MEMO

DATE: November 4, 2004

TO: The Community Economic and Human Development Committee (CEHD)
The Energy and Environment Committee (EEC)
The Transportation and Communications Committee (TCC)

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SUBJECT: Draft 2005 State and Federal Legislative Program

SUMMARY:

Each year, the Regional Council adopts a state and federal legislative program that guides the legislative activities of the Southern California Association of Governments (SCAG) in the coming year. Prior to adoption by the Regional Council, SCAG Government Affairs submits a draft of the Legislative Program to each SCAG Policy Committee for its input. The attached document is the 2005 draft.

The 2005 Legislative Program was created with the input of SCAG Planning and Policy staff and in consultation with the regional county transportation commissions, state and national planning partners like the California Associations of Councils of Government (CALCOG) and the Association of Metropolitan Planning Organizations (AMPO), and SCAG's state and federal lobbyists.

Continuing the work of last year, SCAG's federal priority in 2005 will be the reauthorization of TEA-21, which has been extended to May 31, 2005. SCAG's advocacy efforts will again focus on enhancing Southern California's funding opportunities in the next transportation program. Key state initiatives will include redefining local and regional responsibilities in implementing state housing goals and advocating a constitutional amendment to protect Proposition 42 revenues.

Any revisions to the attached draft that are recommended today by the Policy Committees will be incorporated into a revised Legislative Program and resubmitted for Policy Committee and Regional Council approval in December. The 2005 Legislative Program will be implemented after its adoption by the Regional Council on January 1, 2005.

D R A F T: For Committee Review

THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) 2005 STATE AND FEDERAL LEGISLATIVE PROGRAM

INTRODUCTION

Each year, the Regional Council adopts a state and federal legislative program to direct the legislative activities of the Southern California Association of Governments (SCAG). The 2005 Legislative Program, which contains highlights from 2004 and additional explanatory materials, will guide SCAG's legislative activities in the coming year.

As in past years, SCAG legislative staff will continue to take action on Regional Council policies where they exist and will communicate Regional Council positions to legislators, administrators and others. SCAG legislative staff will also undertake new initiatives as they arise at the direction of the Regional Council.

At the core of the 2005 Legislative Program are SCAG's top legislative priorities. Because the Transportation Equity Act for the Twenty-First Century (TEA-21), the federal surface transportation program, has been extended to May 31, 2005, the reauthorization of TEA-21 remains SCAG's federal priority. SCAG's advocacy efforts will focus on enhancing Southern California's funding opportunities in the reauthorization. On a federal level, SCAG will also work to improve the flow of Consolidated Planning Grant (CPG) funds, on which SCAG depends for its statutorily required metropolitan planning.

On the state level, SCAG's legislative priority will center on a collaboration with Business, Transportation and Housing Secretary Sunne Wright McPeak and housing stakeholders like the League of California Cities and the California State Association of Counties (CSAC) to redefine the local and regional responsibilities in implementing state housing goals.

In the area of transportation, SCAG will advocate a constitutional amendment to protect Proposition 42 revenues from reallocation to the state's General Fund and design-build and design-sequencing legislation to expedite project delivery.

The 2005 Legislative Program will also further the Compass Implementation Framework, which was approved by the Regional Council in June 2004. This framework, or 2% Strategy, is guided by four key principles—mobility, livability, prosperity and sustainability—and addresses the challenges associated with future growth in the SCAG region. Because the 2% Strategy is interdisciplinary, its ideas are incorporated throughout the transportation, housing, growth and land use, habitat and open space, and sustainability sections of the 2005 Legislative Program and is marked with a $^{2\%}$ symbol.

Upon its adoption by the Regional Council, SCAG's legislative staff will implement the 2005 Legislative Program. The timeframe for implementation is the 2005 calendar year. The 2005 Legislative Program is outlined following the 2004 program highlights.

2004 PROGRAM HIGHLIGHTS

Federal Issues

SCAG's top federal legislative priority during 2004 was the reauthorization* of TEA-21. Disagreement among the Senate, the House, and the Administration over the surface transportation program's total funding level slowed the progress on reauthorization, and TEA-21 was extended by continuing resolution (HR 5183) to May 31, 2005.

As debate on the reauthorization progressed, SCAG continued to lead and further develop the Southern California Consensus Programs for both the reauthorization and the appropriations measures. SCAG initiated the reauthorization component of the Consensus Program in 2003 and the appropriations component in 2004.

Following the success of the group's inaugural visit in 2003, SCAG lead a delegation comprised of SCAG Regional Council members, the chairs and chief executive officers of the county transportation commissions**, Imperial County and Metrolink on a trip to Washington, D.C. in February 2004 to advocate the reauthorization Consensus Program to key congressional and executive decision makers. The delegation conveyed a unified message about the region's transportation needs. A similar effort is envisioned for 2005.

State Issues

SCAG's state legislative priority in 2004 was the passage of AB 2158 (Lowenthal) and AB 2348 (Mullin) relating to housing element reform. SCAG had participated extensively in the housing element working group that produced the bills. Both AB 2158 and AB 2348 passed the Legislature and were signed by Governor Schwarzenegger. SCAG also supported constitutional amendments to protect Proposition 42 revenues used for transportation purposes. Legislative efforts to safeguard Prop 42 funds were unsuccessful and are expected to re-emerge in the 2005 legislative session.

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* An authorization or reauthorization provides the statutory authority to expend federal funds on a project or program. An appropriation is the annual expenditure of federal funds for the authorized purpose.

** The Los Angeles County Metropolitan Transportation Authority (LACMTA); the Orange County Transportation Authority (OCTA); the Riverside County Transportation Commission (RCTC); the San Bernardino Associated Governments (SanBAG); and the Ventura County Transportation Commission (VCTC).

Regional Transportation Plan (RTP) and Regional Transportation Improvement Program (RTIP)

The Regional Council adopted the 2004 RTP in April and the 2004 RTIP in July of this year. Both the RTP and the RTIP call for legislative steps to be taken toward facilitating the implementation of transportation projects and programs. To that end, SCAG assisted the California Foundation on the Environment and the Economy (CFEE) in the development of state legislation to firewall Proposition 42 revenues derived from sales taxes on gasoline and to encourage expedited project delivery in the form of design-build and design sequencing.

Federally, SCAG advocated the inclusion of language in the reauthorization on the expanded role of the Transportation Infrastructure Finance and Innovation Act (TIFIA) in predeployment planning. It also advocated proposals to use tax credit bonds and tax credit equity to encourage investment in larger transportation projects. Throughout the year, SCAG's legislative staff worked to create an awareness of the funding issues in the RTP and RTIP and will continue to do so in 2005.

D R A F T: For Committee Review

2005 LEGISLATIVE PROGRAM

The SCAG 2005 Legislative Program describes Regional Council federal and state legislative and administrative priorities that SCAG will pursue during the coming year. In preparing the program, SCAG legislative staff sought the input of our state and regional planning partners like the California Association of Councils of Government (CALCOG) and the county transportation commissions.

Throughout this section, issues are categorized by subject matter (e.g., Housing, Air Quality) and are grouped into one of three subcategories: Advocacy, Monitoring, or Development.

Issues subcategorized under *Advocacy* are of foremost concern to the Regional Council and will be advocated by SCAG. Issues subcategorized under *Monitoring* are of interest to the Regional Council and will be tracked by SCAG; policy committees and the Regional Council will be alerted to proposed changes in those areas. Issues included under the subcategory *Development* are those in which the Regional Council or its policy committees have asked SCAG staff to further develop ideas, to begin or continue efforts, or to provide more information. They are inventoried here for the Regional Council's information and should not be read as requests for federal or state legislative or administrative action.

SCAG

Roles and Leadership

Advocacy

- Provide regional leadership in seeking federal and state funding for projects and programs that implement SCAG's adopted 2004 RTP and 2004 RTIP and in advocating for projects needed to maintain air quality conformity in the SCAG region.

- Coordinate advocacy efforts to advance the Southern California Consensus reauthorization and appropriations programs and continue consensus building among local transportation commissions, cities, counties, and subregional organizations.

- Advocate federal legislation that increases funding for Metropolitan Planning Organizations (MPOs) commensurate with their increased responsibilities.

- Advocate state legislation that increases funding for Regional Transportation Planning Agencies (RTPAs).

- Advocate an enhanced role for MPOs in state and national regional planning.

- Support earmarks or discretionary funding applications of jurisdictions within the SCAG region consistent with the Southern California Consensus Program, the adopted 2004 RTP, the adopted 2004 RTIP and SCAG policies.

Maglev

Advocacy

- Seek the inclusion of predeployment planning and environmental review funding for the California Maglev Deployment Program in the reauthorization.

- Seek FY 2006 appropriations to continue predeployment planning and environmental review.

- Seek federal, state and local funds and policy maker and community support to complete deployment of the Initial Operating System (IOS).

Aviation

Advocacy

- Support legislation to promote and implement a decentralized aviation system including interconnecting high-speed ground transportation.

Development

- Encourage a dialogue between community, government, and industry stakeholders about noise mitigation and environmental justice, which may include lowering the Community Noise Equivalent Level (CNEL) from 65 CNEL to 60 CNEL, soundproofing, nighttime curfews or other noise mitigation topics.

Transportation Financing

Advocacy

- Advocate a constitutional amendment to protect Proposition 42 revenues from reallocation to the state's General Fund.

- Advocate addressing the allocation of the state's transportation funds to ensure an equitable distribution throughout the state.

- Support design-build and design-sequencing procurement procedures to expedite project delivery.

- Support local ballot initiatives to fund local transportation projects with local sales tax measures.

- Support legislation that promotes the use of public/private partnerships and other innovative financing mechanisms.

Development

- Continue face-to-face discussions with state and federal legislators from the region about Southern California's long-term transportation requirements and the funding options needed to address these requirements.

- Develop a package of revenue mechanisms and strategies to finance major regional projects contained in the adopted 2004 RTP, including proposals to increase transportation funding through user fees and sales taxes on motor vehicle fuels and by adjusting the fuel excise tax rate to maintain historical purchasing power.

- Develop innovative financing proposals such as tax credit bonds, tax credit equity, tax-exempt bonds, TIFIA grants and TIFIA loans repaid with project-generated revenues.

- Expand consensus building and outreach efforts to the general public to educate regional residents about the unmet cost of the adopted 2004 RTP.

- Evaluate the merits of a regional gas tax/user fee measure and the institutional framework necessary to implement and manage it.

Environmental Streamlining

Development

- Develop the concept of streamlining the environmental documentation process for interregional projects.

- Build federal, state and local stakeholder support, including public and private interests, for environmental streamlining and a media and public outreach campaign.

- Develop the concept within the California Environmental Quality Act (CEQA) of shifting the burden of proof to opponents of projects and programs located in 2% Strategy areas [2%].

Goods Movement

Advocacy

- Support efforts of the West Coast Corridor Coalition to improve goods movement and reduce congestion along the I-5 from Vancouver, B.C. to Ensenada, Mexico.

- Urge the state and federal government to take action to limit the mobile source emissions arising from goods movement.

- Support regional efforts underway by county transportation agencies that develop goods movement projects through the use of market-neutral financing concepts including user fees and other revenue generating mechanisms to service debt instruments.

Development

- Develop the concept of user-supported dedicated facilities that offer a viable and potentially self-financing solution for mitigating congestion, reduce mobile source emissions arising from goods movement in Southern California, and ensure the safe and efficient movement of goods essential to the nation's economy.

Southwest Compact

Advocacy

- Advocate legislation that corresponds with SCAG's ongoing efforts to develop the Southwest Passage, a multi-state goods movement trade corridor along the I-10, and the Southwest Compact, a coalition of states sharing goods movement and economic development interests.

COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT

Housing

Advocacy

- Working with the Schwarzenegger Administration, seek a resolution to the cost reimbursement issues concerning the Regional Housing Needs Assessment (RHNA) mandate.

- Working with Secretary Sunne Wright McPeak and housing stakeholders like the League of California Cities and CSAC, develop and support legislation to redefine the local and regional responsibilities in implementing state housing goals.

- Support legislative proposals to promote an increase in and the equitable distribution of affordable housing throughout the state and region.

- Support jobs/housing balance incentive programs including the Interregional Partnership and urge the identification of permanent funding [2%].

Growth and Land Use

Advocacy

- Support federal and state funding initiatives designed to promote mixed-use and multi-modal development [2%].

Development

- Participate in the development of legislation related to the jobs-housing balance including, but not limited to, CALCOG growth policies, construction defect litigation and water availability [2%].

- Encourage cities and counties to adopt land use policies that help the SCAG region achieve air quality conformity and transportation system performance [2%].

Local Finance

Monitoring

- Via CALCOG, CSAC, the League of Cities and other organizations, monitor legislation pertaining to local finance, including bills and constitutional amendments regarding local sales taxes, property taxes, and gaming fees.

ENERGY AND ENVIRONMENT

Air Quality

Advocacy

- Advocate increased funding for improving air quality in the new non-attainment areas for the 8-hour ozone and PM2.5 standards in the CMAQ Program.

- Support increased state and federal funding for air quality programs that use incentives to accelerate private and public fleet turn-over to help reduce total regional emissions from on-road mobile sources.

- Support state and federal programs that incentivize cost-effective, market-based approaches that promote air-quality beneficial urban form, including incentive programs to encourage pedestrian/bike-friendly redevelopment projects that will help reduce vehicle miles traveled, congestion, and associated emissions [2%].

- Support state and federal programs that fund outreach, education, and incentive programs to encourage behavioral change needed to help reduce vehicle miles traveled, congestion, and associated emissions.

- Support extending the transportation air quality conformity clock for non-attainment areas from the current three-year RTP cycle to a four-year RTP cycle and that the four-year requirement will begin 2004-2008 covering existing RTP and every four years thereafter.

- Advocate the state and federal government to take action to reduce mobile source emissions under their jurisdictions or to delegate authority over these mobile sources to local governments.

Monitoring

- Monitor air quality conformity issues affecting the SCAG region.

- Monitor legislation or regulations pertaining to power plants located on the Mexican side of the U.S./Mexico border and to their negative effect on air quality in the SCAG region.

Energy

Advocacy

- Support legislation that provides more flexibility in directing "public goods charge-based energy efficiency funding" to local and regional governments.

Monitoring

- Track energy legislation relating to the formation, aggregation, and siting of utilities, energy efficient building standards, and renewable energy resources.

Development

- Encourage state efforts to develop energy goals and coordinate local initiatives to provide reliable, secure and safe energy at the lowest possible cost.

- Encourage efforts by the federal, state and local governments of the United States and Mexico to formulate an agreement establishing common environmental standards for the US/Mexico border.

- Encourage the installation and maintenance of California Best Available Control Technologies (BACT) on power plants in neighboring states and on the Mexican side of the US/Mexico border.

Habitat and Open Space

Advocacy

- Advocate market-based, incentive approaches to habitat management at the urban-rural interface, such as easement rights acquisition.

Monitoring

- Monitor state and federal legislation that affects the management of wilderness habitat, urban habitat, and recreational open space.

Development

- Encourage the development of state and federal legislation that better integrates habitat conservation planning with regional transportation and land use development plans [2%].

- Encourage the development of state legislation that supports the better integration of science into habitat and open space management.

- Encourage the development of state legislation that incentivizes the preservation of agricultural lands subject to urbanization pressures [2%].

D R A F T: For Committee Review

Sustainability

Advocacy

- Support state legislation that promotes incorporation of an environmental justice in local and regional planning [2%].

- Support state legislation that incentivizes the development of brownfield sites in urban areas [2%].

- Support state legislation that incentivizes the adoption of green building standards [2%].

Development

- Encourage the development of state and federal incentives to promote urban infill development, as proposed in the Compass Implementation Framework [2%].

Waste Management

Advocacy

- Support legislation that removes impediments to the adoption of transformation or conversion technologies and helps municipalities maintain their requirement to divert 50% of their solid waste away from landfills.

Monitoring

- Track state legislation that proposes changes to solid waste diversion mandates, establishes new mandates for solid waste management including electronic waste, or changes municipal recycling procedures.

- Track state legislation that proposes changes to the management and handling of hazardous waste.

- Track California Integrated Waste Management Board (CIWMB) regulatory actions, including issues regarding specific types of waste, alternative daily cover, tipping fees, and markets for recyclable materials.

Development

- Encourage the development of state legislation and regulations to incentivize the deployment of innovative recycling and conversion technology projects.

- Encourage the development of state legislation that incentivizes the recycling and reuse of building demolition debris.

Water

Advocacy

- Support legislation that encourages comprehensive planning and implementation of water quality and supply measures, including the creation and operation of local agency initiatives for improved management of regional water resources [2%].

Monitoring

- Track amendments to Clean Water Act, particularly those involving stormwater and non-point source pollution.

- Track state legislation, regulatory action and pending litigation regarding the implementation of total maximum daily loads (TMDLs).

- Monitor developments in the Bay Delta and on the Colorado River to ensure that the quantity and quality of Southern California water supplies are appropriately protected.

- Track state legislation and regulatory action and litigation concerning regional water impairments and water supplies.

FINANCE

Advocacy

- Seek federal legislative and regulatory changes in the Consolidated Planning Grant reimbursement process to ensure payment to SCAG within 30 days of invoice.