

ENVIRONMENTAL QUALITY POLICY COMMITTEE HIGHLIGHTS

Thursday, January 21, 2016

Sacramento Convention Center, 1400 J Street, Room 203, Sacramento, CA

ATTENDANCE

Members: Fuentes, Felipe (Chair); Martin-Milius, Tara (V. Chair); Andersson, Brandt; Angelocci, Nick; Ashbaugh, John; Butt, Tom; Canavan, Jon; Carlton, Cat; Carney, Kendra; Cleveland, Stan; Cole, John; Collacott, Robert; Eklund, Pat; Genis, Sandra; Goodhart, Jim; Briggs, Bryan; Grigsby, Daryl; Hamilton, Andrew; Hilt, Micah Patrick; Holstine, Clay; Layba, Mina; Lyman, Greg; Mainez, Larry; Masson, John; Mattina, Stacey; McCloskey, Jerry; McIntyre, Alex; Mohler, Marjorie; Morse, Cheryl; Moyer, George; Newcomer, Owen; O'Connor, Pam; Pilch, Nick; Pyle, Darrel; Rapp, Lisa Ann; Rojas, Joel; Rosenthal, Laura; Sierra, Mario; Su, Mary; Terwilliger, Jon; Uota, Dean; Villenas, Fabian; Wong, Gilbert

League Partner: France, Emily

Staff: Jason Rhine

I. State Budget and Issues Briefing

The January 2016 Policy Committee meetings began with a general session briefing. League President and Mayor of Rancho Cucamonga, Dennis Michael welcomed attendees and thanked them for their contributions to the policy committees and to all California cities.

President Michael reviewed the League's 2016 three Strategic Goals which prioritize (1) Improving funding for transportation infrastructure (2) Securing additional affordable housing resources and (3) Developing policy on local revenue modernization.

President Michael also discussed his recent participation in successful and constructive meetings with Governor Brown, leaders of the State Assembly and Senate and several key policy leaders. President Michael was joined by fellow League Executive Officers and expressed that the meetings demonstrated improved relations that will make for a constructive legislative year.

Dan Carrigg, League Legislative Director and Michael Coleman, League Fiscal Policy Advisor provided an overview of the Governor's proposed FY 2016-17 budget. Mr. Carrigg noted that this year's budget proposal contains good fiscal news for cities overall. Mr. Coleman reviewed the state's revenue sources, bond obligations, and proposed spending in the Governor's proposed budget of \$170.7 billion. Mr. Carrigg expressed that the Governor's proposal stresses fiscal prudence with a focus on planning for a future recession.

Jennifer Whiting, Assistant Legislative Director, updated the membership on recent efforts to improve and increase state transportation funding and gave an update on federal issues of importance to cities. Ms. Whiting indicated there continues to be progress made on efforts to secure additional transportation funding. The Brown administration and Legislature will be focused on the issue throughout this legislative year. On federal issues, Ms. Whiting was excited to announce that congress approved a five-year, \$305 billion transportation bill. In addition, the Federal Aviation Administration (FAA) released its guidelines for the registration of unmanned aircraft (Drones) and the League has submitted a letter in response to the interim guidelines requesting that the registration requirements be strengthened in the final guidelines.

Rony Berdugo, League Legislative Representative, briefed members on public works and additional transportation issues including the Road Charge Pilot Program headed by the California Transportation Committee which is studying the potential use of a road charge in lieu of a gas tax. Mr. Berdugo also discussed anticipated legislation which will aim to regulate street

parking and local authority on parking violations. In addition, Mr. Berdugo noted that there may be action taken to curb the abuse of disabled parking placards.

Kendra Harris, League Legislative Representative, briefed members on expected legislation regarding homelessness and the identification of funding sources for affordable housing. Ms. Harris noted efforts by Senate Pro Tempore, Kevin de León to provide funding to build housing for the homeless and mentally ill. In addition, this legislative year there will be attention given to group homes, vacation rentals, and local control over massage businesses.

Jason Rhine, League Legislative Representative, informed attendees of the Governor's proposals for the use of Cap and Trade funds, issues pending decision by the State Water Resources Control Board, and ongoing discussions on organic waste diversion. Mr. Rhine highlighted the proposed uses of cap and trade funds that will benefit cities, including a local government pot dedicated to disadvantaged communities which place in the top five percent of all communities designated as disadvantaged. In addition, there will be a continued focus on weatherization, urban greening, and energy efficiency programs.

Dan Carrigg, League Legislative Director, provided an update on public safety matters, including the League's active effort to secure passage of AB 21 (Wood), the bill lifting the March 1 deadline for local government to have marijuana cultivation ordinances in place. Also discussed was the need to defend local control gains made via the marijuana legislation enacted in the past legislative year. Mr. Carrigg also made note of the League's monitoring of state and federal legislation regarding drones and funding for law enforcement programs.

Dane Hutchings, League Legislative Representative, provided a briefing on issues related to labor, pensions, and elections. Mr. Hutchings brought attention to the pending case before the U.S. Supreme Court, Friedrichs v. CTA, which will impact union organization and dues collection. There is indication that legislation will be introduced this legislative year intended to offset the anticipated ruling, which will impact cities. In addition, Mr. Hutchings noted the Governor's continued focus on addressing unfunded retiree healthcare and pension liabilities in which cities will be a large stakeholder in the discussions. Further, members were informed of potential legislation intended to require local governments to disclose more information to the public as well as improve their data storage and encryption standards.

II. Welcome and Introductions

Chair Felipe Fuentes welcomed committee members and provided an introduction.

III. Public Comment

No public comment.

IV. Overview of Parliamentary Procedure and Roberts Rules

This was an informational item presented by staff as an agenda attachment. Staff highlighted some of the key provisions and procedures the committee will follow.

V. Committee Orientation

League staff explained the role of policy committees, how recommendations are made to the League Board of Directors, the significance of the Environmental Quality Policy Committee and the tasks bestowed upon its members.

VI. Funding Waste Management Infrastructure in California

Scott Smithline, the Director of CalRecycle, gave a presentation on the status of waste diversion in California and the budget challenges CalRecycle faces as a result of less material being deposited in landfills. Director Smithline discussed the State's 75% waste reduction goal and

how CalRecycle is seeking to meet the ambitious target. Additionally, Director Smithline mentioned pending legislation, including AB 1063 (Williams), which would increase the state tip fee from \$1.40 per ton to \$4 per ton with nearly all of the increased revenue earmarked for recycling infrastructure development. Committee members expressed a range of comments and concerns with both the 75% waste diversion goal and the need to increase the state tip fee.

VII. League Mission Statement and Strategic Goals for 2016

This was an informational item on the League's strategic goals presented by staff as an agenda attachment. League staff explained the collaborative process used to arrive at the goals in a joint meeting of officers and directors of the divisions, departments, diversity caucuses, policy committees and board of directors.

VIII. Update of Existing Policy & Guiding Principles

League staff explained the purpose and role that the existing policies and guiding principles play in the League taking action on legislative and regulatory proposals. This document is updated every two years (next edition is in March 2016) to reflect past action in support or opposition of proposed policies. The update of existing policy and guiding principles was unanimously approved by the Committee without any changes.

IX. 2016 Draft Work Program

League staff distributed a handout Committee members used to highlight their top three areas of focus for the 2016 Work Program. The Committee then discussed many of the topics. The Committee unanimously voted to have League staff compile all of the responses and report back to the Committee with a final list of the top three areas of focus. League staff emailed Committee members the final Work Program one week after the policy committee meeting.

X. Extending Emergency Drought Regulations for Urban Water Suppliers

Eric Oppenheimer, Chief Deputy Director with the State Water Resources Control Board, gave a detailed presentation regarding the possible extension of the Emergency Water Conservation Regulation. Mr. Oppenheimer outlined possible changes to the existing Emergency Water Conservation Regulation to take into account local climate variation, recent growth, and local investments in drought resilient sources of potable water. Committee members expressed both support and opposition to extending the Emergency Water Conservation Regulation.

XI. Cap and Trade Auction Proceeds Second Investment Plan FYs 2016-19

Ashley Conrad-Saydah, Deputy Secretary for Climate Policy for CalEPA, presented the Cap and Trade Auction Proceeds Second Investment Plan (Plan). The Plan identifies opportunities for greenhouse gas emission reductions, and identifies State investment priorities. Ms. Conrad-Saydah provided extensive detail on the Plan's approach to reducing greenhouse gas emissions and specific areas of possible investment. Even though the Plan was submitted to the Legislature in January 2016, the Legislature is under no obligation to use the Plan as it allocates Cap and Trade auction proceeds. Some committee members expressed concerns regarding the Cap and Trade program. Other committee members supported investments in transportation, solar energy development, and urban greening.

XII. Cap and Trade Funding Priorities

The Governor's FY 2016-17 budget proposal includes \$3.1 billion for Cap and Trade auction revenues, which includes a balance of auction proceeds that were not allocated in FY 2015-16. The proposal funds many of the same programs as the FY 2014-15 budget, but also several new programs/categories of programs. In order to better position cities to receive Cap and Trade funding, League staff wanted the committee to establish priorities for the use of these funds in FY 2016-17. After significant discussion, the Committee unanimously recommended the following Cap and Trade funding priorities to the board:

- Transportation/transit (emphasis on road maintenance and EV charging stations);
- Waste diversion;
- Transformational climate communities program (include walkability and bikeability) – dedicated local government fund for top 5% of disadvantage communities – possibly expand to include more cities;
- Low carbon transportation and fuels – fleet modernization rebates.
- Urban forestry and urban greening;
- Energy efficiency in public building (include rooftop solar) – expand to include city buildings;
- Water and energy efficiency rebates; and
- Energy efficiency upgrades/weatherization.

XIII. 2016 Legislative Update

This was an informational item presented by staff as an agenda attachment. The Committee did not have time to discuss the item during the meeting.

XIV. Next Meeting: Thursday, April 7, 2016, Handlery Hotel, San Diego