

**ENVIRONMENTAL QUALITY POLICY COMMITTEE
HIGHLIGHTS**

Thursday, June 13, 2019

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

ATTENDANCE

Members: Mireya Turner (Chair), Allan “Doc” Bernstein (V.Chair), Emily Beach, Thomas Butt, Jon Canavan, Catherine Carlton, Jennifer Cavanaugh, Teresa Chen, Margaret Clark, Kalia DeFries Jim Diaz, Pat Eklund, Amanda Folendorf, Rebecca Garcia, Debra Garnes, Daryl Grigsby, Clay Holstine, Dan Kalb, Mina Layba, Jesse Loren, Diana Mahmud, Julio Martinez, Cynthia Moran, Vong Mouanoutoua, Nick Pilch, David Pollock, Randall Putz, Lisa Ann Rapp, Chris Rogers, Joel Rojas, Robert Schultz, George Spurr, Tom Stallard, Matthew Summers, Russ Utz, Gillian van Muyden, Arwen Wacht, Kevin Wilk, James Wood

Staff: Derek Dolfie, Legislative Representative

I. State Budget and General Briefing

Stacey Mattina, Chair, League Housing, Community and Economic Development Policy Committee, gave a brief introduction at the General Briefing Session. After her welcome, she introduced League President Jan Arbuckle, Council Member, Grass Valley, who welcomed everyone to the third round of policy committee meetings of the year. President Arbuckle thanked everyone for making the trip to Sacramento for policy committees and expressed her appreciation for their attendance. President Arbuckle then shared that she has visited all of the League’s 16 regional divisions and shared how much she has enjoyed visiting the various divisions. President Arbuckle closed by reiterating the importance of policy committees and expressing that the League is strongest when we focus on our common interests.

President Arbuckle then introduced Carolyn Coleman, League Executive Director. Ms. Coleman thanked President Arbuckle for all of the hard work she dedicates to her role. She also briefly mentioned the success of the recent Joint Disaster Summit that brought together local government and the Governor to discuss disaster response in the state. Ms. Coleman went on to acknowledge the League partners in the room and thank League staff for all of their hard work. She concluded by reminding everyone that while we have already done so much to protect the interests of cities this legislative session, there is still much work to be done.

Ms. Coleman then introduced Dan Carrigg, League Deputy Executive Director and Legislative Director. The rest of the briefing was presented by the League’s legislative team. Mr. Carrigg began giving a brief overview of the budget and highlighted how Governor Newsom has heeded the advice of Governor Brown regarding budget spending.

Mr. Carrigg then introduced the League’s fiscal advisor, Michael Coleman, to walk everyone through the State Budget update. Mr. Coleman’s State Budget Update included how the State is going to spend the \$20.8 Billion surplus and pay down debts while growing its reserves. He also went on to explain how the impact of the sales tax exemption of diapers and menstrual products will have on local revenues. Mr. Coleman handed the meeting back over to Mr. Carrigg where he then introduced the League’s lobbyists to discuss their respective issue areas.

Jason Rhine, League Assistant Legislative Director, focused on the housing affordability and availability challenges throughout the state. Mr. Rhine highlighted several bills including SB 330, SB 13, AB 1279, and AB 1763. Mr. Rhine encouraged policy committee members to speak to their legislator about SB 330 and to look at the SB 330 Action Alert. SB 330 would, among other

things, declare a statewide housing crisis for a five-year period and freeze nearly all project related fees once a developer submits a “preliminary” application. (For more information, please visit the League’s Action Center.) Mr. Rhine also briefly discussed the unprecedented amount of dollars to housing and homelessness. The Housing and Homelessness Update Document mentions several existing funding opportunities including SB 2 planning grant dollars. While the Housing and Homelessness Budget Trailer bill had not yet been released, Mr. Rhine stated that the League has been working closely with the Governor’s office and Legislators on the trailer bill language.

Dan Carrigg, League Deputy Executive Director and Legislative Director gave an update on issues related to governance, transparency, and labor relations. Mr. Carrigg began by discussing the political realities in Sacramento surrounding employee relations legislation and then briefly discussed several bills regarding workers’ compensation and elections. Mr. Carrigg highlighted SB 266, which would require cities to directly pay retirees compensation that has been deemed “disallowed.” This would result in an unconstitutional gift of public funds and would lead to a significant increase in costs for some cities. Mr. Carrigg also highlighted several bills in the workers’ compensation space, including SB 542, AB 932, and AB 1400, which would expand the scope of workers’ compensation and ultimately lead to increased costs for local agencies. More details can be found in the Workers’ Compensation Document. While Governor Brown held the line on worker’s compensation, we will have to wait and see where Governor Newsom will land on workers’ compensation bills this year.

Charles Harvey, League Legislative Representative, gave an update on various public safety related issues including cannabis, drones, and police use of force. Mr. Harvey discussed AB 392 (Weber), the reintroduction of a police use-of-force bill from last year, which the League opposed. AB 392 was amended and a large number of law enforcement groups now no longer oppose the bill. More information can be found in the Police Use of Force Document. On the topic of cannabis, Mr. Harvey discussed AB 1356 (Ting). Under this bill, if more than 50 percent of the voters of a local jurisdiction voted in favor of Proposition 64, these local jurisdictions would be required to adopt a local licensing structure for retail commercial cannabis activity. More specifically, the bill requires these cities to issue a minimum of one retail cannabis license for every four liquor licenses. AB 1356 was moved to the inactive file and is dead for the year.

Derek Dolfie, League Legislative Representative, highlighted evolving environmental and community services issues. The issue of improving the quality of drinking water in California continues this year with several proposals spanning from an increased safe drinking water tax to general fund allocations. There is currently a deal struck that does not involve a tax but the deal is not finalized. Another major issue is organic waste diversion and the regulations that will implement a 50% reduction target coming out this summer. Mr. Dolfie also discussed the various bills and proposals that have been introduced because of the recent wildfires. This includes the issue of utility liability and the recommendation out of the Governor’s Strike Force Report. The discussion is ongoing and the League will continue to work closely with the Governor’s office and Legislators on the language. More details regarding disaster and emergency response can be found in the Disasters and Emergency Response Document. Mr. Dolfie also touched on issues such as homelessness and a master plan on aging.

Rony Berdugo, League Legislative Representative, discussed transportation, communications, and public works. Mr. Berdugo began by discussing the proposal to link SB 1 transportation dollars with housing production. The proposal was met with hostility by many legislators and will not be included in the budget this year. Mr. Berdugo then described AB 516 (Chiu). This measure would eliminate the ability for cities and law enforcement to adequately enforce state and local

vehicle violations. This bill is still moving through the legislative process and Mr. Berdugo encouraged policy committee members to speak to their legislator about the bill. More information can be found in the AB 516 Action Alert. (For more information, please visit the League's Action Center.) Next, he discussed the FCC small cell order and how the League and others have attempted to push back against this in the courts and on the federal level. Finally, Mr. Berdugo discussed two bills related to scooters that have been tabled for the year, seismic safety legislation, the 911 fee budget trailer bill, and AB 1699 (Levine), which would prohibit a mobile internet service provider from impairing or degrading the lawful internet traffic of public safety agencies during a state of emergency.

Lastly, Dan Carrigg briefly discussed issues related to revenue and taxation. Mr. Carrigg touched on AB 147 (Burke) being signed into law. This measure implements the Wayfair decision in California and increases revenue for local governments. It is also anticipated that revenues collected through the implementation of AB 147 will be higher than what was initially expected. Mr. Carrigg went on to discuss SB 5, an important economic development bill. SB 5 would reinvest the state into tax increment financing. A renewed investment would greatly improve opportunities for economic development and provide a great opportunity for the state to work with locals to accomplish shared state and local goals. Mr. Carrigg encouraged policy committee members that are with cities who have not yet submitted a support letter, to do so as soon as they can. (For more information, please visit the League's Action Center.)

II. Welcome and Introductions

Chair Mireya Turner welcomed committee members and began introductions of herself, Vice Chair Allan Bernstein and League staff. This was followed by introductions of each committee member, which included their name, title, and city.

League Legislative Representative Derek Dolfie stated that the legislative agenda had been revised to remove *AB 1583 (Eggman) The California Recycling Market Development Act*. Mr. Dolfie stated that although the bill focuses on enhancing options for recycling, it includes a provision which would extend the existing California Alternative Energy and Advanced Transportation Financing Authority's (CAEATFA) Sales and Use Tax Exclusion Program at \$100 million annually for an additional 10 years, resulting in a loss of up to \$500 million in local agency revenue over that period.

III. Public Comment

No Public Comment.

IV. California Department of Resources Recycling and Recovery

Acting Policy Director for CalRecycle, Teresa Bui, briefed committee members on the shifting landscape of California's recycling markets following changes to international import standards. Earlier this year, China implemented its "National Sword Policy" which halted the importation of recyclable materials from the United States unless they met an extremely strict contamination rate standard. As a result, the material flow out of California has been significantly disrupted and is straining California's existing underdeveloped recycling infrastructure. Ms. Bui explained that nearly two thirds of California's curbside collected material is exported to foreign markets. In order to mitigate the effects of this crisis, all stakeholders – from local governments to manufacturers and the waste industry – will need to work together to reduce waste and improve domestic markets and their infrastructure.

Since the enactment of AB 939 and the upcoming implementation of SB 1383 regulations, in tandem with the recent foreign market crisis, CalRecycle has been engaging in roundtable

conversations with various stakeholders. The persistent problems these discussions have identified include a lack of education regarding appropriate recycling habits which creates sorting problems at the collection level, a low domestic demand for mixed plastic and paper which results in mass stockpiling, and a lack of product stewardship from manufacturers. Additionally, these recycling roundtables have identified a variety of solutions to explore. Of note is expanding dual stream bins, restructuring curbside costs, increasing the number of redemption centers, working to reduce material complexity, and launching statewide education campaigns.

Ms. Bui emphasized that one solution will not solve the entirety of the recycling crisis. She implored committee members to consider implementing some of the aforementioned solutions and highlighted some of the steps local governments are taking to encourage waste prevention and improve collection processing. Of note are educational campaigns jurisdictions are launching to inform residents of how best to recycle materials. Examples of this strategy have been implemented by cities like Victorville, which has partnered with their waste management authority to host a school competition that seeks to instill good recycling habits in its students. Additionally, cities like Vallejo have launched recycling rewards programs where residents are rewarded with discounted bins or garbage services if they demonstrate appropriate recycling habits. Additionally, the cities of Imperial Beach, Berkeley, and San Diego have imposed material bans on polystyrene foam and single-use plastics.

Following Ms. Bui's presentation, she opened the conversation to committee members to hear their input. Some voiced concerns regarding the spike in carbon emissions relating to the transport of recyclable materials and the practical ramifications waste haulers will have in complying with SB 1383 regulations. Others related their concerns with the growing amount of waste in California and the health and public safety risks it poses. Ultimately, the committee expressed a near unanimous sentiment that favored the solution of imposing product stewardship standards on manufacturers. Instead of restructuring residential taxes for curbside costs, committee members iterated that the producers of materials that utilize single-use plastics should be held accountable for the level of waste they generate. Committee members stated that this would be the most effective method of spurring green-waste innovation.

V. California's Office of Emergency Services

Caroline Thomas Jacobs, Chief Response Headquarter Operations with Governor's Office of Emergency Services (CalOES) briefed committee members on how CalOES is helping communities prepare for and recover from natural disasters. Ms. Jacobs began by outlining the key ways CalOES operates as it assists communities affected by disaster throughout California. CalOES manages a network of public, technical and individual assistance programs through local, state, federal, and voluntary partnerships. When disaster strikes an area within California, CalOES will assess the level of emergency and will coordinate with the appropriate agencies to provide immediate assistance. Following a disaster, CalOES will aid in recovery efforts, which includes administering grants of over \$1 billion to communities in crisis. In addition to emergency and recovery assistance, the organization offers a wide range of [training services](#), which include issue areas like emergency management, hazardous materials, and criminal justice.

Following her outline of the structure of CalOES, Ms. Jacobs discussed what cities can do to best position themselves for potential disasters. She emphasized that investment in safety to "buy down the risk" is the most significant step to prevent disaster and recover from it effectively. Ms. Jacobs also noted that partnership and communication with cities' respective county, state, and federal personnel can forge a network of "neighbor" connectivity to address disasters collectively.

Following Ms. Jacobs' presentation, committee members engaged in a discussion primarily focused on emergency communications infrastructure. Some members discussed their reservations about emerging technologies and how they may not be as effective in alerting the public as the analog emergency sirens used for decades. Ms. Jacobs informed committee members that local alerting authorities can utilize the national alert and warning infrastructure, referred to as the Integrated Public Alert Warning System (IPAWS). The IPAWS system is federally operated within the Federal Emergency Management Agency (FEMA) and requires local authorities to [opt-in](#) to their program. Upon certification, a local government's designated public safety officials can utilize the technology to broadcast emergency communications to radio, cable, and televisions, as well as geographically-targeted Wireless Emergency Alerts (WEA) to mobile carriers. CalOES utilizes these technologies at the state-level, through their [Calalerts](#) program.

Ms. Jacobs concluded her presentation by encouraging committee members to familiarize themselves with emergency alert technology and reiterated the importance of establishing an open communication channel with their county counterparts.

VI. Community Choice Aggregation Policy

League Legislative Representative Derek Dolfie briefed the committee on proposed revisions to the Summary of Existing Policy and Guiding Principles, specifically, revisions to the League's policy on Community Choice Aggregation (CCA). Mr. Dolfie noted that these revisions were initially brought before the committee in March of 2017, and were then approved and sent to the Board of Directors for consideration. The Board of Directors returned them to the committee with several questions related to cost shifting to consider further. Mr. Dolfie explained that the proposed language was never intended to go into the weeds, but rather offer clarification as more legislation relating to CCAs emerges.

The proposed changes to League policy are as follows:

Community Choice Aggregation

Local Energy Autonomy: The League supports programs that increase local control over the purchase and development of renewable energy resources, as an effective means of increasing consumer access to renewable energy at stable, competitive rates, and decreasing statewide greenhouse gas emissions.

The League supports cities' exercise of the right to form or join existing Community Choice Aggregation (CCA) entities, as an effective method increasing local control over power supply. Accordingly, the League supports legislation and regulatory policies that support CCA autonomy in policymaking and decision-making, and opposes legislation and regulatory policies that unfairly disadvantage CCAs or CCA customers, or reduce or undermine local decision-making autonomy by the CCA or its governing board.

The League supports continuing development of local renewable energy resources and supply, including protection of local autonomy to administer energy efficiency and install and utilize integrated distributed energy resources.

Consumer Protection: The League supports complete transparency of all energy procurement practices, stranded costs, and departing load charges. The League supports fair competition in statewide energy markets for CCAs and municipal or other publicly owned utilities. The League supports legislation and regulatory policies that protect CCA customers from improper cost

allocation. The League opposes legislation that conflicts with or diminishes CCA procurement autonomy.

Energy Efficiency: The League supports effective leveraging of energy efficiency programs tailored to address local needs and concerns.

The committee moved and seconded to accept the proposed changes as presented. This motion passed with unanimous approval.

Staff Recommendation: Adopt proposed CCA policy

Committee Recommendation: Adopt proposed CCA policy

Action: **Approved unanimously**

VII. Legislative Agenda

AB 56 (E. Garcia) Electricity: procurement by the California Alternative Energy and Advanced Transportation Financing Authority.

Mr. Dolfie presented to the committee an overview of AB 56 (E. Garcia), which requires the Public Utilities Commission (PUC) to empower the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to undertake backstop procurement of electricity in an effort to meet state reliability and resource planning goals. Mr. Dolfie explained that provisions in the bill run counter to the CCA policy the committee adopted in agenda item IV. where it states, "...the League supports legislation and regulatory policies that support CCA autonomy in policymaking and decision-making, and opposes legislation and regulatory policies that unfairly disadvantage CCAs or CCA customers, or reduce or undermine local decision-making autonomy by the CCA or its governing board." He iterated that giving the CPUC more control could erode a CCA's local energy autonomy.

The committee engaged in a thoughtful conversation about the proposed legislation. Many committee members stated that the bill would undermine the principal functions of CCA's: to allow for autonomy in operation and provide incentives to promote green energy. Committee members highlighted the need for both of these functions, especially at a time where Investor Owned Utilities face bankruptcy over recent wildfire disasters caused by their infrastructure. Ultimately, the committee moved and seconded to oppose AB 56. The motion passed unanimously.

Staff Recommendation: Oppose AB 56

Committee Recommendation: Oppose AB 56

Action: **Approved unanimously**

VIII. Legislative Update

Mr. Dolfie briefed committee members on impending legislative issues of interest to the scope of the committee. He began with the development of the Safe and Affordable Drinking Fund, which seeks to secure a funding source to provide much needed infrastructure improvements for safe drinking water to communities throughout the state. The funding mechanism for these improvements has evolved from a proposed "water tax," to a continuous General Fund appropriation of \$150 million, and finally into an annual \$130 million appropriation from the Greenhouse Gas Reduction Fund (GGRF)ⁱ. The latter of the mentioned proposed funding mechanisms arose as a product of a "deal" struck between legislative leaders and Governor Newsom. The \$130 million in GGRF funds was designed to be annually allocated until its sunset in 2030.

Mr. Dolfie continued his update by briefing committee members on recycling market legislation; specifically, SB 54 (Allen) and AB 1080 (Gonzalez), *The California Circular Economy and Plastic Pollution Reduction Act*. These identical measures direct CalRecycle to adopt regulations by 2024 that require covered entities, which include people or companies that manufacture single-use packaging and products, to achieve a 75 percent reduction of waste generated from single-use packaging and priority single-use plastic products in the California market by 2030. SB 54 requires these covered entities to source reduce these single-use plastics through a combination of source reduction, recycling, or composting by 2030. Mr. Dolfie encouraged city officials to send in letters of support for both of these measures, stating that their enactment would develop incentives and policies to maximize and encourage in-state manufacturing using recycled material generated in California.

In addition to measures SB 54 and AB 1080, Mr. Dolfie noted that CalRecycle planned to release updated 1383 regulations on June 16, followed by a 15-day comment period. The League plans to release a comment letter during this time.

Following the update on recycling measures and regulations, Mr. Dolfie discussed potential changes to wildfire utility and liability standards, catalyzed by stakeholder conversations that led to the release of the Governor's [Strike Force Report](#). The report favors changing the constitutional strict liability standard of inverse condemnation to a fault-based negligence standard for electric and water investor-owned utilities. This constitutionally derived standard creates an incentive structure that promotes safety and the reduction of wildfire risk. Mr. Dolfie stated that changes to inverse condemnation would result in unnecessary litigation and would expose local governments to new costs and liability. As a substitute option for changes to inverse condemnation, Mr. Dolfie explained that the state is considering establishing a "wildfire victim's fund"ⁱⁱ which would provide swift payout to commercial and residential victims of wildfires through liquid fund comprised of shareholder funds, rate increases, and government bonds.

IX. Committee Input – *Thoughts on a potential generator fee for solid waste?*

Mr. Dolfie explained to committee members that the current state of California's waste infrastructure has spurred conversations favoring the establishment of generator fees for solid waste that could make its way into legislation in the coming years. With this in mind, Mr. Dolfie wanted input on how best to steer the League should these ideas make their way into legislation.

Committee members engaged in a discussion about the potential fee. Some members voiced concerns over an increase in tax because some jurisdictions already have independently imposed fees on residents, and that creating a state-wide tax would be disproportionately "double charging" some of California's residents. Additionally, some members noted the potential tax disparity between residents in single-family zoned areas and those residing in apartments with communal waste bins. Ultimately, the committee outlined their desire for packaging fees to be placed on manufacturers rather than residents. Some noted that the state's abundant dollars in reserve funds should be used before imposing a new tax.

Mr. Dolfie concluded the conversation by stating that he would circle back on this topic when the committee reconvenes for its standard meeting schedule in January.

Mr. Dolfie then thanked the committee for their participation in the League's policy committee process. Chair Turner then adjourned the committee and thanked the committee for coming.

2019 Work Program Items Covered to Date:

Storm water and water quality:

- [AB 217 \(E. Garcia\)/Governor’s Trailer Bill](#) – Water Tax Proposals – League Oppose;
- [AB 755 \(Holden\)](#) – California Stormwater Permit Compliance Fund – League Support;
- [SB 200 \(Monning\)](#), [Senate Budget Deal](#) – Water Fund Compromise – League Support;
- [SB 205 \(Hertzberg\)](#) – Stormwater discharge compliance – Negotiated Amendments;
- [SB 332 \(Hertzberg\)](#) – Waste Water Treatment: Recycled Water – League Oppose;
- [SB 669 \(Caballero\)](#) – Water Trust Fund – League Support.

Solid waste and recycling markets:

- [AB 1080 \(Gonzalez\)](#) and [SB 54 \(Allen\)](#) – Plastic Products Reduction – Action Item;
- [SB 667 \(Hueso\)](#) – Recycling infrastructure and facilities – League Support;
- \$100 million Greenhouse Gas Reduction Fund Budget Ask – Increased funding for recycling infrastructure – Secured \$25 million appropriation;
- Institute for Local Government presentation on the Institute’s Beacon program, which shares best practices for local governments to improve sustainability;
- California Refuse and Recycling Council presentation on issues surrounding solid waste and recycling from a waste hauler’s perspective;
- California Department of Resources Recycling and Recovery (CalRecycle) presentation on forthcoming challenges to statewide recycling markets and some best practices that cities have implemented to address these challenges.

Disaster prevention, preparedness, and resiliency:

- [AB 291 \(Chu\)](#) – Local Emergency Preparedness Fund – League Support;
- [SB 45 \(Allen\)](#) – Wildfire, Drought, and Flood Protection Bond Act of 2020 – Advocated for wildfire resources;
- [SB 209 \(Dodd\)](#) – California Wildfire Warning Center – League Support;
- California Department of Conservation presentation on tools available to cities for disaster preparation, planning, and response;
- Governor’s Office of Emergency Services (Cal OES) presentation on how Cal OES is helping communities prepare for and recover from natural disasters.

Next Meeting (tent.): Annual Conference, Long Beach, October 16

Staff will notify committee members after August 22nd if the policy committee will be meeting in October.

ⁱ [SB 200](#) (Monning) has served as the primary legislative vehicle to carry forward a funding mechanism for safe water drinking infrastructure improvements. Since the policy committee’s meeting, SB 200 has gained Assembly Members Eduardo Garcia and Richard Bloom as authors, and is now the legislative vehicle for the proposed \$130 million allocation of GGRF funds.

ⁱⁱ On July 12, the Governor signed [AB 1054](#) (Holden) into law, which overhauls the cost recovery review by the CPUC for electric utilities and creates a new fund to facilitate the payment of wildfire liabilities which can be utilized as a liquidity fund or an insurance fund, when specific conditions are met, among other things.