



MEETING DATE: 8/20/2007

ITEM NO: 7

## COUNCIL AGENDA REPORT

DATE: AUGUST 17, 2007

TO: MAYOR AND TOWN COUNCIL

FROM: PAMELA JACOBS, INTERIM TOWN MANAGER *PJ Jacobs*

SUBJECT: ADOPT RESOLUTION OPPOSING SB 375 AND AUTHORIZING THE LISTING OF THE TOWN ON "NO ON SB 375" COALITION MATERIALS

### RECOMMENDATION:

Adopt resolution opposing AB 375 and authorizing the listing of the Town on "No on SB 375" Coalition materials (Attachment 1).

### BACKGROUND:

SB 375 (Steinberg) focuses on reducing greenhouse gas (GHG) emissions by controlling growth in vehicle miles traveled (VMT). It requires Metropolitan Planning Organizations (MPOs) to include preferred growth scenarios (PGS) in their next Regional Transportation Plan and to allocate transportation funds in accordance with the new plan as a means of achieving GHG emission targets set by the California Air Resources Board. This bill is designed to help advance compliance with 2006 AB 32 (Nunez), which requires California to reduce its GHG emissions to 1990 levels by 2020. It also contains CEQA reforms for projects in cities and counties that amend their general plans to conform to the PGS.

SB 375 is sponsored by the California League of Conservation Voters (CLCV), local government's principle partner in the fight to defeat Prop. 90, and is supported by many environmental groups and the Southern California Association of Governments (SCAG), which subsequently changed to a "No Position." The League of California Cities and other select cities are in opposition to SB 375. It is anticipated that the California State Association of Counties (CSAC) will take an oppose position in the near future.

### PREPARED BY:

*Jenny Haruyama*  
JENNY HARUYAMA  
Administrative Programs Manager

N:\MGRU\Haruyama\Staff Reports\SB 375.mht

Reviewed by: \_\_\_\_\_ Assistant Town Manager \_\_\_\_\_ Town Attorney  
\_\_\_\_\_ Clerk Administrator \_\_\_\_\_ Finance \_\_\_\_\_ Community Development

PAGE 2

MAYOR AND TOWN COUNCIL

SUBJECT: ADOPT RESOLUTION OPPOSING SB 375 AND AUTHORIZING THE  
LISTING OF THE TOWN ON "NO ON SB 375" COALITION MATERIALS

August 17, 2007

DISCUSSION:

According to the League of California Cities, SB 375 appears to be a well-meaning effort to reduce GHG emissions by changing transportation spending priorities. SB 375 explicitly states a PGS shall not be interpreted as superseding or interfering with the exercise of land use authority of cities and counties; however it may have just that indirect effect. SB 375 raises numerous policy issues concerning transportation planning, the allocation of transportation dollars, potential effects on local land use authority, and proposed changes to CEQA. For these reasons and more, the League of California Cities has requested that cities and counties adopt resolutions opposing the bill unless amended or changed to a two-year bill to allow for further examination and discussion. Staff recommends that the Council adopt the attached resolution and authorize the listing of the Town on "No on SB 375" Coalition materials. It is expected that the bill will be heard in the Assembly Appropriations Committee on Wednesday, August 22. If the bill passes through the Committee, it will be voted on by the Assembly, as it has already passed the in the Senate.

Attached for your information is a copy of the League's analysis of SB 375, which discusses SB 375 in detail and in context of recently adopted AB 32, which requires California to reduce its GHG emissions. The analysis identifies key policy considerations and questions and provides an overview of potential alternatives to SB 375.

CONCLUSION:

Adopt attached resolution opposing AB 375 and authorizing the listing of the Town on "No on SB 375" Coalition materials.

FISCAL IMPACT:

There is no fiscal impact associated with adopting a resolution in opposition to SB 375 and authorizing the listing of the Town on "No on SB 375" Coalition materials.

Attachments:

Attachment 1: Resolution opposing AB 375 and authorizing the listing of the Town on  
"No on SB 375" Coalition materials  
Attachment 2: League of California Cities Analysis of SB 375

Distribution:

Rebecca Elliot, League of California Cities

## **RESOLUTION**

### **RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS OPPOSING SB 375 AND AUTHORIZING THE LISTING OF THE TOWN ON "NO ON SB 375" COALITION MATERIALS**

**WHEREAS**, the Town of Los Gatos, along with many other cities, counties and councils of government throughout the state, is concerned with greenhouse gas emissions and already makes it a practice to develop responsible planning and transportation guidelines that take into account and mitigate environmental impacts of new growth to reduce emissions; and

**WHEREAS**, SB 375 seeks to implement drastic new land-use changes well in advance of the implementation guidelines being developed as a result of California's landmark Greenhouse Gas Emissions bill, Assembly Bill 32; and

**WHEREAS**, sufficient time needs to be taken to develop and understand AB 32 implementation guidelines before significant new land-use changes like those proposed in SB 375 are considered that could conflict with or negatively impact AB 32 implementation; and

**WHEREAS**, while SB 375 indicates that transportation funding will be used as an "incentive" for complying with the new land-use laws and the state's definition of a "preferred growth scenario," it would withhold transportation funding as a means of enforcing the new state imposed grow requirements, halting needed transportation improvement projects throughout California; and

**WHEREAS**, SB 375 essentially puts the state, not localities, in charge of all new growth and development in California by establishing complex changes to local land-use decision making, impacting established local regulations that guide where and how communities grow; and

**WHEREAS**, SB 375 would impose complicated new requirements on not only local governments but also regional councils of government, the California Transportation Commission, and the California Air Resources Board, to name a few; and

**WHEREAS**, despite these massive changes and potential impacts on every community, there has not been a coordinated or thoroughly vetted debate on SB 375.

**NOW, THEREFORE BE IT RESOLVED**, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town of Los Gatos does hereby oppose SB 375 and urges the Honorable Senator Darrell Steinberg to declare SB 375 a two year bill.

**ATTACHMENT 1**

**BE IT FURTHER RESOLVED** that the Los Gatos Town Council hereby authorizes the listing of the Town on "No on SB 375" coalition materials.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2007 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

**SIGNED:**

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

# LEAGUE OF CALIFORNIA CITIES

## SB 375 LEGISLATIVE ANALYSIS

### SB 375: Climate Change, Transportation Planning and Land Use

**Executive Summary:** SB 375 (Steinberg) focuses on reducing greenhouse gas (GHG) emissions by controlling growth in vehicle miles traveled (VMT). It requires Metropolitan Planning Organizations (MPOs) to include preferred growth scenarios (PGS) in their next Regional Transportation Plan and to allocate transportation funds in accordance with the new plan as a means of achieving GHG emission targets set by the California Air Resources Board. This bill is designed to help advance compliance with 2006 AB 32 (Nunez), which requires California to reduce its GHG emissions to 1990 levels by 2020. It also contains CEQA reforms for projects in cities and counties that amend their general plans to conform to the PGS. SB 375 appears to be a well-meaning effort to reduce GHG emissions by changing transportation spending priorities. SB 375 explicitly states a PGS shall not be interpreted as superseding or interfering with the exercise of land use authority of cities and counties, but it may have just that indirect effect. It will clearly influence how and where cities grow and the underlying land use decisions about that growth. As such, it deserves much more discussion and consideration than it has received to date. Staff will update the board on recent discussions with the author and sponsor about these concerns. A proposed alternative is at the end of the report.

Current League Position: OPPOSE UNLESS AMENDED OR MADE A TWO-YEAR BILL.

#### Background

The issue of climate change has reached a tipping point in the public's consciousness and in the state capitol, with some state officials vying to be seen as the leader in this area and trying to outdo each other in advancing this agenda. With the passage last year of AB 32 (Nunez), the California Global Warming Solutions Act, the issuance of a subsequent Governor's Executive Order requiring low carbon fuel (LCFS)<sup>1</sup> and legislation two years earlier requiring improved vehicle emission technologies in California<sup>2</sup>, California is leading the nation on global warming. In reality, that was the easy part. The real work now begins, as the recent flap over the leadership of the California Air Resources Board (CARB) demonstrates.

Vehicles alone account for as much as 40 percent of all greenhouse gas (GHG) emissions statewide. Thus, if we are to address climate change as a state, addressing vehicle emissions in California is an absolute must. The most effective ways to address tailpipe emissions are to increase fuel efficiency, use more low carbon fuels, or reduce total vehicle miles traveled (VMT). Because vehicle fuel efficiency is also a federal issue (i.e., implementation of the AB 1493 standards requires an EPA waiver that has not been given) and the low carbon fuel standard is already being addressed by the State Air Resources Board, the focus of the Legislature has shifted to reducing VMT.

---

<sup>1</sup> The LCFS will require fuel providers (defined as refiners, importers, and blenders of passenger vehicle fuels) to ensure that the mix of fuel they sell into the California market meets, on average, a declining standard for GHG emissions measured in CO<sub>2</sub>-equivalent gram per British Thermal Unit (BTU).

<sup>2</sup> Under AB 1493 (the "Pavley bill"), automakers will have until the 2009 model year to produce a new California breed of cars and trucks that will collectively emit 22 percent fewer greenhouse gases by 2012 and 30 percent fewer by 2016. Seven Northeastern states, including New York, have pledged to adopt the California standards.

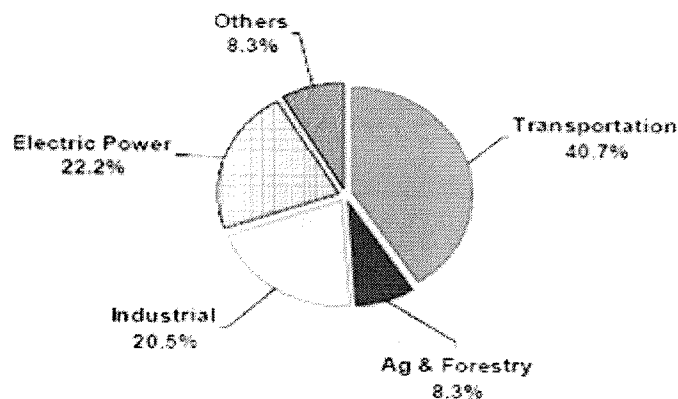
transportation funding and CEQA relief. Those that elect not to conform, would not receive these benefits. The bill represents a significant effort to respond to global warming, but it also raises serious policy questions that deserve careful consideration.

SB 375 is sponsored by the California League of Conservation Voters (CLCV), local government's principle partner in the fight to defeat Prop. 90, and is supported by many environmental groups and SCAG (which subsequently changed to a "No Position"). As of the writing of this report, we understand it was also supported in concept by some MPOs (SACOG, MTC). In the bill's final policy committee hearing in the Assembly, the League communicated it was Opposed Unless Amended<sup>3</sup>, based on a decision of the League Executive Committee on July 9. We expect CSAC to join us in that position shortly. The bill is currently in the Assembly Appropriations Committee where it is expected to be acted upon in late August.

### What Does AB 32 Require?

The best place to start is with an overview of the major sources of greenhouse gas emissions. This inventory is from the Governor's Office, and it is broken down by sector.

**Figure 3 – Greenhouse Gas Emission Inventory - 2005**



AB 32 requires the California Air Resources Board (CARB) to develop regulations and market mechanisms that will ultimately reduce California's greenhouse gas emissions by 25 percent by 2020—or to the 1990 level! Mandatory caps will begin in 2012 for significant sources and ratchet down to meet the 2020 goals. In the interim, CARB will begin to measure the greenhouse gas emission of the industries it determines as significant sources of greenhouse gas emissions. The bill also provides the Governor the authority to invoke a safety valve and suspend emissions caps for up to one year in the case of an emergency or significant economic harm.

---

<sup>3</sup> The League has had extensive conversations with the sponsor and has proposed detailed amendments to SB 375 that we believe would address most city concerns. No response had been received by July 9, so the Oppose Unless Amended position was announced. Discussions continue with the author and sponsor and the board will be updated at the July meeting.

## AB 32 and the Transportation Sector

AB 32 refers to “greenhouse gas emission sources.” The CARB is authorized to decide that the emissions from a particular “source” are at level that is significant enough to require its participation in an emission reductions program. While many have assumed that the “sources” will be electricity generation and petroleum refining, the definition of “source” is broad enough to include the “transportation sector.” SB 375 requires the CARB to set emission reduction targets for each region. AB 32 did not foresee this regulatory authority, but the enforcement provisions of AB 32 are broad enough to allow the CARB to enforce its emission reduction targets against regions that don’t perform<sup>4</sup>.

In 1990 there were 110 million metric tons (MMT) of greenhouse gas emissions from the transportation sector. According to the Natural Resources Defense Council (NRDC), the breakdown of the major contributors by sector is as follows:

### GHG Reduction Strategies Vehicle Sector

Greenhouse Gas Emissions from Light Vehicles							
	1990	2000	2010	2020	2030	2040	2050
Baseline in MMT	110	122	149	165	191	214	238
Reduction in gasoline vehicle emissions				-34	-58	-86	-119
Reduction in carbon intensity of fuel				-12	-37	-58	-71
Reduction in VMT				-9	-15	-20	-24
<b>Total in MMT</b>				<b>110</b>	<b>81</b>	<b>50</b>	<b>24</b>

With no change in policies (i.e., business as usual) the transportation sector is projected to grow to 165 million metric tons by 2020—a 55 metric ton increase—the amount AB 32 requires to be reduced by 2020 from a combination of three sources—(1) reductions in gasoline vehicle emissions, Low Carbon Fuel Standard (LCFS), and reductions in vehicle miles traveled (VMT) through increased transit use and improved jobs-housing balance through land use changes.

According to a recent draft staff report by the California Energy Commission, entitled “The Role of Land Use in Meeting California’s Energy and Climate Change Goals,” “the California Department of Transportation (Caltrans) estimates that VMT will continue to increase at nearly 3 percent per year for the foreseeable future. Even with significant penetration of ARB’s greenhouse gas regulations and implementation of the LCFS, the increase in GHG emissions from the increased travel will outweigh the policies combined benefits.”

---

<sup>4</sup> The Act provides CARB with civil, criminal and injunctive powers to enforce the emission regulations it mandates.

## General Discussion

SB 375 and similar legislation present the board and membership with some very clear choices. For years we have faced continued efforts by for-profit and nonprofit homebuilders and others to micromanage the approval of housing at the city level. We have won many of those fights and lost others. Our victories have often been due to our partnership with environmental groups that have historically opposed more growth.

In recent years the League has adopted a smart growth policy which suggests a strong commitment by city leaders to more compact urban development patterns that use land more efficiently, reduce energy consumption, and, not incidentally, help reduce vehicular travel/emissions--all within a framework of local land use control.

With public support for addressing climate change at all-time highs, many city officials support AB 32 and believe the League and cities should be and are leading in developing policies and programs to reduce carbon emissions. From the discussions of the League's Climate Change Working Group it is clear that some are even ready to support legislation affecting cities, including incentives and mandates for more compact urban development in the future. Others are clearly not there yet.

The League strongly supports efforts to increase the supply of land for housing to meet the affordable housing needs in our state that is experiencing an increase a 2 % annual increase in population while we vehicle miles traveled are increasing 3% a year. Where future housing is constructed, its proximity to job centers and the densities at which it is built will have a profound effect on future greenhouse gas emissions. Some homebuilders are increasing their focus on the infill market niche as housing preferences begin to shift, but there remains strong demand for traditional single-family housing choices—especially among young families of Latino and other ethnic backgrounds.

Finally, as the climate change debate advances environmental groups that once opposed any changes in CEQA are beginning to understand the historic criticisms of builders and local leaders about how CEQA has been used to block smart growth. They are giving signals of a willingness to support reform to CEQA within a context that reduces pressure to develop on the fringe of cities and removes barriers for infill development.

In other words, we may be approaching a historic time when the interests of the three major interest groups in the debate over state land use, environmental and housing policy are converging. It also could be a time of continued conflict and a lack of progress if the major interest groups are not willing to change and negotiate a new paradigm for planning future urban development.

The League itself is facing some choices. For years we have made alliances with builders and environmental groups, depending on the issue of the moment. In recent years we have invested considerable energy in what are strong partnership, not merely alliances, with counties, special districts and, most recently, environmental groups. We would not have defeated Prop. 90 without these partnerships, and we would not be where we are in our efforts to secure eminent domain reform without our partnership with the



environmental groups, particularly one with the California League of Conservation Voters, the sponsor of SB 375.

## **Bill Summary**

**Key Premise of SB 375: Need to Reduce VMT.** The environmental organizations sponsoring this legislation (led by the California League of Conservation Voters, a key ally of ours in defeating Pro. 90) maintain that changes in land use and transportation policy must be made to achieve the goals of AB 32. Although greenhouse gas (GHG) emissions can be reduced by producing more fuel efficient cars and implementation of the low carbon fuel standard (LCFS), it will not be enough. Reductions in vehicle miles traveled (VMT) will also be necessary. Thus, the travel demand models used by metropolitan planning organizations (MPOs) to develop regional transportation plans (RTPs) must assess the effects of land use decisions, transit service, and economic incentives. SB 375 raises numerous policy issues concerning transportation planning, the allocation of transportation dollars, potential effects on local land use authority, and proposed changes to CEQA.

## **SB 375 Proposes the Following:**

- 1) **New Guidelines for Travel Demand Models.** Requires the California Transportation Commission, in consultation with California Air Resources Board (CARB), to prepare guidelines, by April 1, 2008, for “*travel demand models used in regional transportation plans*” after consulting with stakeholders and holding two hearings. The “guidelines” shall apply to all federally designated metropolitan planning organizations, county transportation agencies in non-attainment areas, and the Southern California Association of Governments. All other transportation planning agencies are ‘encouraged’ to use the guidelines.
- 2) **Connection Between Models and Corridor Planning.** Requires all federally designated metropolitan planning organizations, county transportation agencies in non-attainment areas, and the Southern California Association of Governments to report to the California Transportation Commission at the time of submission of the regional transportation plan is submitted to the Commission and CalTRANS how the regional travel demand model supports “*corridor planning*” and “*small area planning*.” (These terms are undefined).
- 3) **CARB To Set GHG Emission Targets.** Requires the CARB (*by an unspecified date*) to set GHG emission targets for each region to be achieved by 2020 and 2035 through changes in regional land use and transportation policy.
- 4) **Preferred Growth Scenarios (PGS) Required To Meet Target.** Requires metropolitan planning organizations — after receiving their emissions target from CARB — to develop an RTP that includes a “*referred growth scenario (PGS)*.” The “*preferred growth scenario*” is required to identify areas within the region that are “sufficient to house all the population of the region” for all income categories. The siting of the housing must use models that calculate vehicle miles traveled (VMT) to reduce greenhouse gas emissions. The *preferred growth scenario* must also inventory the region’s emission of greenhouse gases and include measures to reduce greenhouse

gas emissions that are *consistent* with the targets developed by CARB for 2020 and 2050.

- 5) **PGS to Exclude "Significant Resource Lands" From Development.** Requires the "*preferred growth scenario*" to also identify the following "*significant resource lands*" and "*significant farmland*" which shall be excluded from development to include (A) all publicly owned parks and open space, (B) open space or habitat areas protected by a habitat conservation plan, natural community's conservation plan, (C) Lands subject to conservation or agricultural easements and lands under Williamson Act contracts, or (4) other adopted natural resource protection plans. "*Significant farmland*" is defined as farmland classified as prime or unique farmland, *OR* farmland of statewide importance *and* is located outside all existing spheres of influence, as of January 1, 2007. (This language needs to be clarified to make it clear that it only involves land outside of spheres.)
- 6) **Findings Necessary to Include Resource Lands in PGS.** Require the transportation planning agency, to only include in the "*preferred growth scenario*" agricultural resource areas including areas zoned for open space, sensitive habitat for threatened or endangered species, and habitat and linkage corridors for key species, and floodplains after making findings that these lands can only be developed if they are (1) adjacent to urbanized areas or located on infill sites; (2) served by necessary utilities; (3) there is no feasible alternative; (4) the loss of resource area is fully mitigated; and (5) the land is efficiently used (minimum of 10 units per acre).
- 7) **Requires All Transportation Projects to Conform to PGS.** Requires all proposed projects to be "*consistent with the preferred growth scenario.*" Defines the term "*consistent with the preferred growth scenario*" and "*consistent with regional transportation plans*" to mean that the capacity of transportation projects and improvements does not exceed that which is necessary to provide reasonable service levels to the preferred growth scenario.
- 8) **Transportation Funding Allocated Consistent With PGS.** Restricts the allocation of transportation funding to projects which are consistent with the PGS. (Prop 1B Bond Moneys, and projects contained in the 2006 or 2008 Federal Transportation Improvement Program are exempted, but some vagueness in the language remains.).
- 9) **Affected Funding by PGS.** Requires the following projects to be consistent with the PGS. for the region:
  - Projects to implement the RTP
  - Corridors of statewide or regional priority
  - Projects and improvements funded in the 5-year STP (beginning 01/09)
  - Congestion Management Plans
- 10) **Protection for Local Land Use Authority.** States that the preferred growth scenario does not regulate the use of land, nor shall it be subject to any state review or approval. States that nothing in a preferred growth scenario shall be interpreted as superseding or interfering with the exercise of land use authority of cities and counties in the region.

(While helpful, this language is of small comfort, because the bill specifically excludes transportation funding for projects on land by category in the bill, or only accessed after specific findings are made (infill site, 10 units per acre, etc.).

11) **CEQA Reform for Infill Development.** Contains the following three proposals related to CEQA:

- **Part One.** If EIR has been certified on the *preferred growth scenario* and a local government amends its general plan to conform to PGS, then only project specific impacts must be studied of a residential or mixed use project (no more than 25% total floor area in retail) located on an infill site in an urbanized area. Land use and housing elements must designate land at density and intensity sufficient to accomplish goals of PGS.
- **Part Two.** No additional CEQA for “sustainable communities” projects. These projects must meet several conditions, including: not larger than 8 acres, not more than 200 units, consistent with “Mullin densities,” no loss of affordable housing, maximum of 75,000 square feet of retail; within ¼ mile of transit; provide more than 5 acres of open space for each 1,000 new residents; and conform to the general plan. Moreover, exception to additional CEQA review does not apply if the development has one of the following characteristics: presence of wetlands or riparian area, hazardous substances, historic structures, fire hazards, seismic hazards, or includes the development of publicly accessed park or open space.
- **Part Three.** No additional traffic mitigation would be necessary beyond what is called for in the RTP in urbanized areas for projects that are consistent with the RTP. If project complies with policies, then traffic impacts of project need not be studied in an EIR on Negative Declaration. Local agency would have to review and update mitigation measure every 5 years.

**Specific Policy Questions Raised by SB 375:**

- How should the League approach the issue of climate change in the context of land use and transportation planning?
- Which parts of this bill are necessary to implement AB 32 at this time? Which parts go beyond that?
- To what extent does this bill alter and affect the local understanding of the role of voluntary regional blueprints?
- What is a “*preferred growth scenario*” required by the bill? How will it be developed? What are its short and long term implications on local land use authority?
- What are the full implications of the bill’s “categorical” exclusion denying transportation funds to projects (for right-of-way acquisition, road expansions, etc.) on any: (A) publicly owned parks and open space, (B) open space or habitat areas protected by a habitat conservation plan, natural community’s conservation plan, (C) lands subject to conservation or agricultural easements and lands under Williamson Act contracts, or (4) other adopted natural resource protection plans?
- What are the full implications of denying transportation funds to transportation projects located on agricultural resource areas including areas zoned for open space, sensitive habitat for threatened or endangered species, and habitat and linkage corridors for key species, and floodplains after the transportation agency makes a finding when adopting the regional transportation plan that these lands can only be

developed if they are (1) adjacent to urbanized areas or located on infill sites; (2) served by necessary utilities; (3) there is no feasible alternative; (4) the loss of resource area is fully mitigated; and (5) the land is efficiently used (minimum of 10 units per acre).

- Is it appropriate for transportation agencies to be making the above finding? Will the “no feasible alternative” language and other provisions invite environmental challenges that will hold up the distribution of transportation funds?
- How meaningful are the CEQA relief provisions? How important is this issue to local governments compared to potential limits on transportation funding and land use?

With all these forces in mind, cities and the League face critical choices with regard to climate change and SB 375. These include:

- ***Local Government’s Planning Authority.*** Climate change is a global issue. What are the roles and responsibilities of local government?
- ***Information to Make Decisions.*** Climate change data is new and untested. While the majority of scientists acknowledge the problem, relatively little is known about specific impacts. For example, changes in weather patterns will impact flooding models. But to what extent? And, how will local governments get the data they need to make good decisions? For that matter, what constitutes “good data?”
- ***Statewide Standards.*** To what extent will local governments accept state standards and targets in order to get certainty in the process? Or, should a more “bottoms—up” approach be taken?
- ***Local Government Role in Finding a Solution.*** Many legislative decisions could intrude into local land use authority. What role will local governments play in these discussions? Will they be seen as part of the solution? How do we strike the right balance between global need and home rule?

## **Policy Committee Review**

During the late June policy committee meetings, three committees discussed SB 375. A summary of those discussions follows:

**HCED Policy Committee.** The HCED committee held a comprehensive discussion of the bill, which included background on the climate change issue, the requirements of last year’s AB 32 (Nunez), and its greenhouse gas reduction emissions reduction goals and timelines for implementation. Both League Executive Director Chris McKenzie and League First Vice President Jim Madaffer participated in the discussion as well. A one-page “SB 375 alternative” document was also distributed to committee members for discussion purposes (attached). While the committee discussion concluded without the committee taking formal action on the bill, there was clear consensus that –while many concepts in the measure had merit – that the scope of the measure required a more lengthy discussion that required the bill to be slowed down and made a two-year bill. The Committee also felt that it was important for the League to take a leadership role on this matter.

**Revenue and Taxation Committee Recommendation.** SB 375 was added as an item for the committee discussion due to the interest of the committee' chair and membership in hearing more about the bill. While the committee did not take a formal position, they asked to convey their concerns to the HCED committee, which was scheduled to meet the following day. There were a variety of opinions in Rev & Tax on SB 375. Most committee members agreed that this bill would reduce local governments' authority over land use planning and that it is a one-size-fits-all prescription. Some felt that more emphasis should be placed on what cities are already doing – and make sure that the public is aware. Others supported the intent of the legislation but felt that it was overly burdensome. The committee did not have access to the materials shared with both the HCED and TCPS committees the next day, including the proposed alternative (attached).

**TCPW Committee Recommendation.** Similar to the discussion that occurred in the other two\_policy committees. There was support for the concepts of improved regional transportation planning to address climate change concerns and a generally positive reaction to the proposed alternative. Due to time constraints, however, there was not the in-depth of discussion that occurred in HCED. No formal position was taken.

**RECOMMENDATION:** Staff will update the board on discussions with the author and sponsor to address League concerns. Staff recommends the board ratify the Executive Committee's position to OPPOSE UNLESS AMENDED to reflect League's concerns. If amendments are rejected or the author is not amendable to a two-year process with the bill, staff recommends OPPOSE position.

## Potential Alternative to SB 375

- 1) Ensure CARB Sets Reasonable Emissions Targets:** CA Air Resources Board (CARB) adopts regional emission targets following a collaborative process, involving local governments and other stakeholders. The goal of this process is to ensure that the initial targets set by CARB are technologically feasible given local conditions, resources available, and realities of the private market. Emission targets are adopted after consideration of emission reductions anticipated from non-transportation sector; implementation of Low Carbon Fuel Standards.
- 2) Develop Bottom's Up Regional Strategy:** Require each regional transportation agency to develop, adopt, and include in its regional transportation plan, a regional emission reduction strategy. The strategy will be a bottoms-up process developed by the agency in consultation with a working group of elected officials from cities and counties in the region. The strategy includes a variety of programs and policies to achieve the emission reduction goals established for the region by the CARB; and accommodates locations for housing the regional need for all income levels.
- 3) Eliminate Conflicts with Housing RHNA:** Amend housing element law to provide that (1) RHNA allocation be consistent with locations identified in regional emission reduction strategy; and that (2) to acknowledge that to achieve emission reductions it may not be possible for a local jurisdiction to accommodate its entire RHNA even if minimum densities and other requirements are met.
- 4) Expedite CEQA for Consistent Projects:** Require RTPA to study the impact of the strategy on climate change in the EIR prepared for the regional transportation plan. If a local jurisdiction approves a project that is in an area identified by the strategy for residential development, allow local jurisdiction to tier off EIR for climate change analysis. Allow "grace period" for amendments to general plan wherein lawsuits seeking to require a climate change analysis in each project specific EIR could not be brought.
- 5) Establish Priority For Transportation Funds, Not Absolutes:** Give funding priority to transportation projects and improvements that further the regional emission reduction strategy.
- 6) Analyze Results:** Require the agency to analyze the effects of using transportation funds as an incentive to encourage land use policies which reduce regional emissions.
- 7) Improve Planning Data on Regional Environmental Issues:** Allocate \$20 million state planning funds (Prop 84) to support studies and collaborative strategies with local governments, LAFCO's and other stakeholders to develop regional strategies to identify and preserve the most critical and sensitive habitat, natural resource, farmland and open space in the region. Identify incentives for landowners and local governments to preserve those lands. Allocate \$30 million (or amount necessary) for improved regional vegetation and habitat mapping.