REPORT

DATE: February 7, 2008

TO: Community, Economic & Human Development Committee
Regional Council

FROM: Jeff Dunn, Legislative Affairs, Extension 880 Dunn@scag.ca.gov

SUBJECT: Overview and Presentation on Draft Proposals for SB 375

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Review update draft proposals for SB 375 and provide direction and guidance to staff on further actions if any.

BACKGROUND:

SB 375 (Steinberg) would require, among other things that regional transportation plans for certain regions include a sustainable communities strategy (SCS) designed to achieve the reduction of greenhouse gas emissions from automobiles and light trucks. Senator Steinberg's goal is to take the bill to the Assembly floor early in the session, perhaps in March.

The measure, which started out primarily as a CEQA reform bill, has undergone substantial changes. Senator Steinberg has said the objective of the bill now is to create a structure that will provide incentives for local governments to meet greenhouse gas reduction goals under AB 32 through regional planning efforts undertaken for transportation and housing. Thus, it is now primarily an AB 32 implementation bill for regional planning and for the transportation sector. Therefore, as a substantial follow-up bill to AB 32, Speaker Nunez' landmark greenhouse gas (GHG) reduction legislation, SB 375 enjoys the apparent support of the Speaker as well as a favorable overall political environment to GHG reducing legislation. The League of Cities has shifted from its prior stance in strong opposition to one of maintaining a central role in crafting a bill that will address the concerns of all stakeholders.

Local transportation commissions, however, have expressed significant concerns with the bill, stemming primarily from the bill's inclusion of a consistency requirement for transportation projects. As amended in the current version of SB 375, GC § 65080(2)(J) reads:

> *'Projects programmed for funding on or before December 31, 2011, are not required to be consistent with the sustainable communities strategy if they (i) are contained in 2007 or 2009 Federal Statewide Transportation Improvement Program, (ii) are funded pursuant to Chapter 12.49 (commencing with Section 8879.20) of Division I of Title 2, or (iii) were specifically listed in a ballot measure prior to December 31, 2006, approving a sales tax increase for transportation projects.'*

Many transportation commissions believe that this section by implication excludes all other projects in their pipelines from funding eligibility unless they are in compliance with the sustainable communities strategy as set forth in the bill. In addition to the specific language on pipeline projects, the CTCs believe the bill, by virtue of empowering ARB to set a GHG target, creates a quasi-conformity process.

The Regional Council has taken a "no position and work with the author" stance on the SB 375. SCAG is positioned to assist our regional transportation agencies in addressing their concerns as the bill moves through the legislative process in 2008.

Meetings have been organized by the League and others with the goal of bringing together a working group of interested parties to identify all the issues that have been raised about SB 375 and to resolve them. The League has inquired if there are more effective incentives than CEQA streamlining including density bonus, infill development financing, retooling how schools get funded, and further RHNA reform.

Transportation Commissions in the SCAG region have expressed concerns with the provisions of SB 375. As of this writing the state-wide working group on SB 375 has identified certain key remaining issues:

1. Non-CEQA ISSUES. The League drafted a set of amendments to the non-CEQA portions of the bill. One of the more interesting points discussed was whether the supplement to the SCS needed more definition or whether there was an advantage to leaving it undefined. The group generally agreed that the more definite language should be left in the proposed amendments for now. There was also discussion about the habitat and farmland definitions in the definition of significant resource areas.

2. CEQA ISSUES. The group is working on setting up meetings with interested parties including SCAG and other experts to discuss CEQA related issues.

3. RHNA-RTP ISSUES. The League will come back with language that will attempt to sync the RHNA and RTP processes. The idea is to use the same numbers for both planning processes. League staff suggested an 8 year RHNA planning period for non-attainment areas, which would sync with two RTP cycles. In addition, the draft would also include language that would reconcile competing siting priorities (GHG vs. fair share). This language would provide a starting point for the group discussion.

4. ENCOURAGING INFILL. One issue that SB 375 does not address is how to finance the infrastructure needs that will be related to an increased reliance on infill development. What are the fiscal and regulatory incentives necessary to encourage local governments to create infill opportunities that would be consistent with a regional SCS? Some ideas where floated (two suggestions included an Indirect Source Rule Fees on sprawl developments to fund infill and authorizing regions to adopt a small fee on cars (e.g. $10) to finance the RHNA and infill planning efforts). The need for county infrastructure needs in non-growth areas was also discussed. There was agreement to set aside time at future meetings to discuss this issue in detail.

Current steps that SCAG is undertaking in working with the SB 375 working group include: consulting the transportation commissions in the SCAG region on possible amendments; and obtaining input, based on previous Regional Council adopted positions, from SCAG transportation, modeling, legal, housing and environmental staff on CEQA, RHNA, definitional and other issues as a basis for suggested amendments. These suggestions, as they are formulated, will be brought before the Legislative Committee, CEHD and the Regional Council for review and approval.

FISCAL IMPACT:

Funding for activities related to SCAG's involvement the processing of SB 375 are contained in existing budgetary resources including 08-090, 08-810 and 08-800.

Reviewed by: _____
Division Manager

Reviewed by: _____ for Bruce Williams
Department Director

Reviewed by: _____
Chief Financial Officer