

BOARD MEETING DATE: September 5, 2014

AGENDA NO. 24

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, July 18, 2014. The next Legislative Committee meeting is scheduled for Friday, September 12, 2014 at 9 a.m. in Conference Room CC8.

RECOMMENDED ACTION:
Receive, and file this report.

Josie Gonzales
Chair
Legislative Committee

LBS:GS:PFC:jf

Attendance [Attachment 1]

The Legislative Committee met on July 18, 2014. Committee Chair Supervisor Josie Gonzales and Mayor Judy Mitchell were present at SCAQMD's Diamond Bar headquarters. Committee Members Supervisor Michael Antonovich and Dr. Clark E. Parker, Sr. attended via videoconference.

Update on Federal Legislative Issues

SCAQMD federal legislative consultant Mia O'Connell, of the Carmen Group, updated the Committee on key Washington D.C. issues.

She reported on SCAQMD staff's recent trip to Washington, D.C. (D.C.) to meet with key staff for Congressmen Ken Calvert, Gary Miller, and Duncan Hunter, as well as with staff of soon-to-be House Majority Leader Kevin McCarthy. The meetings, coordinated by the Carmen Group, focused on efforts to promote SCAQMD's specific legislative proposals for the MAP-21 transportation bill, as well as on the Diesel Emission Reduction Act (DERA) funding language relative to the U.S. House Interior, Environment Appropriations bill.

Ms. O'Connell also reported on SCAQMD staff's meeting with staff for Rep. Albio Sires of New Jersey (who represents the port- and freight-heavy area of New York and New Jersey) and discussed freight transportation and air quality issues common to both the New York/New Jersey and South Coast regions. A meeting was also held with the D.C. government affairs representative for Sempra Energy who is assisting in coalition building supportive of SCAQMD's legislative proposals.

Ms. O'Connell also shared that while SCAQMD staff was in D.C., the House Appropriations Committee approved its version of the Interior, Environment Appropriations bill for FY 2015, which includes bill and legislative report language on EPA targeted airshed grant DERA funding. Carmen Group has been working with Congressman Calvert's office for the last few months on this provision. SCAQMD staff personally thanked Congressman Calvert's staff for their concerted efforts in working with Committee staff to secure this language. This language would add \$10 million in additional DERA grant funding to be distributed on a competitive basis to the nation's top five non-attainment areas with regard to ozone or PM 2.5 standards. The \$10 million grant is in addition to the \$30 million already provided in DERA funds. The bill is expected to be approved by the full House before the August recess. This will set up an eventual conference negotiation with the Senate later in the year, as the Senate is not expected to finalize its appropriations bills before the November election.

Also while SCAQMD staff was in D.C., the House moved ahead to approve a temporary fix to the Highway Trust Fund (HTF), adding nearly \$11 billion in new funding needed to maintain current programs and spending levels through May 2015.

Ms. O'Connell reported that a longer-term MAP-21 reauthorization bill will be delayed at least until after the election. SCAQMD staff is continuing to work with delegation staff and others on educating Congress about SCAQMD's legislative proposals for MAP-21, which are focused on more efficient freight transportation and air quality issues.

She concluded her report by sharing that staff and consultants have been working with Congressman Calvert's office and others to build support for SCAQMD's recently submitted application for the FY14 EPA DERA Grant funding under EPA's Clean Diesel Funding Assistance Program. EPA anticipates Notice of Selection in September 2014 with awards in fall or winter.

SCAQMD federal legislative consultant Mark Kadesh, of Kadesh & Associates, next updated the Committee on additional key Washington D.C. issues.

Mr. Kadesh shared details on SCAQMD staff's D.C. meetings his office coordinated. Those meetings entailed discussions on SCAQMD transportation legislative priorities, particularly sustainable freight, with Congressional offices. The meetings were held

with the offices of Senators Dianne Feinstein and Barbara Boxer, Congressman Henry Waxman, and with Congresswomen Lois Capps and Janice Hahn, as well as with the Senate Committees on Environment and Public Works (EPW) and Commerce. While the offices were receptive to our proposals, limited resources was the general issue of concern. Additionally, in terms of timing, there may not be a new long-term transportation reauthorization bill passed prior to the formation of the next Congress in 2015.

In response to Senator Boxer's request that SCAQMD help broaden support for our proposals with Senators outside California, particularly those on the EPW Committee, the Kadesh team and SCAQMD staff met with the offices of Senator Cory Booker from New Jersey, who has the Port of Newark in his district, and with Senator Tom Carper from Delaware. The offices of both Senators Carper and Booker were supportive of the SCAQMD proposals.

Mr. Kadesh also reported that the Senate is likely to vote on the house HTF bill soon. Senator Boxer is concerned that although there will be a short-term funding fix, there will not be any policy fix. He added that Senator Boxer may push for an authorization extension with policy fixes in the lame duck session to accompany the extension of funding. In all likelihood the HTF funding patch will be passed before the deadline and there will be transportation funding through May 2015.

Finally, Mr. Kadesh informed the Committee that on the appropriations front, the House has passed six bills and has marked up another five. The Senate has done very little, and it is unclear how much will be accomplished by the November elections.

The expectation is that the Senate will come back in November and December and pass a continuing resolution or some of the pending appropriations bills to fund the government.

Update on Sacramento Legislative Issues

SCAQMD state legislative consultant Delaney Hunter, of Gonzalez, Quintana & Hunter, briefed the Committee on key Sacramento issues.

Ms. Hunter reported on three pieces of legislation of interest to SCAQMD:

- 1) AB 69 (Perea) - This bill, which was gutted just before the legislative recess began in July, would delay the inclusion of motor vehicle fuels within the state cap and trade program for a three year period. The bill is currently in the Senate Rules Committee. It is expected that after the recess ends (Aug. 4th) that this bill will be sent to a policy committee, most likely the Senate Environmental Quality Committee. It is expected that this bill is not likely to get passed into law.

Others that would be under the cap and trade program, such as the electric sector, are strongly opposed to this bill.

- 2) AB 2389 (Fox) – This bill was passed and signed by the Governor just before the legislative recess. This bill provides tax incentives for the aerospace industry and some property tax incentives for electric battery manufacturers. This bill is seen as a large benefit to Tesla.
- 3) SB 1309 (Steinberg/Gaines) – This bill is aimed at courting Tesla into building a battery factory in California. This is an intent bill only, but does mention financial incentives, such as tax credits, and/or regulatory and environmental streamlining for the creation of a factory.

Mayor Judy Mitchell asked if SCAQMD has taken any positions on AB 2389 or SB 1309 and Supervisor Gonzales responded in the negative.

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

Mr. Gonsalves reported that the Legislature is on summer recess from July 3rd until Aug. 4th. This will leave about four weeks of the legislative session remaining, which will include a number of important deadlines, including: Aug. 15th as the last day for fiscal committees to meet; and Aug. 18th through Aug. 31st for floor session only.

Mr. Gonsalves also informed the Committee that AB 1102 is set to be heard in the Senate Appropriations Committee on Aug. 4th. In the meantime, meetings will be set up with members of the Senate Appropriations Committee.

He added that a high profile issue is being dealt with in Sacramento, the water bond. There is currently an \$11.1 billion water bond on the ballot that was part of negotiations from 2009 and a number of existing bills are focused on replacing the current bond measure on the ballot. Just before the summer recess the Senate took up SB 848 by Sen. Wolk, which failed passage on the floor. Subsequently, negotiations were started with the Governor, who would like a smaller water bond than those desired by legislative leaders. There is optimism that a deal can be reached once the legislative recess ends.

Supervisor Gonzales inquired about the impact of the drought on the water bond negotiations. Mr. Gonsalves responded that the Governor and legislative leaders see the drought as an opportunity to push a successful water bond effort on the ballot.

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 –July 18, 2014

DISTRICT BOARD MEMBERS:

Supervisor Josie Gonzales
Supervisor Michael Antonovich (Videoconference)
Mayor Judy Mitchell
Dr. Clark E. Parker, Sr. (Videoconference)

STAFF TO COMMITTEE:

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

DISTRICT STAFF:

Barry R. Wallerstein, Executive Officer
Barbara Baird, Chief Deputy Counsel
Elaine Chang, Deputy Executive Officer
Philip Fine, Assistant Deputy Executive Officer
Bay Gilchrist, Assistant Chief Deputy Council
Peter Greenwald, Senior Policy Advisor
Mohsen Nazemi, Deputy Executive Officer
Laki Tisopulos, Assistant Deputy Executive Officer
Leeor Alpern, Senior Public Information Specialist
Debra Ashby, Senior Public Information Specialist
Marc Carrel, Program Supervisor
Hannea Cox, AQ Engineer II
Tina Cox, Senior Public Information Specialist
Philip Crabbe, Community Relations Manager
Robert Paud, Telecommunications Technician II
Danielle Soto, Senior Public Information Specialist
Kim White, Public Affairs Specialist
Patti Whiting, Staff Specialist

OTHERS PRESENT:

Mark Abramowitz, Governing Board Member Consultant (Lyou)
Tricia Almiron, SANBAG
Curt Coleman, So. Cal AQ Alliance
Kris Flaig, City of Los Angeles/Sanitation
Paul Gonsalves, Gonsalves & Son (teleconference)
Erin Hafkenschief, California Environmental Associates
Stewart Harris, Carmen Group (teleconference)
Gary Hoitsma, Carmen Group (teleconference)
Delaney Hunter, Gonzalez, Quintana & Hunter (teleconference)
Chris Kierig, Kadash & Associates (teleconference)
Chung Liu, Governing Board Member Consultant (Mitchell)
Rita Loof, RadTech
Mia O'Connell, Carmen Group (teleconference)
David Rothbart, Los Angeles County Sanitation District
Andy Silva, Governing Board Assistant (Gonzales)
Susan Stark, Tesoro
Lee Wallace, So. Cal Gas/San Diego Gas & Electric
Warren Weinstein, Kadash & Associates (teleconference)

ATTACHMENT 2

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF JUNE 18, 2014

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Elaine Chang, SCAQMD

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

Curt Coleman, Southern California Air Quality Alliance

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Bill Quinn, CCEEB (participated by phone)

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Lee Wallace, So Cal Gas and SDG&E

Mike Wang, WSPA

SCAQMD staff: Philip Crabbe, Jill Whynot, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE

Philip Crabbe provided a report on items that were discussed at the Legislative Committee meeting on June 13, 2014.

Federal

The consultant reported as follows: Congressman Eric Cantor submitted his resignation from the U.S. House of Representatives leadership and will likely be replaced by Congressman Kevin McCarthy (California) as Majority Leader of the House. The U.S. Senate will soon be starting the process for a minibus appropriations bill on the Senate floor that will likely include areas of transportation, commerce, justice, and agriculture. The U.S. Senate Appropriations Energy and Water Subcommittee is expected to mark up its new FY 2015 appropriations bill soon, and there is optimism that the \$10 million zero emissions goods movement grant program will continue to receive funding. RFPs for the FY 2014 version of that program had an application deadline of June 11, 2014. The House Energy and Commerce Committee's Subcommittee on Energy and Power is holding a hearing with the EPA Administrator Janet McCabe on the EPA's proposed power plant carbon rules. The Senate Environmental and Public Works Committee will be holding a committee hearing on the issue to demonstrate bi-partisan support for these proposed rules. The Highway Trust Fund will run out of money around July or August so additional funding will need to be identified. Speaker Boehner and other House GOP leaders have proposed to transfer about \$10 billion in new money into the Highway Trust Fund which would maintain current programs and spending levels through approximately May 2015. The plan is for the funds to be generated from savings attributed to reform of the U.S. Postal Service, essentially ending all or a portion of Saturday deliveries. However, it is more likely that Congress will appropriate new money from the General Fund to cover the current shortfall. The House and Senate are focused on a short-term extension of the existing surface transportation bill, with a long-term bill likely deferred until after the November elections.

State

The consultant reported as follows: The Governor and the Legislative leaders have agreed to the framework for the state budget; the Governor’s proposal to spend 33% of cap and trade funding on high-speed rail has been negotiated down to 25%. The breakdown of the remaining cap-and-trade funding is: 15% to transit, 20% to affordable housing near transit, and 40% to transit and energy efficiency/natural resources projects.

The consultant talked about the following deadlines:

| Subject | Date |
|--|---|
| Deadline for state budget to be passed | June 15, 2014 |
| Deadline for the Legislature to qualify measures for the November 4, 2014 ballot | June 26, 2014 (could be extended to July 3, 2014) |
| Legislature will be on recess | In between July 3 and August 4, 2014 |
| Last day for the fiscal committees to handle bills | August 15, 2014 |
| Last day of two-year legislative session | August 31, 2014 |

The following bills were also reported on:

SB 1077 (DeSaulnier)

This bill would require a pilot program to study the feasibility of a mileage based fee by CalTrans to replace the current fuel excise tax. This bill currently has no opposition.

SB 1121 (De León)

This bill, which involves an issue that the Senator has supported for a couple of years, would create a centralized funding program to pay for greenhouse gas emission reduction projects. No specific funding source has been identified yet.

The Legislative Committee discussed and took action on the following items:

| Item | Legislative Committee Action |
|---|------------------------------|
| Amend existing contract with the Carmen Group Inc. for representation in Washington, D.C. | Approve |
| AB 1720 (Bloom) Vehicles: Bus Gross Weight | Support |
| AB 1857 (Frazier) Department of Transportation: Vehicle and Equipment Procurement | Support |
| AB 2565 (Muratsuchi) Rental Property: Electric Vehicle Charging Stations | Move to Board for Discussion |

Discussion on State Issues

Mr. Montez asked for background on AB 2565 (Muratsuchi). Mr. Crabbe responded that AB 2565 would allow a commercial or residential tenant to install an electric vehicle charging station in a leased parking space if the tenant is willing to pay for all of the costs associated with installation and operation of the charging station. Mr. Montez was concerned that the high cost of the charging stations would prevent impacted, low-income communities from participating in the program.

Dr. Lyou responded that Kevin de León (who was elected Senate President Pro Tem Elect on June 16, 2014) is working to make this advanced technology available for low-income communities.

He was the author of a bill (sponsored by Coalition for Clean Air) that required a certain percentage of cap-and-trade money to be spent in disadvantaged communities, and there was a similar companion bill authored by then Speaker Pérez. Dr. Lyou explained that, although not everyone can afford to install an electric vehicle charging station, the bill would require the property owner to allow a renter to install the station if the renter wants to install the station and is willing to pay the associated costs.

Mr. Wang asked what the concerns of the Legislative Committee members were who did not support staff's recommendation to support the bill. Mr. Crabbe clarified that staff's position of support was rejected 3 to 2; however, the item was moved to the full Board for discussion and for possible Board position. Mr. Crabbe believed that the primary reservation was possible infringement on the property rights of the landlord. Mr. Montez suggested that the Board find incentives for disadvantaged communities so infrastructure can be installed.