



ANNUAL REPORT

COUNTY ENGINEERS ASSOCIATION OF CALIFORNIA

PREPARED BY THE CALIFORNIA STATE ASSOCIATION OF COUNTIES

2016









CEAC'S PURPOSE

The County Engineers Association of California (CEAC), formed in 1914 is comprised of county engineers, public works directors, county road commissioners, and professional personnel throughout California's 58 counties. Its purpose is "To advance county engineering and management by providing a forum for the exchange of ideas and information aimed at improving service to the public."

Furthermore, the objective of CEAC is "To accomplish the advancement of engineering methods and ethical practice through networking efforts of all 58 counties in the state." Through discussion, interchange, and dissemination of engineering and administrative data/ideas, the organization shall strive to affect "maximum efficiency and modernization in engineering and administrative units of local government."

Throughout CEAC's history, it has maintained a close relationship with the California State Association of Counties (CSAC) to lend support in policy development and advocacy efforts, thus benefiting counties and their ability to serve their residents.

FRONT COVER PHOTOS: SAN FRANCISCO PUC DAM ROAD, SAN MATEO COUNTY (TOP RIGHT); DEER CREEK BRIDGE DECK POUR, TULARE COUNTY (TOP LEFT); EL CAJON BRIDGE, SAN BERNARDINO COUNTY (BOTTOM RIGHT); QUAIL HOLLOW, SANTA CRUZ COUNTY (BOTTOM LEFT).

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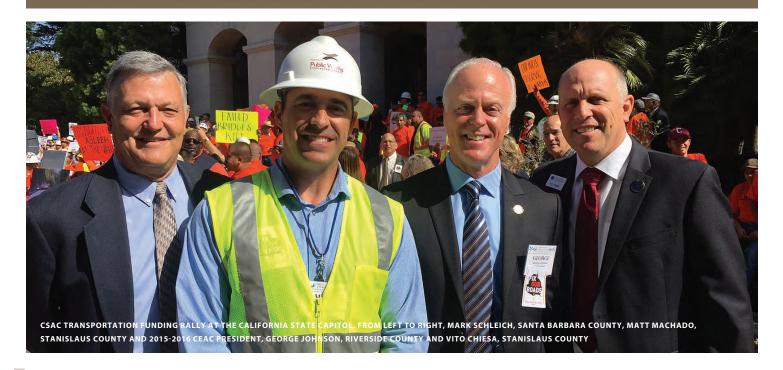
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MESSAGE FROM THE 2015-2016 PRESIDENT

OF THE COUNTY ENGINEERS ASSOCIATION OF CALIFORNIA



It has been an honor to serve as CEAC's president, supporting counties and CEAC's members. How time has flown by this year, makes me think of a famous quote by Leo Tolstoy – "The strongest of all warriors are these two – Time and Patience." Isn't this so true for all of our California Counties! I tell people, citizens, developers and others that we as a county will be here for a very long time and that we are patient. I would add that perseverance is a key component of time and patience. Two primary concerns of this past year were transportation funding and funding for stormwater regulation implementation. These two concerns have been issues for a very long time. CEAC and its members have displayed great patience and perseverance in pushing for solutions. With 2016 as an election year, legislative progress and political support has been a challenge for both transportation funding and funding for stormwater regulation implementation. Yet, through the efforts of CSAC, CEAC and its members we have made progress.

My presidency started off in December, 2015 in Monterey County. It was a great month. President Obama signed the FAST Act, a long term transportation bill, and the CLODS kicked off their 50 year anniversary. The fun continued in January when I was fortunate to join the Southern California Regional CEAC Meeting. They are great hosts with great presentation material. Thank you Vincent Gin and Bill Brunet. Next stop was Tulare County in February for our San Joaquin Valley Regional CEAC meeting. The San Joaquin Valley group meets 9 times per year, what a great group they are.

The March highlight was our CEAC Spring Conference with the League of California Cities Public Works Officers Institute. Nearly 400 of us attended this conference in Sacramento. Dan Walters kicked off the event with insight on Sacramento politics, ugh! This was followed by our committee meetings and some great breakout sessions. Of course the spring event wouldn't be the same without our evening of celebrating the famed Buffalo Bull Award. Thank you Patrick DeChellis for putting together a great program and helping find the most deserved recipient for this year's award. Jeff Pratt how could you! Then at the end of March we celebrated Pat DeChellis' retirement. Wow, what a career! Thank you again Pat for all that you have done and continue to do for our industry and organization. "PALMAM QUI MERUIT FERAT – You have certainly earned it."

In mid-April I attended the Bay Area Regional CEAC meeting where we heard an update on how to fund stormwater regulations, or not fund. We strategized and strategized yet still no simple solution. Perseverance and creative thinking will continue to be our direction. In the last week of April it was off to Tacoma for the National Association of County Engineers (NACE) conference. Everything went off without a hitch. The Snappy Tom reception was a success, and I was able to meet our new NACE President Brian Stacy from Pierce County, Washington. I invited Brian and his wife Colleen to our Fall Conference in Palm Springs. Thank you everyone who helped out at the Snappy Tom reception!

And then it was May, the Governors May Revise, May flowers and all that. No flowers in the budget for Transportation! The CSAC Legislative Conference was well attended and included blocks of time for us to meet with our State Legislators to discuss all things funding, transportation and storm water. One on one meetings with our representatives always seem to go well. Everyone agrees there is a problem with transportation funding and that there is a solution right around the corner. Unfortunately, the corner is full of potholes, narrow lanes, and guard rails falling off the cliff. We did have an amazing rally on the steps of the California State Capitol where hundreds of people attended. We had great speakers, great chants, great media coverage, and great energy. Will it make a difference? We will see!

This past August we saw Assembly Member Frazier and Senator Beall join forces to create a single transportation funding package. This proposed funding package includes \$7.4 billion annually to repair and maintain our state and local roads, improve our trade corridors, and support public transit and active transportation. Unfortunately, our State Legislature did not take action during the regular session to approve this proposed bill. There is still time during the transportation special session which ends November 30. Time and Patience!

Also this past August, the California Supreme Court determined that certain requirements in municipal stormwater permits are state mandates subject to reimbursement under the California Constitution. Under the Constitution, if the Legislature or a state agency requires a local government to provide a new program or higher level of service, the local government is entitled to reimbursement from the State for the associated costs. According to the Courts, reimbursement is not available if the new program or increased service is mandated by a federal law. As a result of the Court's decision, the State will be required to present a stronger argument for how the challenged requirements are federal, rather than state, mandates. Time and Patience!

In addition to the State Legislature and state court issues we have had some more local happenings. Mike Crump retired from Butte County in August. Butte County Board of Supervisors did a great job celebrating Mike for his 22 years of service. Congratulations Mike! I would also like to thank Mike Penrose for leading the charge and getting our CEAC Officers Manual and CEAC Bylaws updated and going through the approval process.

California now has 39 million people, all of which are represented by our 58 Counties. To best serve the public's needs, we need to continue to work together, just as we have done for more than 100 years. It never ceases to amaze me how well we collaborate and work together, all of us being held together by the amazing CSAC and CEAC staff.

We continue our social media "messaging" effort. Social media is a powerful tool that needs to be used by every county in an effort to get our message out. For the past couple of years, CEAC's leadership has done an excellent job informing and educating us about the uses of social media. Let's continue the use of these modern communication tools to inform our communities and policy makers.

In closing, there are so many people I would like to thank. I will start with how I got here. Thank you CLODS! I am honored that you selected me as the 2015-2016 CEAC President. It has been a great experience and an opportunity of a lifetime. Thank you to the Board of Directors for their leadership and guidance. Thank you to each of our members that take an active role in CEAC. Thank you to our policy committees, especially Warren Smith for picking up the chair reigns mid-year. Thank you to our affiliates whose amazing support makes all of our activities a reality. On behalf of our CEAC members, a great big thank you to CSAC staff. Merrin, DeAnn, Kiana, Cara, Karen and Chris thank you for all that you do and all the support you provide. From their advocacy efforts this past year on numerous legislative issues, to staffing and conducting our conferences, we are all extremely fortunate to work with this team. Their efforts have been outstanding!

Please join me in welcoming our 2016-2017 President, John Presleigh from Santa Cruz County. May we all provide him the support needed to continue to move CEAC forward in 2017.

As a wise warrior once said: "Always in motion is the future." – Yoda

My best to all,

Matt Machado Public Works Director Stanislaus County 2015-2016 CEAC President



REFLECTING ON 2016

Legislative leaders invested significant effort this year in wrapping up an extension of California's greenhouse gas reduction (GHG) goals—a major outstanding issue that dominated the state's political attention this year. State law now requires that the state reduce its carbon footprint to at least 40% below the 1990 level by 2030. They were able to accomplish this, along with another measure that requires further reductions in short-lived climate pollutants, or super pollutants, amid continued uncertainty of the future of the state's cap and trade program, one of key mechanisms used to achieve our overall climate goals.

Simultaneously, election-year politics colored the debate in Sacramento, as the Democrats focused on additional priorities on behalf of their core constituencies and positioned themselves to successfully regain supermajority control of the statehouse. Despite the increased attention that a statewide election brings, the majority party successfully took up a variety of controversial issues, including an increased minimum wage, overtime protections for farmworkers, and gun control, just to name a few.

The Democrats successfully regained a supermajority in the Assembly with a vote to spare by flipping three seats previously held by Republicans into their column. On the Senate side, the Democrats picked up one seat, giving them the bare minimum required to meet a two-thirds threshold. The supermajority status is significant, as it constitutes the threshold by which both houses must vote to impose new taxes or propose a constitutional amendment to the voters.





The composition of the incoming Legislature plays an important role in the political calculations for new transportation funding in 2017, which continues to sit atop CSAC's state legislative priorities. New taxes must be a part of any significant transportation funding package and rigorous protections of any new revenues will likely require a constitutional amendment approved by the electorate.

Legislative leaders were widely criticized in the media for failing to take comprehensive action on transportation funding and housing affordability during the regular 2015-16 session, but that didn't prevent the Transportation Special Session from ending with a whimper. In a letter to CSAC and other advocates during the final days of the session, Governor Jerry Brown, Senate President pro Tempore Kevin de León, and Assembly Speaker Anthony Rendon indicated that transportation funding would not be taken up until 2017.

Aside from transportation funding, other issues continued to figure prominently in 2016. Similar to the last few years, the Legislature introduced several bills this year in response to the effects of the State's unprecedented drought. While CSAC staff monitored the movement of all of these measures, the staff's advocacy efforts were primarily focused on those measures affecting county stormwater management responsibilities and implementation of the Sustainable Groundwater Management Act (SGMA).

On the regulatory front, CSAC staff continued to rely on the technical direction of the CEAC membership on new federal and state proposals affecting disaster assistance, Nationwide Permits, dredge and fill activities and SGMA implementation. All of these efforts are described in Flood Control and Water Resources Section of the Annual Report.

In addition to the major achievements reported below, CSAC actively engaged and advocated on hundreds of bills, many from a defensive posture, striving to protect counties from costly and problematic new laws.

TRANSPORTATION

Transportation infrastructure funding and reform continued to be a central issue during the 2016 legislative year. Unfortunately, other issues were taken up as higher priorities and a comprehensive transportation funding and reform package was not approved during the regular session. Despite continued efforts from CSAC, along with coalition partners from the local government, business and labor communities to secure robust new revenue for the maintenance and preservation of the existing statewide transportation system, the Special Session on Transportation and Infrastructure Development (Special Session) also ended without action. The highlights below describe some of our most important wins on transportation funding and policy in 2016 and should be viewed in tandem with the reports CSAC provided throughout the year on specific legislation of interest to county public works and engineering departments.

Transportation Funding

The two-year legislative session began in January 2015 with the Governor highlighting transportation funding as a priority in his January Budget proposal. Nearly two years later—and seventeen months after the Governor called the Special Session—the Legislature and Administration were unable to come together to pass a comprehensive transportation funding and reform package before the final deadline of November 30.

As counties recall, the 2015 legislative year ended with the Legislature taking procedural votes to establish a conference committee in the Special Session. While the conference committee held two hearings in October 2015, the funding conversation since that time proceeded outside of the formal committee process. While progress was uneven, transportation leaders in both houses took significant steps in 2016 toward outlining a deal that could garner the support of two-thirds of the Legislature. Assembly Member Jim Frazier introduced AB 1591, his take on transportation funding, on January 1, 2016, while Senator Beall made significant amendments to his SBx1 1 in late April. Most significantly, the two transportation committee chairs came together on August 24 to release a unified proposal that served as the baseline for negotiations on a funding and reform package.

The combined proposal from the chairmen was introduced as two identical bills (ABx1 26 and an amended version of SBx1 1). The Beall-Frazier package would have generated \$7.4 billion annually in revenue to repair and maintain state highways and local streets, roads and bridges. Some of the revenue would have come from increased taxes and fees and other revenue would have come from redirecting state funds back to transportation—funds that had been borrowed or redirected during the recession for other priorities. The bill included over \$2.5 billion in new funding for local streets and roads purposes, to be shared equally between cities and counties, as well as accountability measures and streamlining to enhance transportation project delivery.

Specifically, for local streets and roads the joint proposal would have provide:

- \$1.9 billion from a 17-cent gas tax increase, a \$38 increase on vehicle registration fees, and a new \$165 registration fee on zero emission vehicles;
- \$440 million, at full implementation, from the return of weight fees to transportation projects (these funds currently are used to backfill funds allocated for transportation bond debt service and would be returned to transportation projects in increments of \$200 million per year over five years);
- \$495 million from resetting the price-based excise tax to its initial 17.3-cent level under the 2010 gas tax swap; and
- \$44 million from returned non-highway/OHV related pricebased excise tax revenues to transportation projects.
- In addition, local streets and roads would receive one-time revenues of \$351.5 million in transportation loan repayments.

Outside of the revenue provisions, the bill included familiar accountability measures, including a maintenance of effort requirement and project reporting to the California Transportation Commission. In terms of local project streamlining, the bill would expand an existing CEQA exemption available to small cities and counties for maintenance, rehabilitation and safety projects in the existing right-of-way to all local jurisdictions in the state, and create a transportation advanced mitigation program.

Despite continued efforts from CSAC, along with coalition partners from the local government, business and labor communities to secure robust new revenue for the maintenance and preservation of the existing statewide transportation system, the Special Session on Transportation and Infrastructure Development (Special Session) also ended without action.

TRANSPORTATION (CONTINUED)

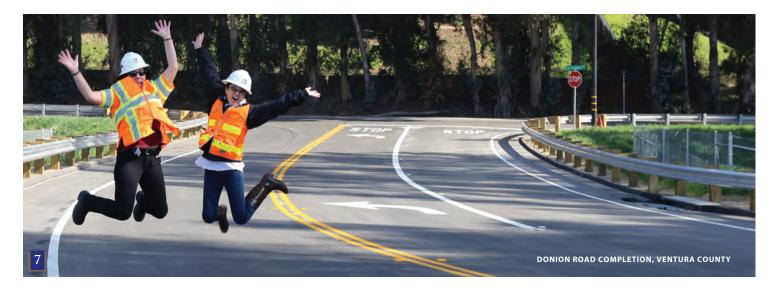


Finally, the bill maintained a similar list of eligible project types from prior legislative proposals this year, including road maintenance and rehabilitation, safety projects, railroad grade separations, and complete street components—including active transportation, pedestrian and bike safety projects, transit facilities, and drainage and stormwater capture projects—built in conjunction with any other allowable project. Funding from the bill could have also been used as matching funds for state and federal funding programs.

CSAC appreciates the work that went into pulling together funding and reform plans from the chairs of both legislative transportation committees, but significant work remained to secure the full-fledged support of the Speaker of the Assembly, Senate President pro Tempore, the Governor, and the Republican members whose votes were necessary to pass new revenues and propose constitutional protections to the voters. CSAC continued to advocate for the approval of the package along with our coalition partners prior to the expiration of the Special Session at the end of November.

The release of the 2016 Local Streets and Roads Needs Assessment in mid-October 2016 provided a continued sense of urgency, as the statewide PCI for the local system continues to deteriorate. The report identified a \$73 billion ten-year unmet funding needs of the local street and road system. In addition, a national transportation research organization known as TRIP released an annual report on the condition of California's roads which concluded that state highways are so congested, in such poor condition, and in some cases are so unsafe, that the average driver pays about \$2,500 per year due to lost time, car maintenance and repairs. Taken together, the continuing drumbeat of bad news on the state of California's transportation system kept the funding debate at the front of the minds of lawmakers, advocates, and the media.

While a new funding package did not come together before the expiration of the Special Session, counties and CSAC continued to play a critical role in pushing the agenda this far and the Governor, Speaker and President pro Tempore all committed to making transportation infrastructure a high priority for early 2017. The efforts of individual counties were vital to pushing the agenda this far, and will continue to be essential in 2017. County public works officials worked hand in hand with CSAC staff to contact legislative representatives, pass local resolutions in support of new revenues and reforms, and participated in media outreach. This ongoing collaborative effort has laid the groundwork for success as California moves toward finally taking decisive action to fix its ailing transportation infrastructure and adopt reforms to improve project delivery and accountability in 2017.



TRANSPORTATION



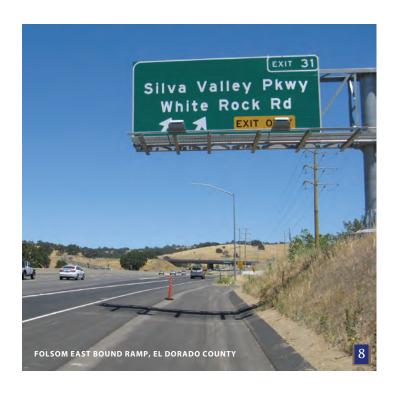
Transportation Tax Swap

CSAC continued to invest significant time and effort to bring stability to the process for adjusting the rate to the gasoline excise tax under transportation tax swap. While a legislative effort to impose rate-smoothing failed in 2015, CSAC continued to advocate for a solution—both within a transportation funding and reform legislative package and through existing administrative processes. CSAC along with coalition partners from labor and the League of California Cities advocated for the Board of Equalization to use their administrative authority to smooth the rate by basing price estimates on a rolling average rather than relying completely on uncertain price and estimates for the upcoming fiscal year. While Administrative remedies proved unachievable, CSAC continues to advance solutions in the legislative context.

State Implementation of FAST Act

The California Department of Transportation convened a working group to review the new requirements of the Fixing America's Surface Transportation (FAST) Act, as well as to split up the funding the Act allocates to California. CSAC participated in the workgroup, which largely consisted of state and regional transportation partners. While the FAST Act is funded through 2020 and includes modest inflators for funding levels, it essentially represented a status-quo level of funding for the federal program in California.

Accordingly, while the regional transportation planning agencies invested significant effort in better describing the planning and administrative costs and other take-downs that occur at the state level, the overall sixty percent state and forty percent regional-local funding split from the prior federal transportation bill was maintained. In the context of that split, CSAC was successful in protecting existing funding levels for local bridges, both on- and off-system, as well as funding for local projects under the Highway Safety Improvement Program. We were also successful in achieving mild inflators for these programs, thereby pushing back against the concept that the programs should be frozen at pre-MAP-21 funding levels.



TRANSPORTATION (STATE LEGISLATION)

The funding and reform conversation dominated staff's time and much of the Legislature's attention on the issue of transportation. The following is a brief summary of other transportation legislation that staff worked on this year:

• AB 516 (Mullin) Temporary License Plates Signed by Governor.

This bill creates a temporary license plate program, which, among other goals, will help prevent toll evasion. CSAC supported this measure because California receives credits for toll revenues. These toll credits benefit federally funded transportation projects in all areas of the state.

 AB 626 (Chiu) Public contracts: claim resolution Signed by Governor.

This bill was based on AB 1347 (Chiu, 2015), which would have mandated a new claims resolution process public contracts. That bill was vetoed by Governor Brown in 2015, who suggested that while prompt payment to contractors was important, AB 1347 might not improve the existing system for dispute resolution, due to its unfeasible timelines, disproportionate requirements and remedies, and duplicative processes. CSAC had previously negotiated with the author and sponsors to remove the most troublesome provisions from the bill and maintain the existing balance of power to ensure an efficient public contracting process. These hard-fought amendments were included in AB 626, which was signed by the Governor and goes into effect in January 2017.

 AB 1569 (Steinorth) California Environmental Quality Act: exemption: existing transportation infrastructure Held in Committee.

CSAC supported this bill, which would have provided a CEQA exemption for a project that consisted of the inspection, maintenance, repair, rehabilitation, replacement, or removal of existing transportation infrastructure, as well as the addition of an auxiliary lane or bikeway. While the bill failed in policy committee, more limited approaches to CEQA reform for transportation projects have been a continued topic of debate in the Transportation Special Session.

 AB 2034 (Salas D) Department of Transportation: environmental review process: federal program Held in Committee.

his bill extended California's waiver of sovereign immunity, which is necessary for the state to take on the responsibilities of the federal government in reviewing NEPA documents for state and local transportation projects under the NEPA Assignment program made permanent by MAP-21. The bill was held in the Senate Transportation and Housing Committee because its provisions were incorporated into Senator Beall's funding and reform plan. An urgency bill to extend the sunset has already been introduced in the 2017 legislative session.

Local Streets and Roads Needs Assessment

CSAC, along with the League of California Cities and California's Regional Transportation Planning Agencies moved up the release date for the 2016 update to the biennial Local Streets and Roads Needs Assessment to October so that the most up-to-date and comprehensive information on the condition and funding needs of the local system would be available as the Legislature continued to consider a transportation funding deal during the Special Session.

As mentioned above, the report highlighted a continued decline in the statewide pavement condition index (PCI) from 66 to 65. While reduced construction costs resulted in a slight decrease in the estimate ten-year funding backlog, the report showed that local agencies still face a daunting \$73 billion funding gap to maintain our streets and roads in a state of good repair over the coming decade. The success of the report was driven by strong participation by local agencies—both the number of agencies responding and the level of detail in the submitted data provided new insights about the condition of the local system and the costs to maintain and improve it. Overall, the Needs Assessment continued to be a vital tool to educate and raise awareness regarding the importance of local streets and roads and the dire funding situation facing counties and cities.



SURVEYING AND LAND USE

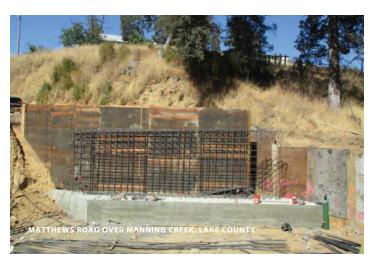
Surveying

CEAC members with experience in surveying provided input to legislation this year that requires the Board for Professional Engineers, Land Surveyors, and Geologists to administer an online assessment to professional engineers and land surveyors upon renewal of their license to reinforce knowledge of laws applicable to his or her practice area. This bill, SB 1085, by Senator Roth was signed by the Governor this fall.

Land Use

Measures related to housing dominated legislative discussions on land use in 2016. A wide variety of bills that sought to change the state's density bonus law and other incentives for housing production were introduced,

along with bills that imposed new mandates on local planning. CSAC engaged on a significant number of these proposals, which had only a tangential impact to county engineering. While many bills making minor changes to land use planning law were successful, efforts to generate new funding for the development of affordable housing through bonds or other mechanisms failed. Most notably, the Governor's proposal to allocate \$400 million in General Fund revenue to affordable housing in exchange for a broader overhaul of the local process for approving housing developments on land zoned for housing. Ultimately, the Governor's so-called "by-right" housing proposal failed to gain traction in the Legislature and no new funding for affordable housing was approved.





Outside of the realm of housing legislation, CSAC staff have continued to engage on proposals from the Administration that touch on local land use control. CSAC continued to work with the Governor's Office of Planning and Research (OPR) on implementation of SB 743, under which the state will issue regulations to replace level of service analysis with an analysis of vehicle miles travelled for the purposes of analysis under CEQA. CSAC hopes to co-host a webinar with OPR early in the New Year focused on implementation in rural and unincorporated areas. On a related front, the Administration has released wide ranging discussion drafts of policies to reduce vehicle miles travelled and to promote land use patterns consistent with state climate change goals as part of the AB 32 Scoping Plan Update. CSAC submitted comments on both of these policy documents and will continue to monitor progress and represent county interests as the Scoping Plan update continues in 2017.

CSAC hopes to co-host a webinar with OPR early in the New Year focused on implementation in rural and unincorporated areas.

FLOOD CONTROL AND WATER RESOURCES MANAGEMENT

As with years past, flood control and water resource management continues to be a challenging policy area, with many factors at play: state and local budget pressures; implementation of the Sustainable Groundwater Management Act (SGMA); and state and federal regulatory proposals that will significantly impact counties. Regarding State legislation, CSAC continued to support proposals that aimed to provide local agencies with the needed flexibility to implement programs that aim to improve water supply reliability and maintain water quality for public and environmental health. We were also successful in defeating legislation that would have infringed on local control relative to SGMA implementation and other measures that would have added significant new costs to the delivery of public infrastructure. Whether legislative or regulatory, CSAC continued to draw upon the expertise of the CEAC membership and in particular the members of the CEAC Flood Control and Water Resources Management Committee (Committee). In addition, consistent with past efforts to forge new relationships with state regulators, the Committee meetings experienced an increase in attendance by engineers from the Department of Water Resources (DWR).

Water and Flood Control Infrastructure Funding – Article X Amendment

Last year, CSAC, the League of California Cities (the League) and the Association of California Water Agencies (ACWA) filed a proposed Constitutional amendment with the Attorney General, titled "The California Water Conservation, Flood Control and Stormwater Management Act of 2016". The measure would have amended Article X of the California Constitution to create a new, optional funding method that local agencies could use to fund local stormwater services and flood control projects, and establish conservation-based water rates or lifeline rates to assist low-income customers. Polling of the official Title and Summary prepared by the Attorney General's Office showed it would fail to get majority support, even with a superior funding advantage. As a result, CSAC, the League, and ACWA decided to not move forward with the proposed ballot measure in 2016. However, all parties agreed to continue the dialogue regarding potential solutions. As for future steps, CSAC is committed to working closely with CEAC members to build local political support with County Boards of Supervisors and State legislators, and increasing public awareness.

Groundwater

CSAC continued to represent county interests on legislation amending SGMA, particularly any bills that attempted to undermine our hard won local control provisions. Most noteworthy was the defeat of SB 1317 by Senator Lois Wolk. This bill would have required cities and counties within high to medium priority basins, to establish a process for the issuance of new groundwater well permits, thus eliminating their ability to issue ministerial permits for such wells. From a regulatory perspective, CEAC members remained actively engaged in the on-going dialogue with DWR regarding SGMA implementation and provided valuable technical input to CSAC staff on the proposed regulations affecting groundwater basin boundary adjustments and the development of Groundwater Sustainability Plans (GSPs).

State's Proposed Dredge and Fill Policy

The on-again, off-again effort by the State Water Resources Control Board (Water Board) to regulate wetlands was "on-again" this year with their release of proposed procedures for discharges of dredged or fill material to waters of the state that are not protected by the federal Clean Water Act (CWA). The Water Board has been working on this since 2007 in response to Supreme Court decisions narrowing the scope of aquatic resources subject to the CWA. The Proposed Procedures aim to: (1) strengthen protections for waters of the state that are no longer protected under the Clean Water Act (CWA) due to U.S. Supreme Court decisions; (2) ensure consistency across the Water Boards relative to their decisions affecting dredge and fill activities; and (3) prevent losses in the quality and quality of wetlands in California.

Given the potential impact to county flood control and road work, CEAC members significantly helped with the development of a joint comment letter from CSAC and the Rural County Representatives of California (RCRC) on the proposed procedures. The letter notes an overarching concern that many of the new requirements will be unnecessarily duplicative of, or largely overlap existing permitting requirements, including the federal Clean Water Act § 404 program and the California Fish and Wildlife Lake and Streambed Alteration program. At the time of this report's preparation, the staff to the Water Board was still working through the public comments. It is our understanding that they plan to issue a new draft policy/staff report for public comment sometime in the January to March timeframe.

FLOOD CONTROL AND WATER RESOURCES MANAGEMENT

FEMA's Disaster Deductible Proposal "Concept"

On January 20, the Federal Emergency Management Agency (FEMA) announced that they were considering a "disaster deductible" concept that would require recipients of federal disaster assistance funds to meet a certain level of spending before receiving federal funds following a disaster. While not a formal rulemaking, FEMA solicited public comments on the deductible concept. Once again, CEAC members contributed to the comment letter jointly submitted by CSAC, RCRC and the Urban County Caucus. While the comments were fairly detailed, an overarching concern was expressed that any deductible would potentially be designed at the expense of the states, cities, counties, and taxpayers. The comment letter further noted that the current cost share formula (75%/25%) for Public Assistance (PA) already serves as a true motivator (and a de facto deductible) for promoting disaster planning, mitigation, and preparedness. At the time of this report's preparation, CSAC staff was informed that FEMA was planning to release another notice for comments by the end of the calendar year. It will likely be another Advance Notice of Proposed Rulemaking (ANPRM) that will include more specifics on how the deductible would function.



California Supreme Court Ruling on Stormwater Permit Requirements

Court rulings aren't typically addressed in the CEAC Annual Report. However, the recent California Supreme Court ruling regarding stormwater permit requirements imposed by the Los Angeles Regional Water Quality Control Board on the County of Los Angeles (and a number of its cities) is relevant given CEAC's longtime interest and involvement in stormwater issues. In that case, the Supreme Court held that the contested stormwater permit conditions were state policy choices of how to implement the Clean Water Act, but were not themselves federal mandates. Therefore, the state must pay for the costs of their implementation. This is a very significant decision because the ruling applies not only to the permit at issue in this case, but to others pending in the Court of Appeal and the Commission on State Mandates worth millions of dollars. CSAC's Litigation Coordination Program supported Los Angeles County (one of the agencies seeking reimbursement in this case) in its effort to obtain Supreme Court review, and also filed a brief in support of the County in the case. CSAC legislative staff has arranged for additional briefings on this case to CEAC members and will monitor activity by the Regional Board or State Board in response to the Court's ruling.

New CESA Fee

The recently enacted budget trailer bill, SB 839, includes the CSAC opposed language that requires the Department of Fish and Wildlife (DFW) to impose a fee for incidental take permits under the California Endangered Species Act (CESA). This language was included in SB 839 at the request of the Governor's office to address shortfalls in the Environmental License Plate Fund (ELPF), thus making it very difficult to defeat. With the proposed fees as high as \$30,000 for an initial application, up to an additional \$10,000 if DFW staff deems the original application fee insufficient, and up to \$15,000 for a major permit amendment, an individual county infrastructure project could cost upwards of \$55,000. The new fees could be imposed on a wide range of county projects including flood control, road and bridge work and water management activities. To lessen the impact of the fee on public agencies, CSAC is committed to working with the Administration to ensure that activities undertaken to operate, maintain, repair or restore existing publicly owned infrastructure be exempt from the fee.

FLOOD CONTROL AND WATER RESOURCES MANAGEMENT

(STATE LEGISLATION)



CSAC worked in collaboration with CEAC and other stakeholders to achieve successful advocacy outcomes on other water-related bills, including:

SB 1170 (Wieckowski) Public contracts and water pollution prevention plans – Failed Passage.

This measure would have prohibited a public entity from contracting out for the development of Stormwater Pollution Prevention Plans (SWPPPs) on public works projects. CSAC joined with a large coalition of public and private sector organizations in opposing this measure.

SB 1298 (Hertzberg) Stormwater Funding – Dropped by Author.

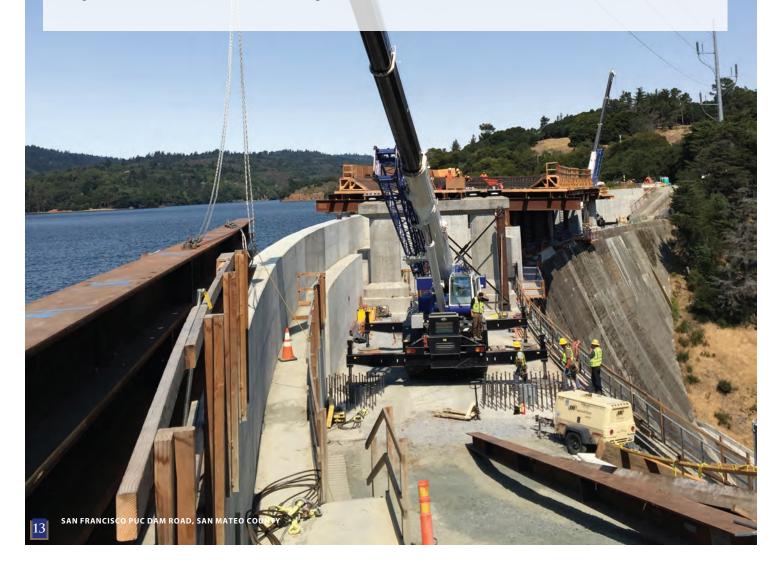
This measure would have amended the Proposition 218 Omnibus Implementation Act's definition of "sewer" to include storm drainage. CSAC adopted a support in concept position on this bill. Although Senator Hertzberg decided to not move the bill forward this year, he expressed to CSAC and others, a commitment to help local governments address their stormwater challenges.

• AB 2594 (Gordon) Stormwater Capture

Signed by Governor.

This bill provides clarity to an ambiguous area of law regarding the capture of stormwater by public entities. CSAC supported this measure.

Whether legislative or regulatory, CSAC continued to draw upon the expertise of the CEAC membership and in particular the members of the CEAC Flood Control and Water Resources Management Committee (Committee).



RESOURCE RECOVERY AND WASTE MANAGEMENT

The Legislature continued to focus on the diversion of organic materials this year, while shelving efforts to develop a more sustainable statewide funding mechanism for waste management in California. Like transportation funding, the Legislature and Administration were unable to come to agreement on a proposal to increase the state's solid waste disposal fee, or "tipping fee" which would have required a two-thirds vote of the Legislature. While these efforts stalled, attention was directed towards the greenhouse gas component of waste management and organics waste diversion.

Short-Lived Climate Pollutants

The connection between climate change and waste management became more prevalent this year with the Legislature's focus on reducing Short-Lived Climate Pollutants (SLCP), which includes black carbon (soot), fluorinated gases and methane. SLCPs remain in the atmosphere for a relatively short period of time, but have a much higher global warming potential than CO2, and are estimated to be responsible for about 40 percent of current net "climate forcing," or climate change. Building off work that the California Air Resources Board (CARB) was doing on a draft strategy to reduce these gases, the Legislature moved forward with a bill to narrow in on specific targets for SLCPs.

SB 1383, by Senator Ricardo Lara, was ultimately successful after significant negotiation and was signed by the Governor this fall. The bill requires CARB to develop a strategy to achieve, from 2013 levels, a 40% reduction in methane, a 40% reduction in hydrofluorocarbon gases, and a 50% reduction in anthropogenic black carbon, by 2030. Most relevant to

counties, the law sets goals for waste reduction, as organic waste in landfills is a major source of methane. It requires a 50% reduction in statewide disposal of organic waste from 2014 levels by 2020, and a 75% reduction by 2025. In addition, the bill requires a reduction in food waste: it directs the Department of Food and Agriculture to adopt regulations designed to divert at least 20% of edible food currently disposed of to human consumptive use by 2025.

CSAC worked in close concert with our local government and industry partners to advocate for reasonable and achievable goals for the waste sector. CSAC staff, with technical input from CEAC, was able to negotiate many points of the bill and ultimately removed our concerns position, but remain focused on many issues that will directly impact implementation of the bill, including substantial public sector funding for infrastructure; revisions to existing state requirements for siting and permitting organics processing/recycling facilities; and, increases in market support for compost and renewable fuels.

Cap and Trade

Uncertainty surrounded California's Cap and Trade program as pending litigation and unfavorable auction results caused law makers to work until the last days of the legislative session to approve a spending plan. They ultimately reached a deal on the expenditure of the 40 percent of unallocated cap and trade revenues, totaling \$900 million in funds dedicated to a variety of programs to reduce GHG emissions, while placing \$462 million in a reserve account for future years. CSAC was successful in advocating the Administration and Legislature for additional resources to help reduce GHG emissions at

the local level. The plan includes \$40 million to Cal Recycle to be used to fund programs that increase waste diversion and help reduce methane emissions from our landfills. While this is a positive step forward, CSAC will continue to advocate for additional resources to help achieve our waste diversion goals. In addition, the cap and trade allocation plan creates a new local climate program aimed at reducing GHG emissions from variety of different sectors in disadvantaged and other communities.



FEDERAL ADVOCACY

CSAC's federal advocates, Waterman and Associates, describe below, the status of federal issues of importance to CEAC.

Water Resources

Both the House and Senate advanced in 2016 a reauthorization of the Water Resources Development Act (WRDA). The Senate legislation (S 2848) includes language prohibiting the U.S. Army Corps of Engineers from removing vegetation on levees until new guidelines are issued and requires the Corps to explain why the agency has failed to develop a new vegetation removal policy (as required by the 2014 Water Resources Reform and Development Act (WRRDA, PL 113-121)). CSAC, along with the State Department of Water Resources, successfully led efforts to secure the levee vegetation provisions of WRRDA 2014 and has been active in pushing for California county involvement in implementation of the Act.

From a long-term perspective, CSAC staff and our federal advocates will continue to monitor federal legislative proposals that would provide a response to the state's chronic water shortage, including various drought-relief bills. A range of proposals are being discussed that would address water transfers, endangered species laws, water quality, and California Bay Delta protections, among others. In addition, CSAC continues to monitor and support congressional efforts aimed at overturning some of the problematic reforms of Environmental Protection Agency's "Waters of the U.S." regulation. Implementation of the final regulation remains on hold pending the outcome of litigation currently before the Sixth Circuit Court of Appeals.

Secure Rural Schools (SRS) Act Reauthorization/Federal Land Management Reform

CSAC continued efforts throughout 2016 aimed at securing a multi-year reauthorization of the SRS program. As of this writing, SRS program reauthorization bills and legislation providing for federal land management reforms were pending in both the House and Senate. Unfortunately, none have been able to gain much traction, due in large part to the inability of Congress to identify a source of funding to offset the cost of the program. For its part, the Obama administration has proposed a five-year reauthorization of SRS, although the White House, too, lacks a viable funding source.

Earlier this year, the Forest Service released a total of \$272 million in SRS payments to more than 700 counties nationwide. In total, 39 California counties received roughly \$31.8 million, slightly more than the \$31 million that was made available in the previous year. However, the program is currently expired, and unless it is reauthorized or extended, the fiscal year 2015 allocation will represent the final SRS payment. In the absence of such funding, the law reverts to a previous Act – the Twenty-Five Percent Fund Act (PL 60-136) – which is based on a revenue sharing model developed over a century ago. Pursuant to PL 60-136, the federal government would share with states 25 percent of timber harvest receipts generated on national forests. Consequently, counties could be left with significantly less funding than in recent years.

Looking ahead, CSAC will maintain efforts aimed at securing a multi-year reauthorization of the SRS program. Absent a long-term program renewal, CSAC will continue to support short-term extensions of the Act.



CEAC PROGRAM UPDATE

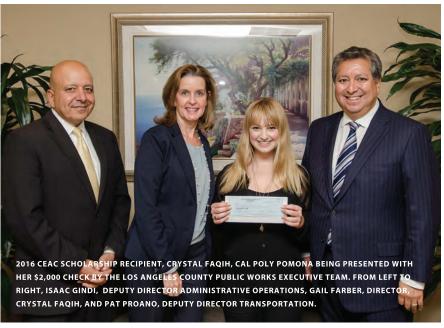
2016 was another successful year for members and affiliates of CEAC. Led by CEAC President, Matt Machado, Stanislaus County, CEAC provided significant professional input to CSAC on legislative and regulatory issues, particularly in the areas of transportation and storm water funding alternatives.

Conferences

CEAC's Spring Conference, held in conjunction with the League of California Cities' Public Works Officers Institute in Sacramento, Sacramento County, March 9-11, was attended by almost 190 public works officials, private sector engineers and guests. The Northern California Regional conference held August 10-12 at the PG&E Camp Conery, Lake Almanor, Plumas County continued to gain in popularity with over 60 people in attendance. Representing 37 California Counties, over 110 registrants and 10 sponsors attended the 11th Annual CEAC Policy Conference held at the Capitol Event Center in Sacramento, August 17-18. Over 80 CEAC registrants, 18 CLODS and 8 sponsors took part in the 122nd CSAC Annual Meeting hosted by Riverside County at the Renaissance Palm Springs and Palm Springs Hilton hotels. In addition to our committee meetings and the CLODS BBQ, we were honored to have NACE President Brian D. Stacy, County Engineer for Pierce County, Washington at this year's Annual Meeting.

Awards

Jeff Pratt (Ventura County) was presented with the esteemed Buffalo Bull award for his "SHEAR Removal Plan for Matilija Dam" at the Spring Conference. Mike Penrose (Sacramento County) was presented the CEAC Engineer of the Year award during the CSAC Annual Meeting, Gordon Haggitt (Lake County) earned the CEAC Surveyor of the Year Award, and Karen Keene (CSAC) received the CHICS award. 2016 marked the third year of the Outstanding Local Streets and Roads Project Awards coordinated by CEAC and the League of Cities. County award winners included Alameda, Los Angeles and Santa Barbara counties.



Membership

There were several changes to County Public Works leadership in 2016. Steve White joined Fresno County as their Director in June and Dennis Schmidt replaced Mike Crump as Public Works Director, Butte County after Mike's retirement in August. William Brunet, Imperial County and Patrick DeChellis, Los Angeles County both retired from their respective counties in 2016.

Outreach

CEAC reached millions of people through direct posts and retweets by utilizing CEAC's Facebook page, Twitter feed and CSAC's social media outlets. CEAC completed a much needed redesign of the www.ceaccounties website, and also worked with CSAC to create various webinars highlighting transportation funding, storm water funding and various other public works related issues.

Scholarships

The CEAC Scholarship committee comprised of Steve Kowalewski, Contra Costa County; Scott DeLeon, Lake County; and Vincent Gin, Orange County received 25 applications this year. CEAC awarded three \$2,000 scholarships each to Margarita Kovalchuk, a civil engineering major at California State University Sacramento; Brandon Elder, a surveying/civil engineering major at California Polytechnic University, Pomona, and for the first time, a repeat-recipient, Crystal Faqih, a senior at California State Polytechnic University, Pomona.

ON THE HORIZON IN 2017

As a new two-year session begins, the extent to which Democratic leaders will be able to pursue their own priorities, or whether they will instead be forced into playing defense against proposals from the federal government is increasingly unclear. Prior to the November election, transportation and housing policy appeared to be the top priorities for 2017, but the election of a Republican president in addition to continued GOP control of Congress may divert significant attention and reshape the agenda in Sacramento.

California clearly appears to be poised for a fight with Washington DC on variety of issues, most notably climate change, healthcare, and immigration. Despite the potential for conflict with the federal government, the Assembly Speaker and Senate President pro Tempore indicated that infrastructure, especially transportation infrastructure, would remain a top priority in 2017. Significant policy changes in the regulation of cannabis, as well as the ongoing need to deal with a variety of natural resource and water challenges at home will mean a full state agenda for California's public works representatives no matter what happens in Washington DC.

While the Transportation Special Session ended on November 30 without action, voters showed their continued willingness to pay for transportation infrastructure maintenance and improvements through the passage of seven new self-help funding measures on the November ballot. These new revenue sources are vitally important, but they cannot close the local street and road funding gap on their own. These measures will also require funding and collaboration from the state and federal governments to meet their full potential.

As indicated above, state transportation funding is poised to be a top priority in 2017 and President-elect Trump has

ALPINE MEADOWS ROAD OVER THE TRUCKEE RIVER, PLACER COUNTY

also raised hopes for infrastructure spending under his incoming administration. A cool reception from Congressional Republicans and uncertainty remains as to whether basic road maintenance would benefit from Trump's plan. For California's local governments, the scope of the problem remains the same: local streets and roads continue to face a ten-year shortfall of \$73 billion dollars and real progress in chipping away at this deficit will only occur through comprehensive funding and reform at a statewide level.

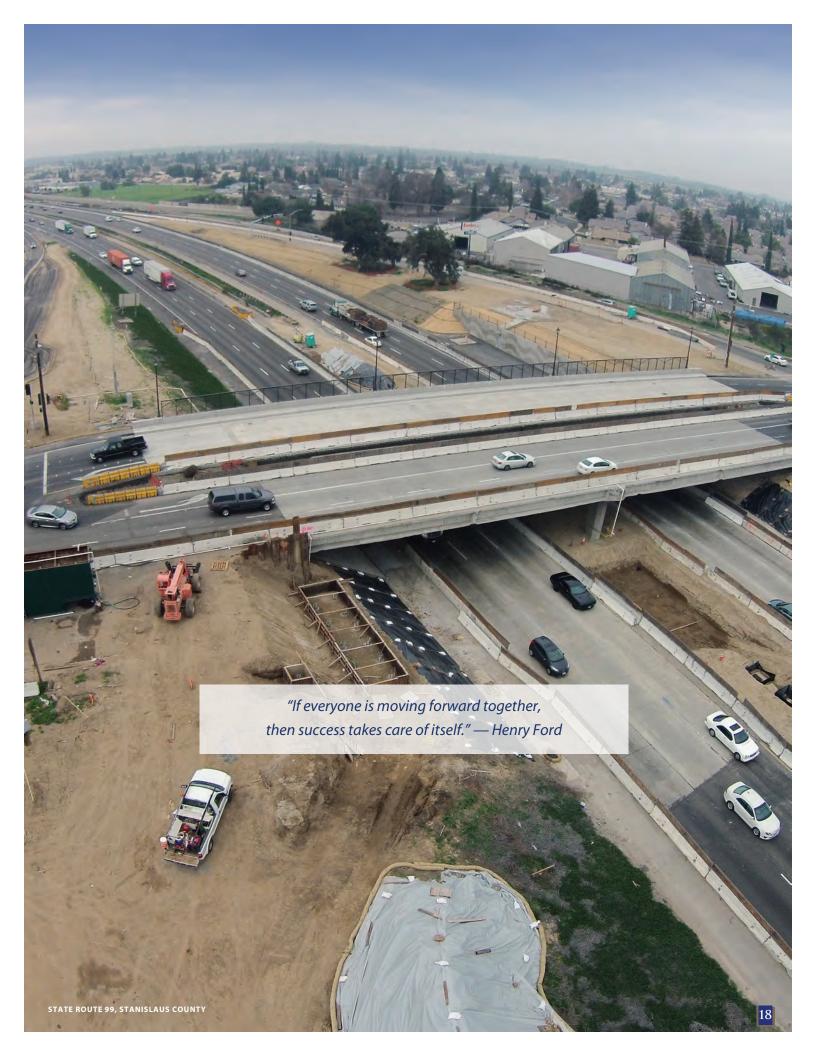
The passage of Proposition 64, the Adult Use of Marijuana Act (AUMA), legalized the consumption and cultivation of marijuana for recreational use in the State. One thing is clear: California will be working on an entirely new regulatory system for the licensing and permitting of marijuana cultivation, sale and consumption. This will undoubtedly have impacts on water resources and water quality as marijuana cultivation will begin to occur throughout California.

In addition, much of the work that was accomplished in the area of drought impacts, water conservation and sustainable groundwater management will continue into the next session as regulatory and implementation efforts remain top priorities.

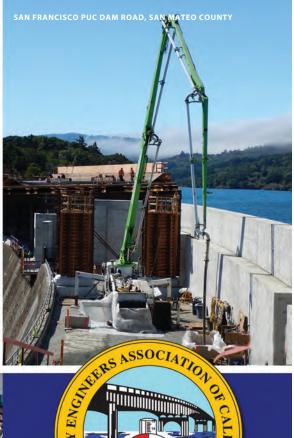
With a supermajority in both houses, the Legislature is also poised to focus on the future of California's cap and trade program as pending litigation has questioned its constitutionality, claiming it functions like a tax, and the law was not passed by a two-thirds majority in the Legislature needed to approve taxes. Furthermore, as the last several auctions produced lack luster results due primarily to cap and trade's uncertain future, there will be a push to bolster the program as the state looks to accomplish our 2030 climate goals.

New Revenue for Transportation Infrastructure— Next Steps

CSAC continued to work with a coalition of committed transportation, local government, labor and business partners to pursue a transportation funding and reform package through the end of the Special Session. Our efforts will continue seamlessly as the 2017-18 session begins, but it will be integral that Public Works professionals in every county continue to educate their Boards of Supervisors and legislators about crumbling local infrastructure. Only through sustained outreach and education will we be able to hold legislative leadership and the Governor to their promise to take up and approve a long-overdue comprehensive funding and reform package.











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