governmental Affairs team. The three main objectives of RCRC's public affairs strategy are:

- To increase RCRC's visibility, profile, and awareness amongst the California legislature, state and local media representatives, and RCRC member counties;
- To position RCRC as the rural county thought leader, and "voice" for rural county issues in California; and,
- To educate urban-focused media regarding the efforts and contributions of rural counties, in turn, becoming the media "go-to" organization for rural county-related issues.

RCRC leverages both traditional and social media channels to maximize the impact and penetration of advocacy messaging. Traditional media efforts include the development and use of one-on-one relationships with local media representatives, Editorial Board briefings, press releases, and the placement of Opinion Editorials and Letters to the Editor. Social media is used as a secondary method and platform for disseminating all external communication.

This year the public affairs strategy focused on enhancing and consolidating messaging, content, and infrastructure, as well as identifying and cultivating relationships with partners and third-party allies to provide them with tools to carry RCRC messaging. The recently developed brand identity has been aligned across all external communications pieces and platforms, and a systematic program is in place for strategic message distribution.

Earned Media: RCRC's media efforts have resulted in hundreds of placements in print and online publications throughout the state, and helped to raise the profile of RCRC members and issues. From press releases and opinion editorials, to letters to the editor and *Barbed Wire* articles, RCRC's earned media efforts help amplify the rural county perspective in both Sacramento and Washington, D.C.

The Barbed Wire: Distributed weekly, *The Barbed Wire* highlights the latest state and federal legislative and regulatory news impacting California's rural counties. *The Barbed Wire* has become a trusted source for rural media outlets, as well as a clearinghouse for resources and opportunities available to California counties.

Social Media: RCRC maintains Facebook and Twitter social media platforms, and regularly interacts and engages with legislators and staff, local government, media representatives, stakeholders, and organizational partners. With a combined reach of more than 4,500 followers and subscribers, RCRC's advocacy efforts are supported by a network of secondary platforms and deputized messengers.

Website: RCRC's website serves as an up-to-date resource for members, media, legislators and staff, housing RCRC's advocacy letters, Board-adopted Policy Principles, reports, *Barbed Wire* issues, press releases and news clips, and descriptions and positions on the myriad of issues impacting California's rural counties. The website also serves as a portal for resources and opportunities related to current events, such as the drought, wildfires, and tree mortality issues.

2016 ANTICIPATED CHALLENGES AND PRIORITIES

2016 will present several challenges to RCRC's member counties in a variety of policymaking arenas including Congress, the Legislature, and state and federal regulatory bodies. The state initiative process is also likely to drive much of the agenda at the state level. While voters won't cast ballots until November 2016, the politics of the dozen or so expected initiative measures will be front and center throughout the year. In addition to the myriad of ballot measures, one hundred state legislative seats will be contested, and Democrats will be looking to recapture their 2/3rds majority in both houses.

When the Legislature reconvenes in January 2016 it will have two large unresolved issues to address – transportation and healthcare. Despite a number of hearings and proposals, the Legislature could not muster the votes needed to enact a transportation funding package during a Special Session on Transportation. Many expect there will be a final attempt in the first several weeks of the 2016 Session to enact reforms to the transportation funding system as well as to increase revenues. RCRC will be engaged in the transportation deliberations; however, it is difficult to see how a deal can be reached given the number of tax-related ballot measures on the November 2016 ballot.

In addition to the Special Session on Transportation, there is also a concurrent Special Session on Healthcare. The Special Session on Healthcare also failed to make much progress in the closing weeks of the 2015 Legislative Session. Therefore we anticipate efforts in the early part of 2016 closing a \$1.1 billion Medi-Cal Budget deficit. In the Special Session on Healthcare the Legislature is also expected to assess options for covering the costs of the restoration of the 7 percent cut to In-Home Supportive Services workers' hours and funding sufficient to increase reimbursement rates for Medi-Cal providers. Much of this funding is expected to come from a newly revamped Managed Care Organization tax, but many believe other types of funding such as new tobacco taxes or fees on vaping products are also likely.

RCRC expects to engage in several important legislative and regulatory priorities at the state level this year. These include:

Water

- **Groundwater:** The Department of Water Resources (DWR) must establish emergency regulations for evaluating groundwater sustainability plans by local agencies, by June 1, 2016 and the deadline for local agencies to form a Groundwater Sustainability Agency is June 30, 2017. Local control will be key, and RCRC will continue to engage through 2016 and beyond with the Sustainable Groundwater Management Act County Working Group, the DWR and others to help ensure that the SGMA and the ensuing regulations and any future legislation address the concerns of RCRC member counties.
- **California WaterFix:** RCRC's primary concern remains the lack of assurances for areas upstream of the Delta and in-Delta as it relates to regional water sustainability, water rights protections, and no negative unmitigated direct or indirect impacts to the water supply, economy, and environment of these areas. RCRC will continue to advocate that potential impacts on in-Delta and upstream water users be analyzed and mitigated.
- **Water and Land Use:** Legislation or administrative action seeking to integrate water supply and land use planning through County General Plans or other strategies impacting local control may be introduced as a result of the Office of Planning and Research (OPR) regional workshops throughout this Fall/Winter on 'Aligning Land Use and Water Management,' and OPR's summary report and recommendations from each workshop to various state agencies and elected

officials. RCRC will continue to advocate that all aspects of land use planning and decision-making remain within the jurisdiction of local government.

Marijuana

- Both the legislative and regulatory arenas will have measures proposed to clean-up and implement the recently enacted Medical Marijuana regulatory framework including measures to tax medical marijuana cultivation and address banking. RCRC will continue to advocate following the policy principles established by the Board.

Fees

- **Solid Waste:** The Administration and the California Department of Resources Recycling and Recovery (CalRecycle) will continue their efforts to reform the State Solid Waste Disposal Fee to provide long-term funding for CalRecycle's regulatory activities. RCRC will continue to work with the state to reach a consensus on a reasonable fee increase that relates to direct efforts to manage and reduce the amount of solid waste as well as covering State Water Resources Control Board Waste Discharge Fees to landfills.
- **Water:** Discussions will occur within various state agencies and the Legislature throughout 2016 on various fees and taxes to fund projects for water and wastewater infrastructure to benefit disadvantaged communities. RCRC will continue to advocate for funding and fee structures that best benefit rural counties.

Cap-and-Trade

- **Funding:** Allocation of Cap-and-Trade funding will continue to be an important topic in 2016 as the Legislature and Administration decide which state programs will receive Greenhouse Gas Reduction Fund monies for both the 2015-16 and 2016-17 Budget years. RCRC will continue to advocate for funds to be allocated to programs that have the greatest benefit for rural counties, and will also continue to actively campaign for using more inclusive definitions of "disadvantaged communities" so that rural communities have more opportunities to compete for and receive Greenhouse Gas Reduction Fund monies.
- **Scoping Plan:** The California Air Resources Board will be completing the second update of the Assembly Bill 32 Scoping Plan in 2016, which will include regulations, policies, and strategies related to greenhouse gas mitigation that impact important issues to RCRC member counties such as forest restoration, watershed health, land use, agriculture, and solid waste management. RCRC will continue to be at the forefront of advocacy to ensure that the voice of California's rural counties is heard as the state updates and implements its AB 32 strategies.

State Payment in Lieu of Taxes

- RCRC will continue to advocate for securing the state Payment-in-Lieu of Taxes (PILT) monies from prior years through both the budget and legislative processes, and continue efforts to reform the statutes to ensure payment in future years.

In addition to the state priorities, a number of priority issues will receive much focus at the federal level. RCRC staff will be working with our federal advocacy team and the National Association of Counties to address these items. These include:

Federal Payment in Lieu of Taxes

- RCRC will work to secure funding for the federal Payment in Lieu of Taxes (PILT) Program, which compensates counties for the loss of property taxes when private property is placed into federal ownership. The Congress authorized a one-year payment for 2015; however, RCRC will work to

encourage Congress to enact multi-year authorization and funding during the 2016 Federal Fiscal Year.

Secure Rural Schools Payments

- The Secure Rural Schools and Self-Determination Act provides payments to counties and schools in forested counties for the loss of timber harvesting receipts on U.S. Forest Service lands. First created in 2000, the program has been reauthorized several times, albeit at reduced levels. In early 2015, Congress provided funding for only a 2014 payment and a 2015 payment. In 2016, RCRC will work to explore alternatives to the current payment structure as well as provide for another short-term reauthorization while a long-term funding model can be enacted.

Forestry Reform and Wildfire Disaster Funding Reform

- Forestry Reform and the way wildfires are funded at the federal level either through the Wildfire Disaster Funding Act (WDFR) or some other mechanism are likely to continue into 2016, while Congress debates the importance of diameter limits, timber harvest goals, and whether or not forestry reform should be tied to Secure Rural Schools (SRS) payments. RCRC will continue to lead advocacy efforts to change the way wildfires are funded at the federal level as this is a key component of why fire prevention and forest management activities are underfunded and underperformed on California's federal lands. Moreover, RCRC will seek common sense and science-based reforms to forestry regulations to expedite vegetation management and watershed improvement projects on California's federally-managed lands.

Waters of the United States

- RCRC will continue to actively support legislative efforts to repeal and/or redraft the U.S. Environmental Protection Agency rule expanding the definition of Waters of the United States. While the rule was finalized in 2015, various bills and policy riders have been introduced to repeal the rule and force the agency to redraft the language with more complete, meaningful input from states, counties, and other impacted stakeholders.

Endangered Species Act

- Listing of species as endangered or threatened under both the state and federal Endangered Species Acts (ESA) will continue to be a priority issue for rural counties in 2016, particularly as populations of various species are targeted for conservation actions and new listing petitions are filed. RCRC will continue to advocate on behalf of rural counties on ESA listings and critical habitat designations that impact RCRC member counties, as well as disseminate timely information to RCRC members when species are petitioned for listing or critical habitat designations are proposed in specific areas.

Tribal Issues

- The new tribal acknowledgement rule will continue to be applied in its current form unless and until Congress chooses to act to disallow its application, which it could do through defunding in an Appropriations Omnibus bill. The *Carcieri* Fix, or other changes to the fee-to-trust process are likely to linger into 2016 as different sides of that issue continue to wrangle over the appropriate way to proceed post-*Carcieri*—a so-called “clean” fix with no changes or reforms, or a more thoughtful approach which could include needed reforms and thoughtful changes which could help counties and local governments seeking to have a

greater voice in fee-to-trust actions. RCRC will continue to advocate for those considerations left out of the most recent set of amendments to the Carcieri fix bill including the issue of tribes having to go back through the fee-to-trust process if they wish to change the use of the property from one type of activity to another.

As mentioned, RCRC expects several important ballot measures to qualify for California voters' consideration in November 2016. These include:

- Water Bond;
- Legalization for Adult Use of Marijuana;
- Extension of Income Tax Increases on High-income Filers;
- Adult Film Industry (qualified);
- Restrictions on Use of Revenue Bonds (qualified);
- Ban on Plastic Bags (qualified);
- Hospital Fees (qualified);
- School Facilities Bond (qualified); and,
- Tobacco Tax Increase.

Once relevant measures qualify for the ballot, RCRC will bring those measures to the Board of Directors for a formal position on the measure.

On the economic development front, RCRC staff will work with economic development partners in the coming year and focus efforts on identifying and evaluating potential infrastructure projects, culminating with a list of prioritized projects and strategies to bring the projects to market. RCRC staff will also work closely with rural regional Small Business Develop Centers to assist efforts to retain, expand and attract new business opportunities. RCRC staff will serve as a liaison to help educate and assist rural businesses and individuals with the various financial tools and incentives available through federal, state, and nonprofit agencies, higher education institutions, and private entities.

RCRC once again faces challenges on many public policy objectives. The membership, its leadership team, and RCRC staff are poised to develop and execute strategies that raise awareness of issues impacting rural counties and how rural counties are impacted by policy changes, allowing us to meet the challenges presented.