SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

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Bill Jahn, Big Bear

Energy & Environment
Deborah Robertson, Rialto

Transportation
Alan Wapner, San Bernardino Associated Governments

SPECIAL MEETING OF THE

EXECUTIVE/ADMINISTRATION COMMITTEE

Monday, June 8, 2015
9:00 a.m. – 2:30 p.m.

SCAG Main Office
818 W. 7th Street, 12th Floor
Board Room and Policy Committee Room A
Los Angeles, CA 90017
(213) 236-1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at REY@scag.ca.gov.

Agendas & Minutes for the Executive/Administration Committee are also available at: http://www.scag.ca.gov/committees/Pages/default.aspx

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 236-1908. We require at least 72 hours (three days) notice to provide reasonable accommodations. We prefer more notice if possible. We will make every effort to arrange for assistance as soon as possible.

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Executive/Administration Committee

Members – June 2015

	Members		Representing	
Chair	**1.**	**Hon. Cheryl Viegas-Walker**	***El Centro***	**District 1**
1st Vice-Chair	**2.**	**Hon. Michele Martinez**	***Santa Ana***	**District 16**
2nd Vice-Chair	**3.**	**Hon. Margaret Finlay**	***Duarte***	**District 35**
Immed. Past Pres.	**4.**	**Hon. Carl E. Morehouse**	***San Buenaventura***	**District 47**
	5.	Hon. Pam O'Connor	*Santa Monica*	District 41
	6.	Hon. Kris Murray	*Anaheim*	District 19
	7.	Hon. Alan Wapner	*Ontario*	SANBAG
	8.	Hon. Barbara Messina	*Alhambra*	District 34
	9.	Hon. Bill Jahn	*Big Bear Lake*	District 11
	10.	Hon. Larry McCallon	*Highland*	District 7
	11.	Hon. Deborah Robertson	*Rialto*	District 8
	12.	Hon. Carmen Ramirez	*Oxnard*	District 45
	13.	Hon. Andrew Masiel, Sr.	*Pechanga Band of Luiseño Indians*	Tribal Government Representative
	14.	Mr. Randall Lewis	*Lewis Group of Companies*	Ex-Officio
	15.	Hon. Gregory Pettis	*Cathedral City*	District 2
	16.	Hon. Clint Lorimore	*Eastvale*	District 4
	17.	Hon. Rex Richardson	*Long Beach*	District 29
	18.	Hon. Joe Buscaino	*Los Angeles*	District 62

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SPECIAL MEETING OF THE EXECUTIVE/ADMINISTRATION COMMITTEE AGENDA MONDAY, JUNE 8, 2015

The Executive/Administration Committee (EAC) may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.

CALL TO ORDER & PLEDGE OF ALLEGIANCE
(Hon. Cheryl Viegas-Walker, Chair)

PUBLIC COMMENT PERIOD – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker provided that the Chair has the discretion to reduce this time limit based upon the number of speakers. The Chair may limit the total time for all public comments to twenty (20) minutes.

AGENDA ITEMS

9AM – 10AM 1. EAC Strategic Planning Session

10AM – 12PM 2. Joint Meeting with Global Land Use and Economic (GLUE) Council **Attachment**

- Introductions
- Update on the 2016-2040 Regional Transportation Plan/ Sustainable Communities Strategy (2016 RTP/SCS)
- State and Federal Legislative Update
- 2015 Economic Summit
- Member Updates

12:30PM – 2:30PM 3. EAC Strategic Planning Session

ADJOURNMENT

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Global Land Use & Economic (GLUE) Council

SCAG Board Room
818 West 7th Street, 12th Floor
Los Angeles, CA 90017-3435

Monday, June 8, 2015
10:00 AM – 12:00 PM

Call-In Number: (877) 873-8018 | Passcode: 452601

Introductions

Discussion Items	**Page**
1. **Update on the 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (2016 RTP/SCS)** *Hasan Ikhrata, Executive Director, SCAG*	**1**
2. **State and Federal Legislative Update** *Darin Chidsey, Director of Strategy, Policy & Public Affairs, SCAG*	**17**
3. **2015 Economic Summit** *Cheryl Viegas-Walker, President, SCAG (City of El Centro)*	**Oral Report**

Member Updates

Adjournment

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REPORT

DATE: June 8, 2015

TO: Global Land Use & Economic Council (GLUE)

FROM: Hasan Ikhrata, Executive Director

SUBJECT: Update on the 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (2016 RTP/SCS)

BACKGROUND:

Every four (4) years SCAG, as the Metropolitan Planning Organization for the six-county region including Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura, is required by federal law (23 USCA §134 et seq.) to develop a long-range (minimum of 20 years) Regional Transportation Plan (RTP) that provides for the development and integrated management and operation of transportation systems and facilities that will function as an intermodal transportation network for the SCAG metropolitan planning area. Because there are 17 nonattainment and maintenance areas for various criteria air pollutants within the SCAG region, the RTP must conform to the purpose of the applicable State Implementation Plans (SIPs) under the Clean Air Act (42 U.S.C. §7401 et seq.).

The passage of California Senate Bill 375 (SB 375) in 2009 requires that the RTP also include a Sustainable Communities Strategy (SCS) which outlines certain land use growth strategies that provides for more integrated land use and transportation planning which would also reduce the state's greenhouse gas (GHG) emissions from cars and light trucks. The SCS is intended to provide a regional land use policy framework which local governments may consider and build upon. Finally, development of the RTP/SCS is subject to the California Environmental Quality Act (CEQA) and, therefore, SCAG also prepares a program environmental impact report (PEIR) for the RTP/SCS that evaluates the potential environmental impacts associated with the adoption of the RTP/SCS.

The attached presentation outlines key regional demographic trends updated since the last Plan, new emerging transportation technologies that may significantly impact future travel behavior, transportation infrastructure and financing policy considerations and current outreach efforts.

ATTACHMENT(S):

1. 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) – GLUE Update Presentation

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SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS 50 YEARS

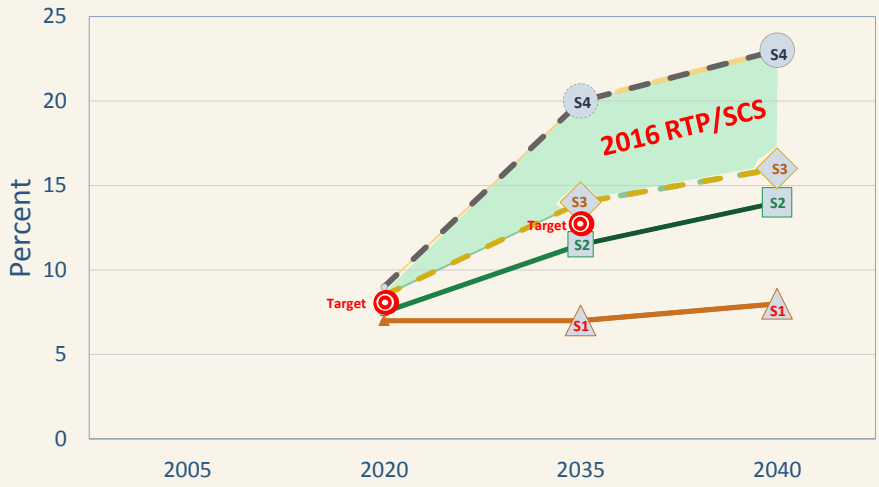
2016 2040 RTPSCS

GLUE UPDATE

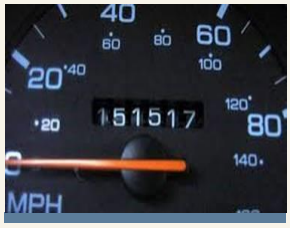
Hasan Ikhrata
Executive Director, Southern California Association of Governments

June 8, 2015

Per Capita GHG Changes from 2005 (Preliminary)



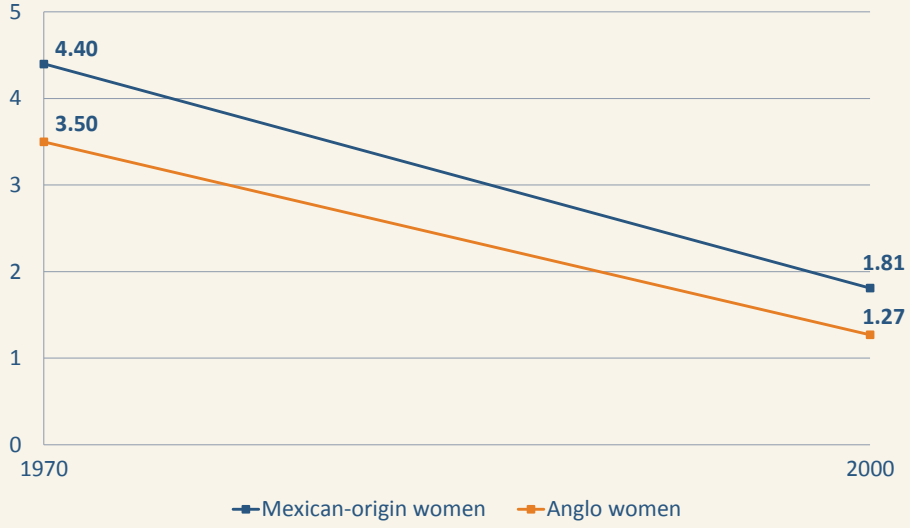
Select Accomplishments - Post 2012 RTP/SCS



sustainability PROGRAM

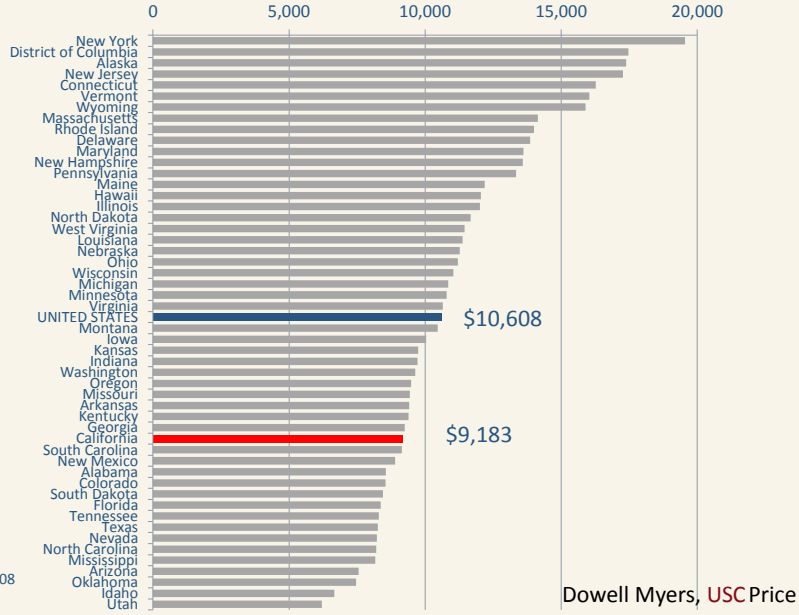
RCTC METROLINK PERRIS VALLEY LINE

Declines in Fertility (Ages 18-44)



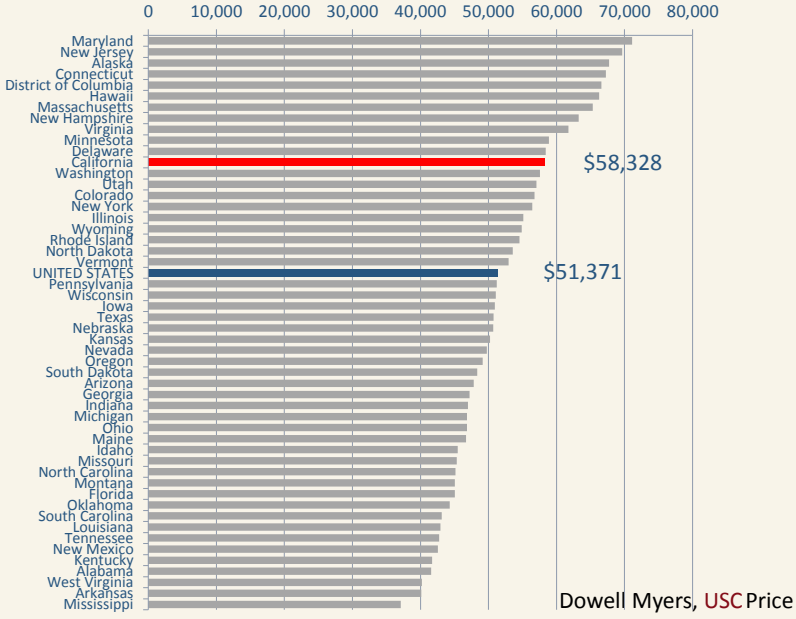
Source: Census Bureau

K-12 Spending per Pupil, by State (2012)



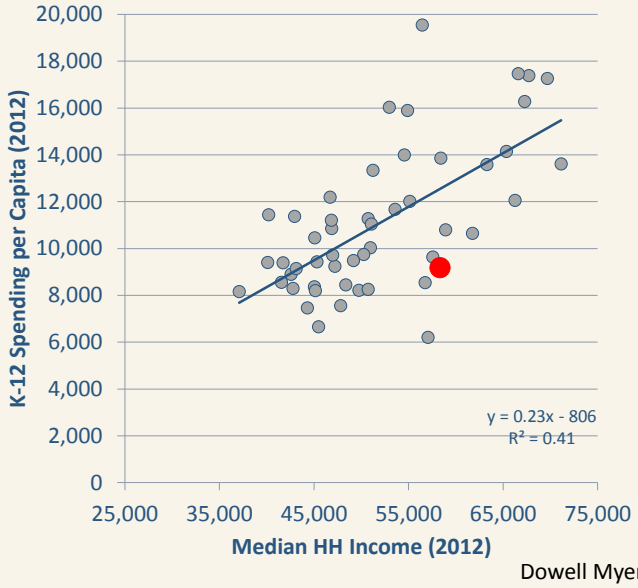
Source: Census Bureau SSF008

Median Household Income, by State (2012)



Source: Census Bureau ACS 2012: B19013

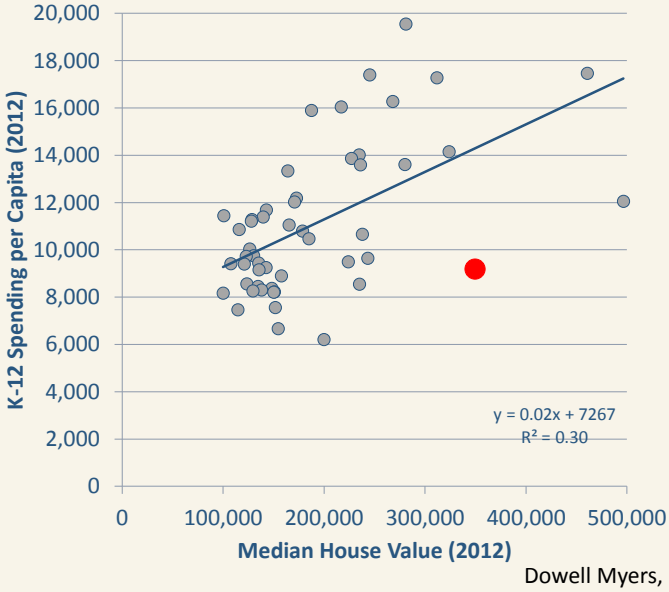
K-12 Spending and Median State Income



Source: U.S. Census Bureau
SSF008, ACS 2012:B19013

Dowell Myers, USC Price

K-12 Spending and Median House Value

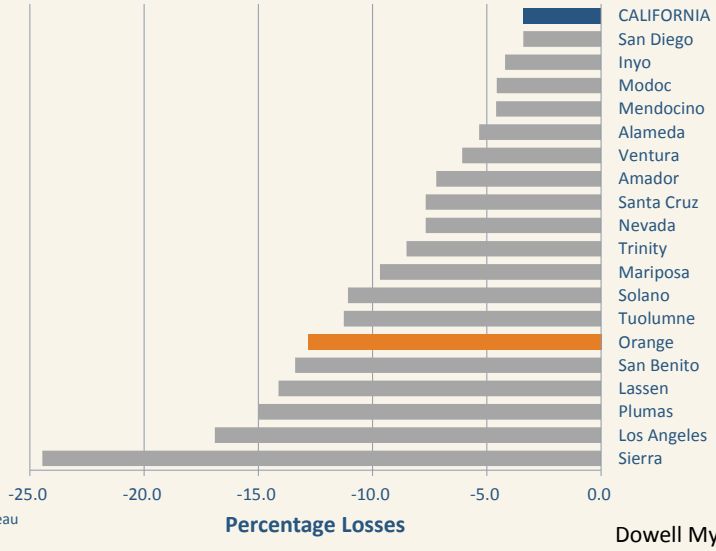


Source: Census Bureau SSF008,
ACS 2012: B25077

Dowell Myers, USC Price

Losses of Children Under Age 10

Among Counties with Losses Greater than the State Average (2000 to 2010)

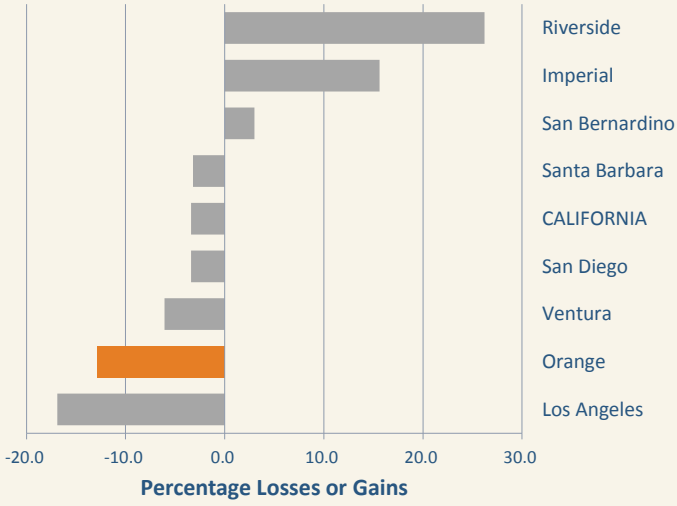


Source: Census Bureau
2000 and 2010, SF1

Dowell Myers, USC Price

Losses of Children Under Age 10

Among Counties of Southern California (2000 to 2010)



Source: Census Bureau
2000 and 2010, SF1

Dowell Myers, USC Price

What Year Does LA County Reach 12 Million Population?

Old Expectation >> 2030

New Outlook >> After 2060

Source: California Department of Finance, 2007 and 2013

Dowell Myers, USC Price

Population Slowdown and Aging

What Year Does Orange County Reach 3.5 Million Population?

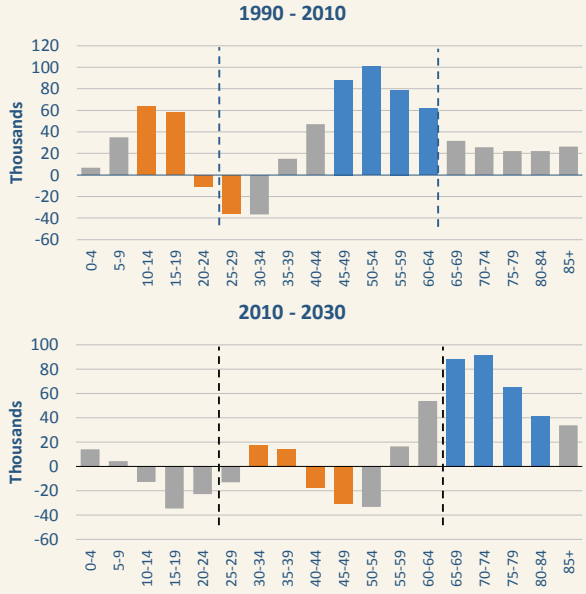
Old Expectation >> 2017

New Outlook >> Never

Source: California Department of Finance, 2007 and 2013

Dowell Myers, USC Price

Growth in Age Groups in Orange County



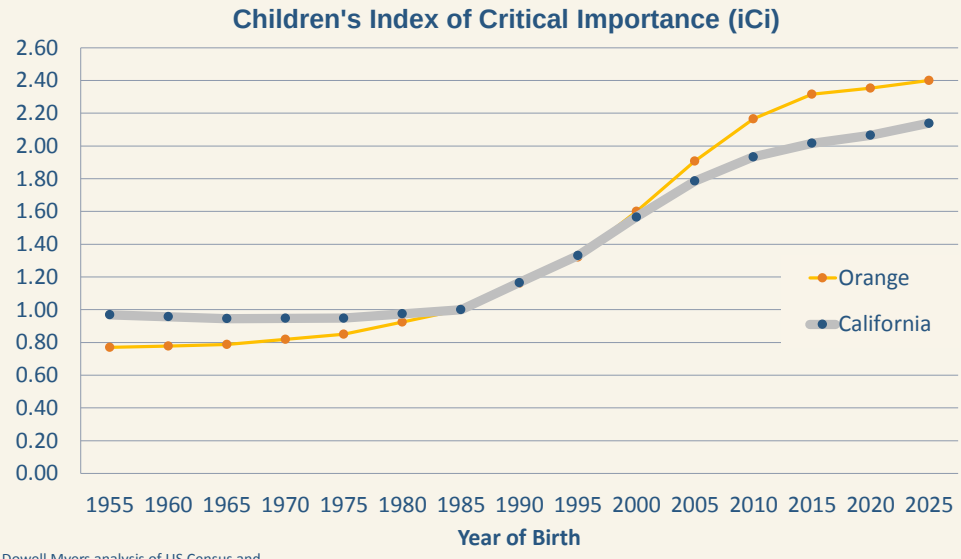
Dowell Myers, USC Price

No Youth Can be Neglected

- Need all hands on deck
- No drop outs are acceptable
- College financial aid for all who need it
- **Universal pre-school and early childhood literacy – major lifetime benefits**
- This is not just a nice thing to do:
  Older Californians need this to happen

Dowell Myers, USC Price

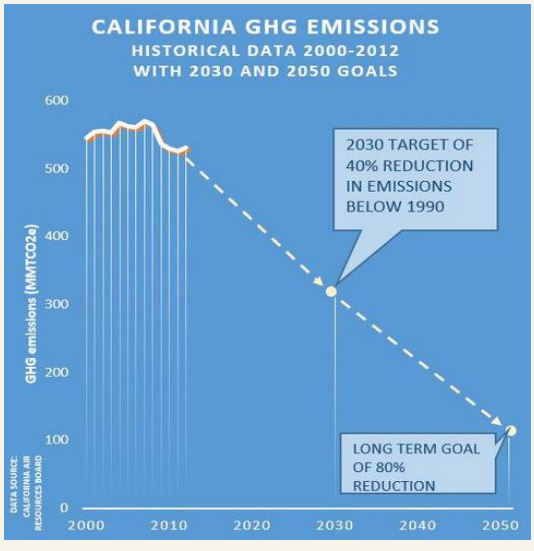
Surging Importance of Children



Source: Dowell Myers analysis of US Census and DOF 2013 California projections

Dowell Myers, USC Price

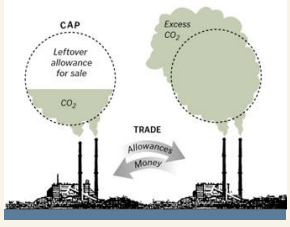
California Leading the Way… Again

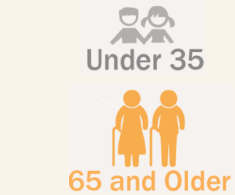


EXECUTIVE ORDER B-30-15

Governor Brown issued the order (B-30-15) on 04/29/15

Emerging Opportunities - Post 2012 RTP/SCS





lyft

zipcar
wheels when you want them

Express Lanes Mean Smarter Mobility

- Reduce delay
- Increase reliability
- Move more people

Time Saved by Using the 91 Express Lane

2,083,333 DAYS

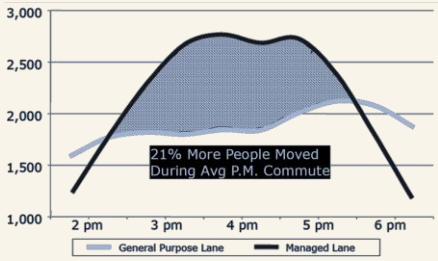
297,619 WEEKS

68,681 MONTHS

5,723 YEARS

[Savings based on 24-hour day, 7-day week, 4,3333 average weeks per month, 12-month year]

Number of People per Lane Per Hour on I-15 (San Diego)

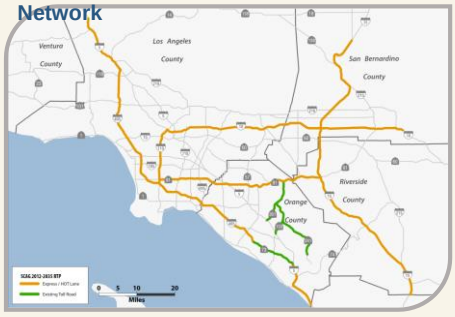


Regional Connectivity Critical to Making Regional Impact on Congestion Levels

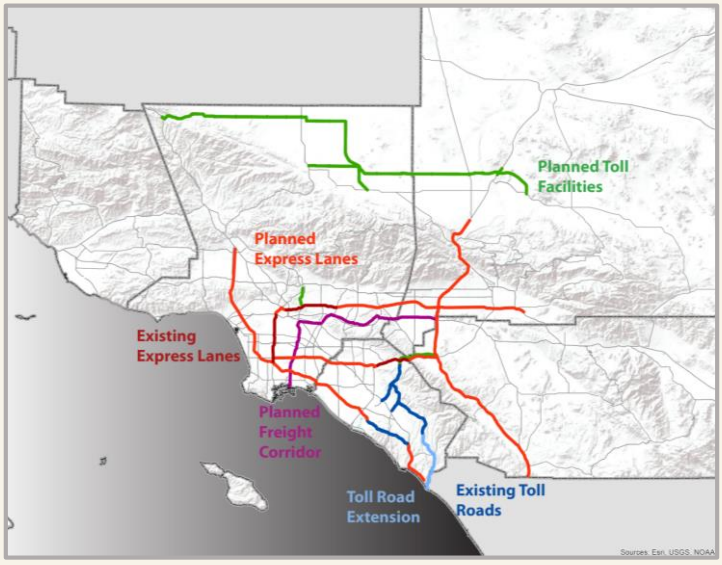
- Our counties are highly inter-dependent
- Local decisions have regional consequences

Thousand of daily inter-county trips

2012 RTP Regional Express Lane Network



Existing and Planned Express Lanes/Tolls in Southern California



Transportation Finance Accomplishments Since 2012–2035 RTP/SCS

- SB 1077 – Road Charge Pilot by Jan. 2017
  - A 15-member TAC is currently evaluating key considerations such as privacy, data security, technology, and equity implications.
  - SCAG continuing to engage with state partners on pilot development
- SCAG awarded a $4 million FHWA Value Pricing Grant to support congestion pricing initiatives
  - Local partners include Caltrans, County Transportation Commissions (Metro, OCTA, RCTC, and SANBAG)
  - Currently developing a blueprint for a regional express lane network to identify consistent or compatible operating, design, and business rules

SCAG's Collaborative Engagement with the Orange County Business Council

Interviewed 26 key Southern California transportation thought leaders about long-term transportation funding alternatives—some key themes follow:

- Reality and extent of transportation funding crisis not on most thought leaders' radar screens—especially compared to other public policy funding priorities
- Emphasized the need for an "education campaign" to amplify discussion beyond transportation professionals
- Strong support for use of direct user-fee options including tolling/pricing/express lanes

SCAG's Collaborative Engagement with the Orange County Business Council

- Expressed interest and some knowledge about mileage based user fees; privacy not a significant concern for most
- Focused on need for process reforms and innovations to improve "bang for the buck" for project delivery and rebuild trust with the general public
- Most believed that 2025 is not soon enough for new/additional funding—need between 2 to 5 years for an "education campaign"; changes in vehicle and communications technologies provide platform for discussion about new funding
- Most believed that the general public is out in front of elected officials in terms of willingness to explore new funding mechanisms

23

System Preservation – Current Conditions

17% of highways are distressed

25% of local roads in failed condition in 2022 under current (2012) funding

10% of bridges rates as structurally deficient

Increased Fuel Economy

Gas Tax Revenue

$59B Deferred Transportation Maintenance

$296B 10-Year Projected Shortfall

System Preservation

- 2012 RTP/SCS allocated $77B for O&M
- Plan to maintain and preserve our existing State Highway System and supporting infrastructure
- "Fix-it-First" perspective as a priority for the region
- Deferred maintenance will lead to increased costs

System Preservation – Bridge Condition in the SCAG Region

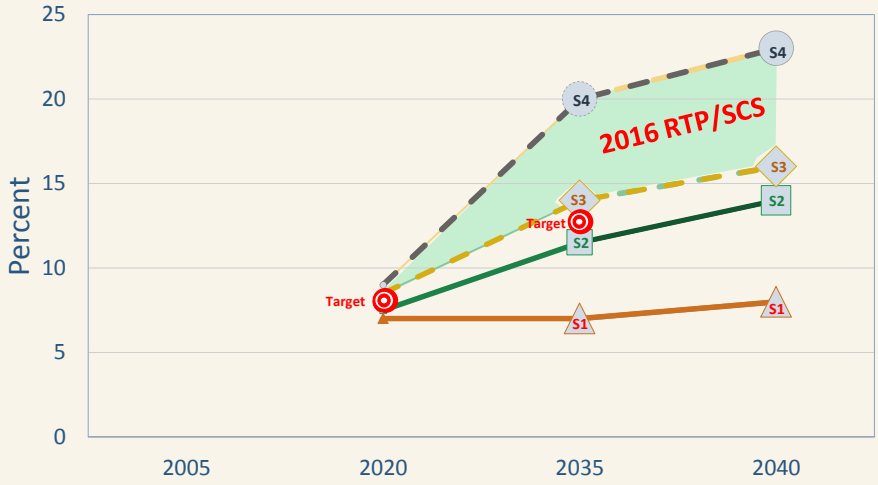
County	Number of Bridges	Number of Structurally Deficient Bridges	Number of Functionally Obsolete Bridges	Total Deficient	% Structurally Deficient	% Functionally Obsolete	% Deficient
IMPERIAL	436	43	25	68	10%	6%	16%
LOS ANGELES	3,552	391	906	1,297	11%	26%	36%
ORANGE	1,117	68	252	320	6%	23%	29%
RIVERSIDE	1,074	110	127	237	10%	12%	22%
SAN BERNARDINO	1,384	178	87	265	13%	6%	19%
VENTURA	497	50	74	124	10%	15%	25%
TOTALS	8,060	840	1,471	2,311	10%	18%	28%

Source: FHWA National Bridge Inventory (NBI), update 12/31/2103

Schedule

- 2016-2040 RTP/SCS Public Open Houses (May 26 - June 30 2015)
- Regular RC/Policy Committees Meetings (June – October 2015)
- Special RC/Policy Committee Joint Workshops Tentative Dates:
  - June 18
  - July 23
  - August 6
- Draft 2016 RTP/SCS & PEIR Release (October 2015)
- Public Comments/Elected Officials Briefings/Public Hearings (October—December 2015)
- **Final Adoption of 2016 RTP/SCS & PEIR (April 2016)**

Per Capita GHG Changes from 2005 (Preliminary)



2016 2040 RTPSCS

Thank you !

Learn more by visiting scagrtpscs.net

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS 50 YEARS

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REPORT

DATE: June 8, 2015

TO: Global Land Use & Economic Council (GLUE)

FROM: Darin Chidsey; Director, Strategy, Policy & Public Affairs

SUBJECT: June 2015 Federal and State Legislative Update

FEDERAL

Transportation Authorization Extension

On May 24, the Senate passed H.R. 2353, the Highway and Transportation Funding Act of 2015 by voice vote. This legislation extends the MAP-21 authorization from May 31 through July 31. This follows passage by the House of the same measure on May 19 by vote of 387-35-1. Since the bill has now passed both chambers of Congress, it is expected to be signed by the President this week.

Senate EPW Reauthorization Hearing

Senate Environment and Public Works (EPW) Committee Chair Jim Inhofe (R-OK) and Ranking Member Barbara Boxer (D-CA), announced following the Senate passage of a two-month extension to authorize spending in the Highway Trust Fund, intent to develop and mark up a consensus, six-year surface transportation reauthorization bill by the full Committee on June 24. In making the announcement, Senators Inhofe and Boxer cited the critical need to pass a bill to end the costly uncertainty with the Highway Trust Fund. They agreed that the solution to fix the problem is to enact a consensus-based, bipartisan, six-year surface transportation bill that will provide states and local communities the funding and certainty they need to plan and construct multi-year projects to modernize the nation's infrastructure.

House Appropriations: FY 2016 Transportation, Housing, and Urban Development Bill

On May 13, the House Appropriations Committee approved H.R. 2577, the FY 2016 Transportation, Housing and Urban Development (THUD) funding bill by 30-21 vote. The bill provides a total of $108.7 billion for the Transportation and Housing and Urban Development (THUD) departments and related agencies, and allocates $55.3 billion in discretionary spending, an increase of $25 million above the current level given offsets. The bill provides a net total of $70.6 billion in total budgetary resources for the Transportation Department, $646 million (1%) less than the current level and $23 billion (25%) less than requested. Of the department's total, $17.2 billion is for discretionary appropriations, $620 million (3%) less than the current level and $6.8 billion (28%) less than requested. Another $53.5 billion would be released from transportation trust funds for federal highway, transit and aviation programs.

The measure contains the following:

- **Highways** — $41 billion in total budgetary resources for the Federal Highway Administration, equal to current funding but $10.3 billion (20%) less than requested. The measure allows up to $40.3 billion in funding obligations from the Highway Trust Fund, equal to the current level but $9.8 billion (20%) less than the request, and $739 million in contract authority that is exempt from the obligation limit. The bill provides $100 million for the TIGER Grant program, which is $400 million less than FY 2015 and $1.15 billion less than requested;

- **Mass Transit** — $10.7 billion in total budgetary resources for programs of the Federal Transit Administration, including $100 million (a 33% decrease) for the Washington, D.C., Metro system. It provides $8.6 billion for transit formula grants, equal to the current level, but cuts funding for new starts by $199 million (9%) to $1.9 billion;
- **Federal Aviation Administration** — $15.9 billion in total budgetary resources, $137 million (1%) more than current funding and $18 million more than requested. The measure increases funding for FAA operations and aviation safety activities, decreases funding for the Facilities and Equipment Program and staff offices, and maintains funding for FAA Research, Engineering and Development. It maintains the Airport Improvement Grant funding at the existing $3.35 billion level;
- **Amtrak & Rail** — $1.1 billion for Amtrak, 18% less than current funding and 54% less than requested. In addition to Amtrak funding, the measure includes $187 million for Federal Railroad Administration safety and operations and $39 million for railroad research and development. The bill prohibits the use of funds for California high-speed rail unless the Surface Transportation Board considers the project as a whole;
- **Highway Safety** — $572 million for the Federal Motor Carrier Safety Administration (2% below current levels) and $837 million for the National Highway Traffic Safety Administration (a slight increase).

The measure also provide $42 billion for the Department of Housing and Urban Development, of which $37.7 billion is net discretionary spending for various purposes including tenant and project-based rental assistance, public housing, elderly and disabled programs, homeless assistance grants and HOME investment partnership grants.

The bill also provides $6.4 billion for Community Planning and Development programs, $86 million (1%) less than current funding and $360 million (5%) less than requested. The core CDBG program would receive $3 billion, which is equal to current funding.

The annual THUD appropriations bill historically has been relatively bipartisan, primarily because a majority of its funding goes toward transportation infrastructure which most members agree the nation is badly in need of investment and which helps promote economic growth. However last year's appropriations bill revealed fractures in the appropriations process because House Republicans and Senate Democrats did not have agreement on spending, and GOP leaders in July 2013 had to pull the THUD bill off the floor because it lacked the votes to pass, with moderate Republicans joining Democrats in opposition to the bill's deep spending cuts. The FY 2014 appropriations process was completed only after enactment later that year of the Ryan-Murray agreement, a compromise which increases sequestration caps for fiscal years 2014 and 2015 in return for extending the imposition of the caps into 2022 and 2023, as well as enacting miscellaneous savings elsewhere in the budget. Overall, the bill is projected to lower the deficit by $23 billion over the long term.

The White House has threatened to veto the bill, as it has with other spending bills this year, because Republicans are developing FY 2016 spending bills under sequester-reduced spending caps while providing extra funds for defense, and because it provides less funding than requested by the Administration for various programs and activities in the bill. The bill will now go to the House floor for consideration and may be considered on Wednesday, June 3 under an open rule. Staff will keep the Regional Council advised as to its progress.

Congress Passes Conference Report On FY 2016 Balanced Budget
The House approved Conference Report on April 30, and the Senate on May 5. The deal locks in sequestration funding levels of $1.017 trillion for FY 2016 and approves more than $5 trillion in spending cuts over a decade and does not increase taxes. The plan also offers a path to repeal the Affordable Care Act through reconciliation. The sequestration limits the amount of defense and non-defense spending at $523 billion and $493 billion respectively. The House and Senate will still need to reach agreement on annual appropriations bills funding the government before the beginning of FY 2016 on October 1st of this year, and the President will have to sign those bills.

House Blocks EPA's Proposed Definition of Waters of the U.S.
On May 12, the House floor considered H.R. 1732, the Regulatory Integrity Protection Act of 2015, to prevent the Environmental Protection Agency (EPA) from implementing new rules on Waters of the U.S. The bill passed by a vote of 261-155, which was mostly along party lines, with 237 Republicans voting in favor and 155 Democrats voting against the measure. SCAG organized sending of a regional letter with partner agencies to the House last year urging against revised definition of Waters of the U.S. The bill is now in the Senate for consideration.

STATE

Affordable Housing Sustainable Communities' Program Update
The Strategic Growth Council (SGC) invited thirteen (13) out of fifty (50) applicants from the SCAG region to submit full applications for the Affordable Housing and Sustainable Communities (AHSC) grant program. Full applications were due to the SGC on April 20, 2015. Prior to this deadline, SCAG staff provided technical assistance as requested and appropriate documentation to applicants and the SGC confirming that all projects support implementation of the 2012 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). SCAG also recommended and strongly urged the SGC to fully fund all the AHSC full grant applications in the SCAG region. Additional funds have been proposed by the Governor in the May Revise Budget discussed below, and an additional program proposed by the state senate called the Local Climate Action/Disproportionately Affected Communities Program may also direct funds for these purposes. Staff will continue to work with legislative staff to identify enhanced funding opportunities for funding of sustainable communities' projects in the region and will report to the Regional Council any significant actions taken through the budget process.

State Budget May Revise
On May 14, Governor Brown released the May Revise to the proposed FY 2015-16 California State Budget, showing as expected significantly increased revenue estimates for the coming year. Compared to the January projections, revenues for FY 2013-14, FY 2014-15, and FY 2015-16 have increased and the state projects an additional $6.7 billion through the end of the coming fiscal year. Under Proposition 98, the majority of that money will go to K-12 and community colleges (approximately $5.5 billion).

The May Revise contains a number of new and revised policy proposals, including the creation of an Earned Income Tax Credit (EITC) for California's lowest income residents, tuition freezes at the California State University and University of California systems, along with repayment of pension debt and a pension cap for new university hires, climate change and drought response. Expected to benefit 2 million Californians, the EITC would complement the federal program that President Gerald Ford signed

into law 1975 when Governor Brown was first Governor of California, it would provide an average household benefit of $460 with a maximum benefit of $2,653 to low income, working Californians.

Pursuant to Proposition 2 (2014), the May Revise deposits $633 million into the rainy day reserve and makes a payment of $633 million on the state's debt (which include the last $1 billion in deferrals to schools and community colleges which once peaked at $10 billion, and the last payment on Economic Recovery Bonds used to cover prior budget deficits going back as far as 2002). By the end of FY 2015-16, the Governor projects that reserve fund will hold $3.5 billion.

Of particular concern to local government, under Prop 1A (2004), the state has until FY 2020-21 to repay mandate reimbursements owed to local governments prior to 2004. In January, the budget projected that the state still owed local agencies $800 million but revised that amount to $765 in the May Revise based upon updated interest rate calculations. As a result of trigger language included with the passage of the FY 2014-15 budget, local agencies are projected to receive the full payment of $765 million in mandate reimbursements owed to local governments from prior to 2004. This allocation builds upon the $100 million repayment received by cities, counties, and special districts as part of the 2014-15 budget, and is *$232 million more* than what was estimated in the Governor's January Budget proposal. Of the $765 million, approximately 77 percent would be directed to counties, 22 percent ($168 million) to cities and 1 percent to special districts.

Transportation

The May Revise does not offer a specific transportation funding proposal, despite the Governor's acknowledgement in his 2015 inaugural address of the state's $59 billion shortfall just to maintain the existing state highway system, which does not include needed maintenance to transit or local streets and roads. Other than as detailed below with regard to Cap-and-Trade investments in the transportation sector, there were no significant increased funding levels provided. Likewise there are no changes to items from the January Budget Proposal related to streamlining highway relinquishments to local government, or for increasing personnel for project initiation documents. Changes to the Highway User Tax Account (HUTA) projections of the May Revise, too, are negligible.

However, the Governor did acknowledge in his announcement that he is working with the Legislature on various funding proposals to address the state's transportation needs by year end. The May Revise, while not offering any specific funding proposal other than increased Cap-and-Trade revenues, does emphasize that funding should come from pay-as-you-go transportation user fees, and be sustainable as gasoline consumption falls. The proposal stresses that any solution for addressing the long-term needs of the state's highway system must reflect the state's economic development and environmental objectives, focus on repair and maintenance, invest in trade corridors, and complement local efforts that generate revenues for roads. It also stipulates that any new funding generated should also have performance objectives measured by the percentage of pavement, bridges, and culverts in good condition.

Cap-and-Trade Allocations

The May Revise increases the overall allocation from Cap-and-Trade revenues from $1 to $2.2 billion. The updated proposed allocations include:

- $400 million for the Affordable Housing and Sustainable Communities (AHSC) Grant program (up from $200 million in January budget – administered by the Strategic Growth Council);

- $350 million for low-carbon transportation programs (up from $200 million in January budget – administered by the California Air Resources Board);
- $365 million for transit (up from $100 million in January budget – administered by the Transportation Agency);
- $500 million for High-Speed Rail (up from $250 million in January budget);
- $100 million for State Transit Assistance (low carbon transit operations) – up from $50 million in January budget; and,
- $622 million for energy efficiency and clean energy, natural resources, and waste diversion as detailed below:

    - $140 million for energy efficiency upgrades/weatherization and renewable energy projects in low-income dwellings within disadvantaged communities;
    - $40 million to the Department of General Services for energy efficiency upgrades and weatherization in public buildings;
    - $60 million for renewable energy and energy efficiency projects in the University of California and California State University systems.
    - $25 million for the Department of Food and Agricultural for agricultural energy and operational efficiency;
    - $65 million for the Department of Fish and Wildlife for wetlands and watershed restoration, of which $40 million will be dedicated to Delta wetland restoration projects;
    - $30 million to the California Energy Commission (CEC) and Department of Water Resources (DWR) for Water and Energy Technology Program, pursuant to the Drought Executive Order;
    - $30 million for the CEC and DWR appliance rebate programs pursuant to the Drought Executive Order;
    - $60 million to the DWR and Department of Food and Agriculture for water and energy efficiency (in addition to the $30 million allocated with the Drought package earlier this year);
    - $20 million to the Department of Food and Agriculture for demonstration projects that increase carbon in soil;
    - $92 million for fire prevention and urban forestry projects; and
    - $60 million for the Department of Resources, Recycling, and Recovery for waste diversion.

On April 29, in recognition of California's role in reducing GHGs to mitigate climate change, the Governor issued Executive Order B-30-15 establishing a GHG reduction target of 40 percent below 1990 levels by 2030, the most ambitious in North America. To meet the GHG reduction target specified in the Executive Order, the Administration is pursuing policies that propose to achieve a '50-50-50' benchmark by 2030, increasing electricity derived from renewable resources to 50 percent; reducing petroleum use in cars and trucks by up to 50 percent; and doubling energy efficiency achieved at existing buildings, thereby increasing their efficiency by 50%. The above described increased investments support the Governor's 2030 GHG reduction target, and increase overall Cap-and-Trade investments in FY 2015-16 by approximately $1 billion from the proposed January budget, for a total investment of $2.2 billion of these revenues. Further details as to Cap-and-Trade allocations in the transportation sector likely will be part of budget trailer legislation which will pass this summer. Staff will monitor and apprise the Regional Council of relevant bill provisions and related activities.

An executive summary of the complete May Revise, with more detailed line item expenditure proposals for all state agencies and departments can be accessed here: http://www.ebudget.ca.gov/

Senate Budget Proposal

Subsequent to the release of the Governor's May Revise, the California Senate unveiled a $2.7 billion cap-and-trade expenditure plan that approves much of the Administration's expenditure plan with modifications to greenhouse gas (GHG) emissions reduction provisions. The proposal substantively mirrors the Governor's proposals for the following programs with minimal or no changes:

- $500 million for High-Speed Rail;
- $400 million for Affordable Housing and Sustainable Communities Program and the addition of a focus on energy and water-efficient housing and commits some of the funding in this program for dedicated farmlands;
- $265 million for Transit and Intercity Rail Capital Program;
- $100 million for Low Carbon Transit Operations Program;
- $350 million for Low Carbon Transportation with the addition of alternative fuels, such as biofuels, biomethane, and others, as an eligible use of these funds;
- $140 million for Energy Efficiency Upgrades and Weatherization and broadens the use to low-income individuals and communities;
- $40 million for Energy Efficiency for Public Buildings and expands to all public buildings (state and local);
- $65 million for Wetlands and Watershed Restoration;
- $92 million for Urban Forestry and Forest Health (moves program to the Wildlife Conservation Board) and expands projects to include mountain meadows, estuaries, coastal watersheds, and biomass;
- $60 million Renewal Energy and Efficiency Projects at UC and CSU;
- $30 million Rebates for Appliances.

The Senate proposal makes substantive changes to the following programs:

- $50 million for Agricultural Energy and Operational Efficiency. Senate plan increases funding by $25 million and places an emphasis on sequestration;
- 10 million for Waste Diversion at CalRecycle;
- $105 million for Water and Energy Efficiency and Technology. Senate plan combines two of the Governor's programs and increases total funding by $15 million;
- Eliminates the Healthy Soils Program ($20 million).

The Senate proposal adds the following new program:

- $500 million for a Local Climate Action/Disproportionately Affected Communities Program. (It is not clear the relationship of this program to the existing Cap-and-Trade programs funded under the Administration's proposal, including the AHSC program).

Climate Change Legislation

At his inaugural address earlier this year, Governor Jerry Brown announced an ambitious new plan to address the impacts of climate change in California over the next 15 years. The plan proposes to increase from thirty-three to fifty percent the amount of electricity derived from renewable sources, reduce the petroleum use in cars and trucks by up to fifty percent, and double the energy efficiency of existing buildings.

The legislative proposal to implement the Governor's new plan consists of a package of 12 senate bills, contained on a new website launched in support of the legislative effort—focus.senate.ca.gov/climate. On June 3, the California Senate passed all of the climate bills, including SB 32 (Pavley) and SB 350 (de Leon) addressed in detail in this report, as well as the remaining bills in the package.

SB 32 would amend part of AB 32 to require the California Air Resources Board (CARB) to approve a statewide greenhouse gas emissions limit that is equivalent to eighty percent (80%) below California's 1990 levels, by 2050. As amended, the bill would require CARB to approve a statewide greenhouse gas emissions limit that is equivalent to 40% below the 1990 level to be achieved by 2030. It would permit CARB additionally to approve an interim greenhouse gas emissions level target to be achieved by 2040. The bill also includes legislative intent language indicating that the Legislature and state agencies adopt complementary policies that ensure long-term emissions reductions and advance job growth and local economic benefits, public health benefits (particularly in disadvantaged communities), innovation in technology and energy, water, and resource management practices, and regional and international collaboration to adopt similar GHG reduction policies. The bill would codify former Governor Schwarzenegger's Executive Order No. S-5-05 2050 emission reduction targets (reduction to 80% below 1990 levels by 2050) , thereby removing any uncertainty with regard to the long-term emission reductions for the state that have created long-term planning uncertainty for local governments and regional planning entities.

The author states in support of the bill that, in addition to codification of the existing Executive Order, SB 32 responds to CARB's Scoping Plan Update issued in May 2014 that identified a number of cost-effective, technologically feasible pathways to emissions reductions required by 2030, 2040 and 2050 to adequately protect the health, safety and welfare of Californians from the costs of climate change. Additionally, according to the author the bill provides the flexibility inherent in the existing AB 32 framework to adjust pathways to the goal along the way based on changing technological and economic conditions, and ongoing evaluations of policy efficacy. These include, but are not limited to, policy tools currently being utilized to achieve the existing 2020 greenhouse gas target such as energy efficiency requirements for buildings and appliances, tailpipe emissions standards for mobile sources, power sector renewable portfolio and emissions performance standards, sustainable land use policies, fuel-related emissions standards, and market based mechanisms.

Bill opponents including numerous business groups such as state and local chambers of commerce, and representatives of the agricultural, building, energy, and other industries, assert that provisions of the bill will increase the cost to California businesses, making them less competitive and discouraging economic growth by mandating aggressive reductions in GHG emissions with no consideration of the economic side effects. Opponents argue that while it is likely California will meet most of the requirements of existing law for GHG reductions by 2020, it is not yet known whether these goals have been met in a cost-effective manner, and what the economic and environmental side effects have been. Further, they cite the need to conduct credible and independent marginal cost analysis on the strategies adopted thus far in order to

educate and guide greenhouse gas emission reductions post 2020 before creating additional climate change mandates. Essentially opponents argue that SB 32 is too much, too soon without sufficient data to analyze benefits but with assured increased costs to business in California that could undermine job growth.

SB 32 passed the Senate Committee on Environmental Quality (5-2) on April 29; the Senate Appropriations Committee (5-2) on May 28; and the Senate Floor (22-15) on June 3. A copy of the bill can be accessed at: http://goo.gl/3K9llp

Senate Bill 350 – the Clean Energy and Pollution Reduction Act of 2015
SB 350 introduced by Senators Kevin de Leon (D-Los Angeles) and Mark Leno (D-San Francisco) and co-authored by Senators Loni Hancock (D-Oakland) and Bill Monning (D-Carmel), would set new standards for California's Renewable Portfolio Standard (RPS), reduce petroleum use, and increase energy efficiency in existing buildings by establishing "50-50-50" benchmarks.

SB 350 directs CARB to adopt and implement motor vehicle emissions standards, in-use performance standards, and motor vehicle fuel specifications in furtherance of achieving a 50% reduction in petroleum use in motor vehicles by January 1, 2030. The bill provides that in pursuing the least environmental and economic cost strategy, it is the policy of the state to exploit all practicable and cost-effective conservation and improvements in the efficiency of energy use and distribution and to achieve energy security, diversity of supply sources, and competitiveness of transportation energy markets based on the least environmental and economic cost and in furtherance of *reducing petroleum use in the transportation sector by 50% by January 1, 2030*. The bill directs the Public Utilities Commission (PUC) and the California Energy Commission (CEC) to implement the Renewable Portfolio Standard (RPS) to obtain the target of generating 50% of total retail electricity sales from renewable energy resources by December 31, 2030, and makes other changes regarding RPS requirements and enforcement. Finally it directs CEC, by January 1, 2017, and at least once every three years thereafter, to adopt an update to its comprehensive program for achieving greater energy savings in the state's existing residential and nonresidential building stock in order to achieve a doubling of the energy efficiency of existing buildings by January 1, 2030.

SB 350 seeks to achieve these increased standards building on the accountability mechanisms already in existence, adding to existing clean air, clean energy, and climate related statutes that have been implemented for years. The 50% renewable energy standard will be implemented by the PUC for private utilities and by the CEC for municipal utilities, as under current law. The 50% reduction in petroleum use also will be implemented using existing laws and resources of CARB, which is required to adopt standards for vehicles and fuels to achieve clean air. SB 350 builds off CARB's current authority to adopt and implement motor vehicle emission standards, in-use performance standards, and fuel specifications for the control of air pollution in the state to reduce petroleum use by 50%. The author presumes the enabling provisions in SB 350 will not be acting in isolation to achieve the petroleum reductions. For example, CARB asserts that an approach to 50% petroleum reduction could include reducing growth in vehicle-miles travelled to 4%; increasing on-road fuel efficiency of cars to 35 mpg and heavy-duty trucks to about 7 mpg; and at least doubling the use of alternative fuels like biofuels, electricity, hydrogen, and renewable natural gas.

The 50% increase in energy efficiency in buildings will be achieved through the use of existing energy efficiency retrofit funding and regulatory tools already available to state energy agencies under existing

law, but requires state energy agencies to plan for and implement those programs in a manner that achieves the energy efficiency target over the longer term.

Opponents of this measure note that SB 350 is not clear whether CARB should adopt and implement policies that impact the demand for petroleum fuels or whether they should adopt and implement policies that affect the supply of transportation fuels, and as a result, the bill may reduce availability of critical transportation fuels for businesses and millions of Californians that depend on petroleum fuels for day-to-day needs. Citing studies that show 92% of all transportation fuel in California are made from petroleum, the bill is unclear how the state would meet the 50% reduction goal and at what cost. Opponents also point to the certainty of ratepayer cost increases of unknown amounts to both increase the RPS as well as to upgrade building energy efficiencies. Finally opponents note that SB 350 would result in a broad transfer of decision-making authority from the Legislature to nonelected regulators such as CARB, PUC and CEC.

There are many interest groups on record in support and in opposition to SB 350. The bill passed out of Senate Energy, Utilities and Communications Committee (8-3) on April 7; Senate Committee on Environmental Quality (5-2) on April 29; Senate Appropriations Committee (5-2) on May 28; and the Senate Floor (24-14) on June 3. A copy of the bill can be accessed at: http://goo.gl/sOUnpa

Other Climate Change Bills

Additionally, the senate climate bill package includes the following separate pieces of legislation included in SCAG's bill tracking report. These bills, which passed in the sweeping action taken by the Senate on June 3, are summarized as follows:

- **SB 9 (Beall)** modifies the purpose of the Transit and Intercity Rail Capital Program to provide for the funding of large, transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to achieve certain policy objectives, including reducing emissions of greenhouse gases, the expansion of transit services to increase ridership, and the improvement of transit safety.
- **SB 64 (Liu)** - requires the California Transportation Commission to review updates to the California Transportation Plan and prepare specific recommendations to improve the statewide integrated multimodal transportation system, including High-Occupancy Vehicle Lanes, passenger rail, bus service and other travel modes. These changes should reduce greenhouse gas emissions and increase sustainability.
- **SB 185 (de Leon)** requires CalPERS and the State Teachers' Retirement System to divest the public employee retirement funds of any investments in thermal coal companies and prohibit additional or new investments or the renewal of existing investments in thermal coal companies.
- **SB 189 (Hueso)** establishes the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee comprised of members appointed by the Governor, the Speaker of the Assembly, and the Senate Committee on Rules to advise state agencies on the most effective ways to expend clean energy and greenhouse gas emissions related funds and implement policies to maximize California's economic and employment benefit.
- **SB 246 (Wieckowski)** establishes the Climate Action Team (CAT) to develop and implement mitigation and adaptation plans to ensure a comprehensive approach to California's overall climate strategy, to assist local governments and regional bodies in mitigation and adaptation efforts.

- **SB 367 (Wolk)** modernizes the Environmental Farming Act of 1995 to ensure that California maximizes its opportunities to achieve voluntary greenhouse gas emission reductions in the state's agriculture sector by developing and promoting projects and on-farm practices that also have other environmental and health benefits. SB 367 also directs $25 million to the Department of Food and Agriculture for a grant program to support these on-farm demonstration projects, and directs two percent of the Greenhouse Gas Reduction Fund's annual proceeds to the Strategic Growth Council's Sustainable Agricultural Lands Conservation Program.
- **SB 379 (Jackson)** requires cities and counties to review and update the safety elements of their general plans to address climate adaptation and resiliency strategies applicable to their localities the next time they are required to update the housing elements of their general plans beginning January 1, 2017, and requires them to include a set of goals, policies and objectives and specified feasible implementation measures based on this information.
- **SB 398 (Leyva)** creates the Green Assistance Program to provide technical assistance to small businesses, small non-profits and disadvantaged communities to access funding for energy efficiency upgrades or projects that lessen the negative health impacts of poor air quality, to ensure that disadvantaged communities have equal access to greenhouse gas reduction funds.
- **SB 758 (Block)** - creates the Atmospheric Rivers Research and Mitigation Program under the Department of Water Resources (DWR). SB 758 requires DWR to research the causes and effects of atmospheric rivers, take all actions within its existing authority to capture water generated by atmospheric rivers in order to increase the water supply and reliability of water resources in the state, and to operate reservoirs in a manner that improves flood protection.
- **SB 788 (McGuire)** deletes authorization under the California Coastal Sanctuary Act of 1994 to enter into a lease for the extraction of oil or gas from state-owned tide and submerged lands in the California Coastal Sanctuary if the State Lands Commission determines that the oil or gas deposits are being drained by means of producing wells upon adjacent federal lands.

Copies of all amended versions of bills discussed in this report are available at: focus.senate.ca.gov/climate

California Legislative Tracking Report

SCAG staff continuously monitors legislative activity in Sacramento. SCAG provides the California Legislative Tracking Report as a service to its members and stakeholders. The California Legislative Tracking Report provides a list of bills in the current session of the California State Legislature that SCAG staff is currently tracking and is available on the Legislation section of the SCAG website to view online or download. Please visit http://www.scag.ca.gov/programs/Pages/LegislativeTracking.aspx to view or download the report.