

BOARD MEETING DATE: November 6, 2015

AGENDA NO. 28

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, October 9, 2015. The next Legislative Committee meeting is scheduled for Friday, November 13, 2015 at 9 a.m. in Conference Room CC8.

The Committee deliberated on agenda items for Board consideration and recommended the following action:

<b>Agenda Item</b>	<b>Recommendation</b>
Interview and Recommend Execution of Contract(s) for Legislative Representation in Washington, D.C.	Authorize the Chairman to execute contracts with The Carmen Group, Inc.; Cassidy & Associates, Inc.; and Kadesh & Associates, Inc. for Legislative Representation in Washington, D.C.

**RECOMMENDED ACTION:**

Receive, file this report, and approve agenda item as specified in this letter.

Judith Mitchell  
Chair  
Legislative Committee

### **Attendance [Attachment 1]**

The Legislative Committee met on October 9, 2015. Committee Chair Judith Mitchell was present at SCAQMD's Diamond Bar headquarters. Committee Members Michael D. Antonovich, Dr. William A. Burke, Dr. Clark E. Parker, Sr. and Janice Rutherford attended via videoconference. Committee Member Joe Buscaino was absent.

### **Update on State Legislative Issues**

SCAQMD state legislative consultant, Jason Gonsalves of Joe A. Gonsalves & Son, briefed the Committee on key Sacramento issues.

Friday, September 11 was the last day of the 2015 Legislative Session, which started the 30 day deadline (until October 11) for the Governor to act on all bills sent to him. Overall, 941 bills were sent to the Governor. Although the Legislature is not scheduled to reconvene until January 4th, the Governor called two extraordinary sessions. One is on Transportation and the other is on Healthcare. Prior to adjournment, the Legislature did send some legislative vehicles to the extraordinary sessions' conference committees. Although the conference committee members were appointed, there has been little to no action by either committee. Any action on these two issues that might involve additional fees and/or taxes would require a two-thirds majority vote to pass; however, there is little feeling that such a vote would happen.

2016 will be the second year of the two-year legislative session. All 2015 bills leftover must pass out by August 31, 2016, with the exception of urgency bills.

For the 2016 election year:

- There are currently five initiatives that qualified for the 2016 ballot with an additional 75 pending at various stages of the qualification process.
- In addition to the propositions, the 2016 elections will bring the entire State Assembly under the new 12-year term limit rule, as there are 16 Members terming out in 2016.
- 31 of the 40 Senators fall under the old term limits law of two 4-year terms. The remaining nine Senators fall under the new 12-year term limit rule.

With regard to leadership changes:

- Back in February, the Senate Republicans elected Senator Jean Fuller to be the next Republican leader, replacing Senator Bob Huff. This makes Senator Fuller the first female Senate Republican leader in the State's history. Senator Fuller terms out in 2018.
- On September 1, 2015 the Assembly Republican's elected Assembly Member Chad Mayes as their Republican leader. Assembly Member Mayes is in his first year and has 11 years remaining under term limits.

- On September 3, 2015, Assembly Member Anthony Rendon was elected to be the next Assembly Speaker, replacing current Assembly Speaker Toni Atkins. Currently, Assembly Member Rendon is not slated to take over until late 2016. However, this timeline is flexible, especially given that Speaker Atkins has announced her intention to run for Senate. Assembly Member Rendon was elected in 2012 and has the potential to serve as Speaker until 2024.

SCAQMD state legislative consultant, Will Gonzalez of Gonzalez, Quintana & Hunter, also briefed the Committee on key legislative issues and related matters in 2015:

- **SB 350 (de León) Clean Energy and Pollution Reduction Act of 2015**  
This bill, which was recently signed by the Governor, increases the Renewable Portfolio Standard (RPS) to 50% by 2030 and doubles buildings' energy efficiency in electricity and gas by 2030. However, the third provision regarding a required 50% reduction in petroleum use in California was dropped in order to secure the votes for passage. Overall, this bill is still a significant piece of legislation despite this removal. One key consequence of this bill is that it allows utilities to claim carbon credit for their investments in electric vehicle (EV) infrastructure. This incentive places electric utilities in direct competition with the oil industry.
- **SB 32 (Pavley) - California Global Warming Solutions Act**  
This bill would have codified the Governor's Executive Order of greenhouse gas (GHG) reduction goals of 40% below 1990 levels by 2030, and 80% below 1990 levels by 2050. In response to various concerns expressed, Senator Pavley added language to the bill that gave the Legislature increased power over the California Air Resources Board (CARB) programs related to these GHG goals. However, this amendment proved to be controversial. The bill also contained language, included at SCAQMD's request, to ensure that nothing in the bill impacted local air district authority to meet federal Clean Air Act requirements. In the end, this bill failed passage on the Assembly Floor; however, it is eligible to be taken up again for consideration in 2016.
- **AB 1288 (Speaker Atkins) – CARB Board Members**  
This bill originally would have permanently removed the state Cap and Trade program's sunset date. That provision did not have the votes to pass. The bill was gutted and amended near the end of session to instead add two members to the CARB Board who work with environmental justice (EJ) communities. One member would be appointed by the Senate Rules Committee, and the other by the Assembly Speaker. This bill was recently signed by the Governor and provides additional Legislative oversight of CARB's work programs.

- SB 513 (Beall) - Carl Moyer Memorial Air Quality Standards Attainment Program  
This bill was sponsored by the California Air Pollution Control Officers Association (CAPCOA). It updated cost-effectiveness definitions and other provisions relating to the Carl Moyer program. This bill was fairly non-controversial and was recently signed by the Governor.
- GHG Cap and Trade Funding  
The Legislature's 40% of greenhouse gas Cap and Trade funding to allocate this past fiscal year amounted to just under one billion dollars. The funding remains unexpended as there was no consensus on where to direct these investments. The understanding was that these funds would be allocated later in the year, but that also did not happen. Cap and Trade auctions continue and the funds available are only growing. The Governor's January budget is expected to have a proposal on how to spend these funds.

Discussions were had regarding the criteria for selection of the two new EJ-focused CARB board members created through AB 1288 (Speaker Atkins). The estimated amounts of unspent 2015 and upcoming 2016 Cap and Trade funds were also discussed by the Committee. Possible approaches to ensuring that a fair share of this money is spent on achieving co-benefit criteria pollutant emission reductions and on addressing EJ issues were also discussed by the Committee. It was also mentioned that CARB has recently put out a draft Mobile Source Strategy document detailing what kinds of controls are needed to address mobile sources of pollution under both state and federal jurisdiction and to meet federal standards. Related funding needs will also be calculated as a next step in the process.

**Interview and Recommend Execution of Contract(s) for Legislative Representation in Washington, D.C.**

In preparation for the interviews, the Committee members discussed the questions to be asked of the three top qualified firms and the process for their selection. They then proceeded with the interviews of:

- The Carmen Group, Inc.
- Cassidy & Associates, Inc.
- Kadesh & Associates, Inc.

After the interviews were concluded, the Committee Members unanimously recommended that the Board authorize the execution of contracts with The Carmen Group, Inc.; Cassidy & Associates, Inc. and with Kadesh & Associates, Inc. *[Refer to the November 6, 2015 Board Agenda item 11 for additional information on this matter.]*

**Report from SCAQMD Home Rule Advisory Group [Attachment 2]**

Please refer to Attachment 2 for written report.

**Other Business:**

None

**Public Comment Period:**

No public comment.

**Attachments**

1. Attendance Record
2. SCAQMD Home Rule Advisory Group Report

## ATTACHMENT 1

ATTENDANCE RECORD –October 9, 2015

### **SCAQMD BOARD MEMBERS:**

Councilmember Judith Mitchell, Chair  
Supervisor Michael Antonovich (Videoconference)  
Dr. William A., Burke (Videoconference)  
Dr. Clark E. Parker (Videoconference)  
Supervisor Janice Rutherford (Videoconference)

### **STAFF TO COMMITTEE:**

Lisha B. Smith, Deputy Executive Officer  
Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor  
Guillermo Sanchez, Senior Public Affairs Manager  
Julie Franco, Senior Administrative Secretary

### **SCAQMD STAFF:**

Barry R. Wallerstein, Executive Officer  
Daniela Arellano, Senior Public Information Specialist  
Barbara Baird, Chief Deputy Counsel  
Marc Carrel, Program Supervisor  
Philip Crabbe, Community Relations Manager  
Philip Fine, Deputy Executive Officer  
Bayron Gilchrist, Assistant Chief Deputy Counsel  
Chris Marlia, Assistant Deputy Executive Officer  
Matt Miyasato, Deputy Executive Officer  
Robert Paud, Telecommunications Supervisor  
Mary Reichert, Senior Deputy District Counsel  
Cher Snyder, Assistant Deputy Executive Officer  
Laki Tisopulos, Assistant Deputy Executive Officer  
Jeanette Short, Senior Administrative Secretary  
Patti Whiting, Staff Specialist  
Bill Wong, Principal Deputy District Counsel  
Rainbow Yeung, Senior Public Information Specialist (Videoconference)

### **OTHERS PRESENT:**

Mark Abramowitz, Governing Board Member Consultant (Lyou)  
David Carmen, The Carmen Group  
Tom Dennis, Cassidy & Associates  
Kaleb Froehlich, Cassidy & Associates  
Jason Gonsalves, Joe A. Gonsalves & Son (teleconference)  
Will Gonzalez, Gonzalez, Quintana & Hunter, LLC (teleconference)  
Stewart Harris, The Carmen Group  
Gary Hoitsma, The Carmen Group  
Amelia Jenkins, Cassidy & Associates  
Mark Kadesh, Kadesh & Associates  
Chris Kierig, Kadesh & Associates  
Bill LaMarr, California Small Business Alliance  
Chung Liu, Governing Board Member Consultant (Mitchell)  
Rita Loof, RadTech  
Debra Mendelsohn, Governing Board Consultant (Antonovich)  
David Rothbart, Los Angeles County Sanitation Districts  
Andy Silva, Governing Board Member Consultant (Rutherford)  
Susan Stark, Tesoro  
Lupe C. Valdez, Union Pacific  
Warren Weinstein, Kadesh & Associates  
Peter Whittingham, CP & A

## ATTACHMENT 2

### **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

#### **LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF JULY 22, 2015**

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Philip Fine, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Mike Carroll, Latham & Watkins on behalf of the Regulatory Flexibility Group

Curt Coleman, Southern California Air Quality Alliance

Chris Gallenstein, CARB (participated by phone)

Sue Gornick, WSPA

Jayne Joy, Eastern Municipal Water District

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Diane Moss, Renewables 100 Policy Institute

Bill Quinn, CCEEB (participated by phone)

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Larry Smith, Riverside Cement

TyRon Turner, We Care About You

Lee Wallace, So Cal Gas and SDG&E

Others: Mark Abramowitz (Board Consultant to Dr. Lyou); Daniel McGivney (SoCalGas/SDG&E); Noel Muyco (SoCalGas/SDG&E); and Rita Loof (Radtech).

AQMD Staff: Philip Crabbe, Jill Whynot, Bill Wong, Cristina Lopez, and Marilyn Traynor

#### **LEGISLATIVE UPDATE**

Philip Crabbe reported on the following items that were discussed at the Legislative Committee meeting on July 17, 2015:

#### **Federal**

The U.S. House of Representatives passed its version of a bill that would extend current program levels under the MAP-21 Surface Transportation bill for an additional five months, to December 18, 2015. To continue funding the programs, \$8 billion would be transferred to the Highway Trust Fund (\$5 billion from a variety of tax compliance measures and \$3 billion in savings from Transportation Security Administration fees). The bill will now go to the Senate for consideration. There is a separate Senate bill with different provisions that is currently being negotiated. House leaders are hoping that the extension to December 18 will allow additional time to develop a more comprehensive tax reform package. The Senate Commerce Committee recently marked up and passed out the rail title of a transportation bill.

The full House has passed six out of 12 appropriations bills. The House was unable to pass the Interior-Environment spending bill that oversees the U.S. Environmental Protection Agency's (EPA) budget and includes funding for the Targeted Airshed Grant Program and the Diesel Emission Reduction Act (DERA) program. The full House recently suspended consideration of the bill after controversy arose with regard to an amendment about the use of the confederate flag. An omnibus package is likely to be passed in December.

Funding of the federal government after September 30, 2015, is likely to be carried on through a continuing resolution. In the past, zero-emissions goods movement funding has been excluded from long-term continuing resolutions. However, Senator Feinstein is pressing for the inclusion of this zero emission goods movement funding provision.

Within the next month or two, the U.S. Department of Energy (DOE) is expected to release a request for proposals for zero emissions goods movement projects. SCAQMD will be eligible to apply for the \$10 million budgeted to fund the program.

### State

The following bills were reported on at the Legislative Committee:

#### SB 350 (De León)-Clean Energy and Pollution Reduction Act of 2015

SB 350 would increase renewable energy by 50%, reduce oil use by 50%, and increase building energy efficiency by 100%. SB 350 passed through the Senate and negotiations continue in the state Assembly. Some provisions at issue involve: (1) rooftop solar energy and utilities' renewable energy requirements; (2) credit for utilities for electrification of transportation; and (3) the oil reduction provisions.

#### SB 32 (Pavley)-California Global Warming Solutions Act of 2006: emissions limit

SB 32 would create new 2030 and 2050 greenhouse gas reduction goals. The goal for 2050 would call for 80% reduction below 1990 levels. SB 32 passed through the Senate and is pending in the Assembly.

#### AB 1288 (Atkins)-California Global Warming Solutions Act of 2006: regulations

AB 1288 would remove the sunset on the cap-and-trade program for greenhouse gas. There is a mix of positions on this bill.

#### SB 513 (Beall)-Carl Moyer Memorial Air Quality Standards Attainment Program

This bill has recently passed out of the Assembly Transportation Committee and is pending in the Senate Appropriations Committee.

#### AB 693 (Eggman)-Multifamily Affordable Housing Renewables Program

This is a "gut and amend" bill which would set aside \$100 million per year, or approximately 10% of the cap and trade utility auction revenues currently being rebated to utility customers, and use it to create a rooftop solar program for disadvantaged communities, with low-income multifamily developments being a target in particular. Approximately \$1 billion has been set aside to fund this program over a ten-year period. The bill passed its first policy committee.

The Governor signed the budget by the June 15, 2015 deadline; however, about 40% of the greenhouse gas reduction funds (over \$800 million) were unallocated pending further negotiations. These funds will likely be addressed during the end-of-session negotiations.

The Governor has called for two Extraordinary Legislative Sessions. The first will be focused on transportation/infrastructure funding (gas tax, registration fees, vehicle maintenance fees). The second will be focused on Medi-Cal.

**Discussion**

Mr. Quinn reported that, after a 3-1/2 hour hearing and by a 3-0 vote, the Senate Rules Committee approved Barbara Lee's candidacy for Director of the Department of Toxics Substances Control (DTSC). Her appointment still needs to go before the full Senate for approval but is considered a formality.

## **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

### **LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF SEPTEMBER 16, 2015**

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Philip Fine, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Patrick Au on behalf of Chris Gallenstein, CARB (participated by phone)

Mike Carroll, Latham & Watkins on behalf of the Regulatory Flexibility Group

Curt Coleman, Southern California Air Quality Alliance

Sue Gornick, WSPA

Jayne Joy, Eastern Municipal Water District

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Dan McGivney on behalf of Lee Wallace, So Cal Gas and SDG&E

Art Montez, AMA International

Diane Moss, Renewables 100 Policy Institute

Terry Roberts, American Lung Association of California

Larry Rubio, Riverside Transit Agency (participated by phone)

TyRon Turner, We Care About You

Others: Mark Abramowitz (Board Consultant to Dr. Lyou); Earl Elrod (Board Consultant to Mayor Yates); Noel Muyco (SoCalGas/SDG&E); and Susan Stark (Tesoro).

AQMD Staff: Teresa Barrera, Philip Crabbe, Megan Lorenz, Karin Manwaring, Jill Whynot, Bill Wong, and Marilyn Traynor

#### **LEGISLATIVE UPDATE**

Since the Legislative Committee did not meet in September, Philip Crabbe had nothing new to report. Dr. Lyou asked for an update on bills resulting from the end of the legislative session. Mr. Crabbe responded that SB 350 (De León) passed through the legislature with the portion relating to petroleum removed. Dr. Lyou added that the legislature revised AB 1288 (Atkins) which proposes to add two seats to the Air Resources Board—one seat appointed by the Senate President Pro Tem and one appointed by the Assembly Speaker. Mr. Crabbe noted that the Legislative Committee will meet on October 9, 2015, but the meeting will likely only include interviews for the SCAQMD's federal legislative representation.