

**ENVIRONMENTAL QUALITY POLICY COMMITTEE
HIGHLIGHTS**

Friday, April 8, 2011

Doubletree Hotel, 222 N. Vineyard Avenue, Ontario Room: Vineyard

ATTENDANCE

Member: Aguiar-Curry, Cecilia (Chair); Newcomer, Owen (V.Chair); Ballinger, Jeff; Brennan, Michael; Butt, Thomas; Clark, Margaret; Coleman, Ginger; de Groot, Christopher; Eklund, Pat; Haddad, Lana; Hadley, Elizabeth; Holober, Nadia; Iokimedes, Mike; Junker, Paul; Kalapura, Sona; Lyn, Fred; Mattas, Steven; McKeen, Diana; Mitchell, Judy; Morgan, Steven; Page, Chuck; Pedroza, Sam; Pirnejad, Peter; Rapp, Lisa Ann; Rodarmel, Willard; Rudolph, Marcia; Santana, Michael; Small, Kenneth; Soto, Danielle; Tam, Lena; Terrell, Al; Thai, Chu; Thorne, Jerry; Vinson, Kay; Watkins, Mark

League Partner: Jex, Tom, Burke, Williams & Sorensen

League Staff: Kyra Ross

Special Order: Joint Meeting on Redevelopment and the Budget

The Revenue and Taxation, Transportation, Communication and Public Works, Administrative Services, and Environmental Quality Policy Committees came together for a joint briefing on major issues of the budget. Chris McKenzie, the League's Executive Director, gave a general overview of the first few months of the year. He explained that the Legislature and Governor don't like how Proposition 22 reads. The Governor says that California can't afford redevelopment any longer, and the League's counter argument is that California can't afford to lose redevelopment. Mr. McKenzie discussed legal options and strategies that cities have if redevelopment is eliminated. Dan Carrigg, the League's Legislative Director, followed by giving detailed information on the votes that have been taken regarding redevelopment and explained that the legislature has now returned to a traditional budget schedule. Michael Coleman, the League's Fiscal Policy Advisor, presented a PowerPoint on the current condition of the State Budget. Each of the League's lobbyists briefed the joint meeting on specific issue areas, including Transportation, Public Safety, Pension Reform, and Fees Paid by Local Agencies and Grant Programs. Mr. Coleman's PowerPoint presentation can be found at: <http://www.californiacityfinance.com/PolicyComms110406p.pdf>, and a summary of the briefing from the lobbyists can be found at: http://www.cacities.org/index.jsp?displaytype=11&story=28454&zone=locc§ion=advo&sub_sec=advo_leg&tert=advo_leg_issues.

Following the presentation, staff received questions from policy committee members regarding the definitions of "unearned" pension benefits (future earnings); confirmation that COPS funding will not be available if the proposed tax extensions are not approved; what happens next on redevelopment if it survives; and retention of rights to sue if the alternate redevelopment proposal is approved.

I. Welcome and Introductions

Chair Cecilia Aguiar-Curry welcomed members and invited them to introduce themselves.

II. Public Comment

Mike Egan, League Staff gave an update on the League Partner's panel on redistricting. For more information on the redistricting panel, go to:

<http://www.cacities.org/index.jsp?displaytype=11&story=28478>.

III. Committee Work Program

In January, the Environmental Quality committee adopted a final work program for the year. Unfortunately, the copy of the file containing the work program was infected and lost. Because of this, Environmental Quality Committee was asked to re-build the committee work program again. A final copy of the work program is attached to this document as "Attachment B". Highlighted items were added to the draft work program at the April Environmental Quality meeting.

VII. Electric Vehicle Infrastructure: Part II

Dean Taylor, with Southern California Edison came to the committee to continue to update the League on electric vehicles. Mr. Taylor spoke about what utilities and cities are working on to make sure we're all ready for electric vehicles. About 30 automakers are ready to launch vehicles in the next year and most automakers predict that there will be between 450,000 and 1 million new electric vehicles in California by the end of the decade. In addition, the state has been providing incentives and investment through grants, goals and regulations over the last few years for electric vehicles and now those investments in the electric vehicle industry are beginning to pay off. From the utility end, it's critical to train our staff, work with and bring together stakeholders, and make sure we're doing customer education and outreach.

Mr. Taylor also explained that IOU's do not expect any major breakdowns in the grid as electric vehicles roll-out but are also using models to make sure there are not any problems or "localized impacts" that can be addressed, especially with proper advanced notice to make sure that upgrades are done by the time the vehicles arrive.

So what are the basic plan efforts that cities can do to get ready for EV's?

Streamline permitting process. 80 to 90% of people will be charging at home. Most of the work to date with EV's has been done to improve the residential charging experience. Mr. Taylor noted that what's different between an EV and a propane or natural gas car is that you have to do a number of things to get ready for the car, unlike other types of cars where you can just go to the dealership and buy the car. In many cases, the homeowner will need to do electrical system upgrades (akin to buying a hot tub) adding outlets, working with the utility to make sure the local system can handle the new EV. There are things that cities can do like online permitting. Many cities can do these permits over-the-counter, and some already are doing 24-hour types services. One group of cities, the tri-cities (northern California) has been especially aggressive in the area of permitting. LA basin chapter of the ICCC has also been a leader on this.

Commercial charging stations are generally taking longer at this point, largely because of design, but in the Tri City area and some others, the permit time has already been shortened to a week or two, instead of months.

Linking to websites for the public Mr. Taylor also noted that cities can link to educational websites on EV's including www.goelectricdrive.com and <http://www.sce.com/PowerandEnvironment/PEV/default.htm>

IOU's have also been providing educational information to cities to help with educational efforts, through newsletter articles, handouts and other information.

Participation with EV Readiness Coalitions Cities are encouraged to work with these coalitions for funding and information.

Think about Infrastructure planning. Where are people likely to travel, destinations are good places for EV chargers, also think about city locations (city hall, community centers) that might make sense to have chargers for.

Have a point person in your city that's the person to call on EV issues

Other suggested efforts:

- Seek financing for EV infrastructure from the federal government, state Energy Commission (AB 118 funding) and local air boards (Bay Area AQMD is one) that have available funds.
- Purchasing EV's for your city's fleet
- Updating local building codes to make sure they are EV ready.

Members of the committee noted that building inspectors are seeing issues regarding discrepancies between what electricians write out on the permit and what contractors install when the building officials go visit the property for a final inspection.

In addition, several Fire Chiefs noted that they're also seeing problems with EVs in accidents. EV's are structurally safe but because they have a live electric current, they are causing fires when an EV is involved in an accident. Fire Chiefs are working on how to address the issue.

VII. Proposition 26 Update

League Staff gave an update on Proposition 26: On Wednesday, April 26th, the League's City Attorney's Department sponsored a webinar discussion on Proposition 26. Speakers for the session included Betsy Strauss, special counsel to the League and Mark Mandell, Esq., with Mandell Municipal Consulting. For more information, please check with your City Attorney.

The City Attorneys' Ad Hoc Proposition 26 committee is still in the process of drafting the Proposition 26 Implementation Guide, and we hope to have it available in final form by the end of April.

Finally, the first Proposition 26 lawsuit has been filed. The lawsuit challenges the city of Redding's payment-in-lieu-of-taxes (PILOT). This a payment that is made from the city's electric utility enterprise fund to the city's general fund. The PILOT has been in place for many years, and is a substantial portion of the city's general fund. The litigation is at an early stage in the Superior Court. The city is being represented by Michael Colantuono of Colantuono and Levin. If you are interested in more details on this case, your city attorney should contact Michael directly.

IV. Energy Task Force

In 2010 the League's Environmental Quality Policy Committee in their annual work plan asked to look at updating the existing League's policies on Energy and Utilities. Many of the League's policies date back to 2000 and 2001 when the state was dealing with an "energy crisis" and are no longer applicable in the current statewide discussions as they relate to renewable portfolio standards, transmission siting, energy efficiency programs, public good charge renewal, and climate change.

To that end, a sub-committee of EQ members has met over the last several months to work on draft language updating the League's policies on Energy. The first section they have begun work on was dealing with "renewable energy". The sub-committee felt it would be helpful to send the parts of the energy policy to the EQ Committee and to the League Board for review and approval and then send a final copy (once all of the updates are complete) for a final round of approval from both the EQ committee and the League Board. The committee discussed the proposed policy and recommended that they also be sent a copy of all of the sections that will be looked at as well as the whole document once it's done. Pat Eklund moved and Chuck Page seconded to recommend approval of the "renewable energy" section of the update League policy on Energy. The Committee unanimously approved the motion.

Existing League Policy:

- The League is neutral on legislation requiring municipal electric utilities to include a "renewable portfolio standard" (RPS) in their mix of sources of electricity, as long as the requirement is the same as that which applies to investor-owned utilities. The League opposes legislation that requires municipal electric utilities to meet an RPS that is stronger than that applied to investor owned utilities.

New Policy:

Renewable Energy

The League supports conservation, energy efficiency and renewable energy generation to meet California's energy needs, greenhouse gas reduction goals, and energy security.

Renewable Portfolio Standards (RPS)

As the State continues to implement and increase Renewable Portfolio Standards, the League supports standards that:

- Do not exceed those imposed on Investor Owned Utilities;
- Respect the authority of municipal utilities local governing boards to implement programs that reflect local needs;
- Allow utilities to choose a flexible mix of generating sources to meet the RPS goals; and,
- Meet RPS goals with cost-effective California-based renewable resources that do not unduly restrict or hinder out-of-state renewable resources.

The League further supports legislation to broaden the California Energy Commission's definition of Eligible Renewable Resources to be counted toward greenhouse gas reduction goals to include carbon-free, carbon-neutral generating sources including distributed generation.

Siting transmission infrastructure

The League recognizes that new transmission infrastructure will be needed to develop renewable resources. It supports transmission and siting legislation that respects local land use authority and planning processes.

Reliability

The League maintains that energy reliability is paramount.

New renewable energy requirements must not threaten the reliability of the electric grid or interfere with the ability of baseload generation to be used as necessary for backup.

Funding

The League supports financial incentives to offset the cost of and promote investment in renewable energy systems.

VII. State Legislative Action Items

a. AB 1178 (Ma)

Staff presented AB 1178 (Ma) as proposed to be amended for discussion and possible position. Members of the committee raised several concerns. First, members were concerned that this is a decision that should be a local decision not one decided at the state level. Second, members raised the question of whether "fee structures" have been considered as have been considered in past discussions on solid waste issue. Finally, Williard Rodarmel motioned and Nadia Holober seconded to recommend to the League Board an OPPOSE position on AB 1178. The motion passed 39-0 with one abstention.

b. Draft Industrial Storm Water Permit

Staff presented the State Water Resources Control Board Draft Industrial Storm Water Permit. Committee members questioned whether the League was overreacting to the draft permit by recommending an oppose position. Committee members also raised concern about the State Water Resources Control Board not providing economic analysis for communities to know about the cost associated with the draft permit. Finally, committee members also raised concern with the effluent limits in the permit and the lack of a city's ability to meet those limits and then face expensive fines. Lisa Rapp motioned to recommend to the League Board to continue to OPPOSE the permit, Pat Eklund

seconded the motion. The motion passed 39-1.

c. AB 83 (Jeffries)

The committee was asked to review AB 83, which would create an exemption from the California Environmental Quality Act (CEQA) for installation of new recycled water pipelines less than eight miles in length within a paved public street, highway, or right-of-way.

Committee members raised concerns about the 8 mile length, noting that in some cities that could be the length of the entire jurisdiction. They also noted that tearing up eight miles of roadway is a major impact on a community. There is already a process built into CEQA for a negative declaration, so there is no need for the bill.

The committee voted to recommend an oppose position with a vote of 14-6-9.

V. Federal Legislative Update

League staff provided a handout (Attachment A) on federal issues. Additionally, staff gave an update on the pending federal continuing resolution.

Next Meeting: FRIDAY, June 17, 2011, League of California Cities, Sacramento



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April 2011 Policy Committees Federal Update

I. League Officers Advocate for California City Priorities in Washington, D.C.

The League's officers and over a hundred other California city officials traveled to Washington, D.C. March 12-16 for the National League of Cities (NLC) Congressional City Conference. Focusing on NLC's priorities, California city officials advocated for the passage of a comprehensive transportation reauthorization, sustained funding for critical grant programs, and protection of existing local revenues.

The conference, held March 12-16, covered a range of topics including lobbying strategies, public safety, transportation reauthorization, and disaster response. On Thursday, March 17, attendees heard from First Lady Michelle Obama on her *Let's Move!* nationwide initiative and the link between obesity issues and economic issues.

The League's officers, President Jim Ridenour, First Vice President Mike Kasperzak, Second Vice President Bill Bogaard and Immediate Past President Judy Mitchell, lobbied heavily for California's cities' federal priorities. Meetings included:

- Sen. Barbara Boxer (D-Calif.) chair, Senate Environment and Public Works Committee;
- Congressman David Dreier (R-Calif.) ranking member, House Rules Committee;
- Chris Thompson, chief of staff to Sen. Dianne Feinstein (D-Calif.);
- Katie Wheeler Mathews and Brian Turner, deputy directors, Gov. Jerry Brown's Washington office; and
- Meetings with the U.S. Department of Housing and Urban Development, U.S. Department of Transportation officials and others.

In preparation for the NLC Conference, League staff prepared the following issue papers:

1. Protect Local Revenues
2. Priorities for Transportation Reauthorization (SAFETEA-LU)
3. Full Funding for Critical Federal Programs
4. Creating Sustainable Communities

These issue papers, along with the League's federal priorities are posted on the website at www.cacities.org/federalpriorities.

II. California Cities Encouraged to Lobby in Support of Community Development Block Grants

Congress is currently considering proposed funding cuts for FY 2011 and the Presidents FY 2012 Budget proposal, including cuts to the Community Development Block Grants (CDBG) program. The

League sent a letter to the California Delegation stressing the importance of this program to California cities. The League encourages cities to contact their federal representative directly via phone call and letter to ask that the program be fully funded. A sample letter can be found on the League's website at www.cacities.org/federal.

Established in 1974, CDBG is one of the longest continuously run programs offered by the Department of Housing and Urban Development. These flexible annual grants provide communities needed funding to develop and fund priorities that provide housing, better communities, and economic growth opportunities for low- and moderate- income residents. With the state considering a proposal that would eliminate redevelopment, these federal funds are more important than ever to California cities.

III. California Cities Encouraged to Lobby in Opposition to the Wireless Tax Fairness Act of 2011

The U.S. House of Representatives is moving HR 1002, a reintroduction of last year's HR 1521. The legislation imposes a five-year moratorium on state and local taxes on mobile services providers and thus limits local government taxing authority over mobile phones. The same bill has been introduced in the Senate (S. 543), but has yet to gain any momentum.

HR 1002 removes a much needed local government revenue source solely to benefit an industry whose subscribership has grown by 158 percent and whose revenues have increased by 124 percent since 2000. In addition to imposing a financial burden on local governments, HR 1002 undermines the efforts of a number of cities in California that are working directly with voters to update and simplify their tax ordinances to assure technology-neutrality.

It is important for all cities who have a utility users tax (or may want one in the future) to send their letters of opposition, especially if they have a representative on the House Judiciary Committee. The Committee membership includes: Rep. Darrell Issa (CA-49), Rep. Elton Gallegly (CA-24), Rep. Dan Lungren (CA-3), Rep. Howard Berman (CA-28), Rep. Zoe Lofgren (CA-16), Rep. Maxine Waters (CA-35), Rep. Judy Chu (CA-32) and Rep. Linda Sanchez (CA-39).

The League's opposition letter and sample opposition letter have been posted on the League's website (www.cacities.org/federal).



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COMMITTEE ON ENVIRONMENTAL QUALITY
FINAL 2011 Work Program

1. **2010 LEAGUE OF CITIES STRATEGIC GOALS** The Committee will focus on supporting the 2011 strategic goals adopted by the League Board of Directors. The 2011 strategic goals include:
 - **Strong Partnerships for a Stronger Golden State.** Collaborate and partner with other public and private groups and leaders to reform and revitalize the structure, governance, fiscal integrity and responsiveness of our state government and intergovernmental system.
 - **Sustainable and Secure Public Pension Systems.** Work in partnership with other groups and stakeholders to promote sustainable and secure public pension systems to help ensure responsive and affordable public services for the people of our state and cities.
 - **Responsive and Accessible League Services.** Implement distance learning, meeting and other cost-effective strategies to deliver even more responsive and accessible League educational, information and advocacy services to the city officials of California.

Additionally, the committee will work on the following issues during the 2010 year:

2. **ENVIRONMENTAL QUALITY LEGISLATION** The committee will actively monitor legislation and regulatory actions within the committee's jurisdiction including air and water quality, energy, smart metering, climate change, CEQA, integrated waste management, hazardous materials, coastal issues, and solid waste. As needed, the committee will take discuss and take positions on bills and make recommendations to the League Board.
3. **EDUCATION OF COMMITTEE MEMBERS** The committee will, as appropriate, receive updates from state legislators or other state or local officials on topics of interest to the committee. When receiving updates from guest speakers, committee members will also be tasked with presenting their positions and communicating local needs.
4. **ENERGY EFFICIENCY and RENEWABLE ENERGY** The committee will continue its work on updating the existing League energy policies and guiding principles as well as receive education on the statewide Renewable Energy Standard **PACE programs, Upgrade California, electric vehicles** and Smart Metering proposals.
5. **CEQA and SB 375** The committee will receive periodic updates on the implementation of SB 375 (including infrastructure and relationship to redevelopment), and look at the streamlining of CEQA, and CEQA and renewable resources.
6. **WATER** The committee will look at water quality and recycled water, wastewater as future water supply, Delta issues, and water contract expirations that conflict with RHNA.