REPORT

DATE: December 14, 2006

TO: Regional Council
Community, Economic, and Human Development Committee
Transportation and Communications Committee

FROM: Don Rhodes, Manager of Public and Government Affairs
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SUBJECT: 2007 State and Federal Legislative Program

EXECUTIVE DIRECTOR'S APPROVAL

RECOMMENDED ACTION: Adopt the 2007 State and Federal Legislative Program

SUMMARY:

Prior to the return to session of Congress and the State Legislature at the beginning of each year, the Regional Council adopts a state and federal program to direct SCAG's legislative activities. The policy committees reviewed the portions of the program pertaining to their areas of interest at their November meetings. After the Regional Council approves the program it will be prepared in its final form and distributed to members and staff of the Congress, the State Legislature, federal and state agencies, and interested parties.

BACKGROUND:

Attached is a draft of the narrative portion of the 2007 State and Federal Legislative Program. Because of SCAG's increased involvement in direct advocacy, the 2007 program is more focused and directed to our legislative audience. After the 2007 State and Federal Legislative Program is approved by the Regional Council, based on what we have learned in our consensus and advocacy trips, separate documents focused at the state and federal levels will be prepared. These documents will contain the type of appealing graphics and photographs we have used in the pieces prepared for our Congressional consensus trips and in other SCAG publications such as the State of the Region Report.

The 2007 State and Federal Legislative Program was created with the input of SCAG's directors, planning and policy staff, and state and federal lobbyists. It contains sections related to (1) SCAG's federal priorities; (2) SCAG's State Priorities; (3) SCAG general advocacy and leadership principles; and (4) SCAG legislative initiatives under development or being monitored.

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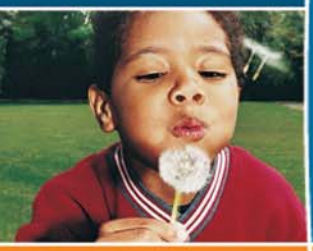
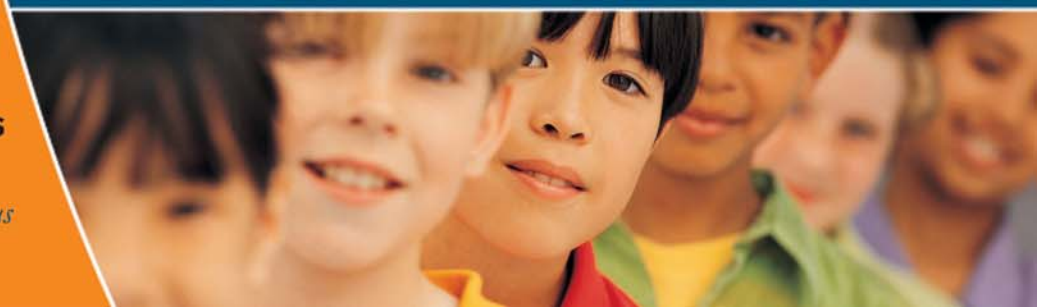
2007 STATE & FEDERAL LEGISLATIVE PROGRAM



The SCAG region...

18 million residents and growing.



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Resolving Regional Challenges through Consensus

SCAG GENERAL ADVOCACY AND LEADERSHIP PRINCIPLES

SCAG is the nation's largest Metropolitan Planning Organization, representing the six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura) and 187 cities that make up the Southern California region. SCAG has increasingly served as a unifying voice for Southern California, advocating for regional priorities in Sacramento and Washington, D.C. SCAG is dedicated to developing regional solutions to the many transportation, air quality, housing, land use and other issues facing Southern California. Working in coordination with the county transportation commissions, Metrolink, and local transportation agencies, SCAG will pursue the following advocacy goals.

- Provide regional leadership in seeking federal and state funding for projects and programs that implement the regional 2004 RTP and 2004 RTIP and in advocating for projects needed to maintain air quality conformity in the SCAG region.
- Coordinate advocacy efforts to advance the Southern California Consensus Program and continue consensus building among local transportation commissions, cities, counties, and sub-regional organizations.
- Advocate federal legislation that facilitates the ability of metropolitan planning organizations (MPOs) to fulfill their roles and responsibilities.
- Advocate state legislation that facilitates the ability of regional transportation planning agencies (RTPAs) and councils of governments (COGs) to fulfill their roles and responsibilities.
- Advocate a stronger role for regions and MPOs in planning for America's global economic competitiveness.
- With the interstate highway system nearing completion, participate in a national discussion about the role of the federal government in transportation planning and funding to ensure effective participation by the United States in the global economy.

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If the SCAG region was a country,
it would have the world's 10th largest economy.

The Southern California Association of Governments is the largest region in population and size in the United States. It is also the most socially, culturally and economically diverse region in the world. By the year 2030, over five million additional residents will live in the region.

The population in the region is larger than 47 states. Its massive trade infrastructure is the global gateway that serves and feeds the economy for the United States. Over 40 percent of the U.S. container imports and 25 percent of the U.S. container exports pass through the region. Goods movement through our seaports and airports is expected to triple in the next twenty years.

The region's size and diversity bring challenges that cross city, county and state borders. Our transportation network is constantly struggling to keep up with ever-growing demand. Air pollution generated in one community can impact residents that live 100 miles away. Housing is falling far short of growing demand, which makes housing even less affordable and available. Land use decisions made in one city can have traffic, environmental and economic impacts on other communities and the region as a whole.

The SCAG 2007 Legislative Program contains the Regional Council's positions on policies and legislative initiatives that need the leadership and support of Congress and the California State Legislature to successfully meet the major transportation, housing, and environmental challenges facing the SCAG region.

6 counties.
187 cities.
14 subregions.
38,000 square miles.
18 million residents, and growing.

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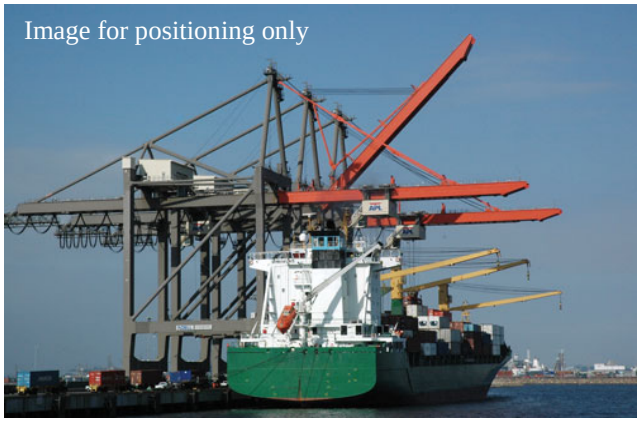
GOODS MOVEMENT



The SCAG region hosts the majority of the nation's traffic for freight movement by sea, air, land and rail. Our goods movement system provides global competitiveness for the region, the state and the nation, but it gives us a disproportionate share of the burdens of serving as the nation's global gateway. Our primary challenges are meeting the financial and infrastructure demands of an overburdened transportation system for the movement of goods that pass through Southern California while maintaining the health of our residents and the livability of our communities.

Local sales tax levied on our residents (not on foreign goods) is paying for congestion relief. Goods movement infrastructure funding relies heavily on non-federal resources with 70 percent of Southern California's transportation revenues coming from local taxes. However, each dollar invested yields approximately $4.44 in regional, state, and national benefits.

THE GREATEST OBSTACLE IN MEETING THE REGION'S GOODS MOVEMENT NEEDS ARE ENVIRONMENTAL AND COMMUNITY IMPACTS.

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We need:

- Legislation to establish a dedicated goods movement trust fund that provides full funding grants for large multi-state and regional goods movement projects based on objective, performance-based criteria.

- Statutory authority and funding to capitalize on innovative financing opportunities to increase the capability for public-private investment, including tax-exempt private activity bonds, tax credit bonds and tax credit equity financing.

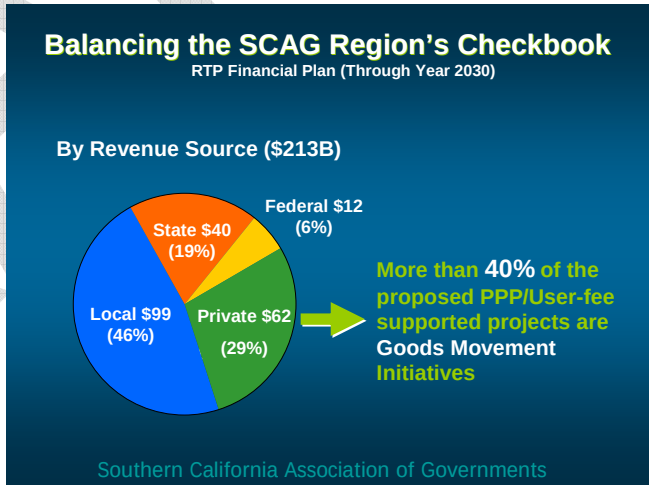
- Regulatory and legislative actions to move the environmental clearance process, protect our communities, address environmental concerns and clarify the environmental process, including:

  - Coordinated program to bring together existing federal, state, and regional environmental programs and requirements.

  - Funding partnerships for environmental mitigation.

  - Regulation of pollutants from foreign-registry vessels via treaty ratification and other international actions.

- Other sources of public and private funds for goods movement including homeland security, environmental protection, defense, user fees, and growth in customs fees.



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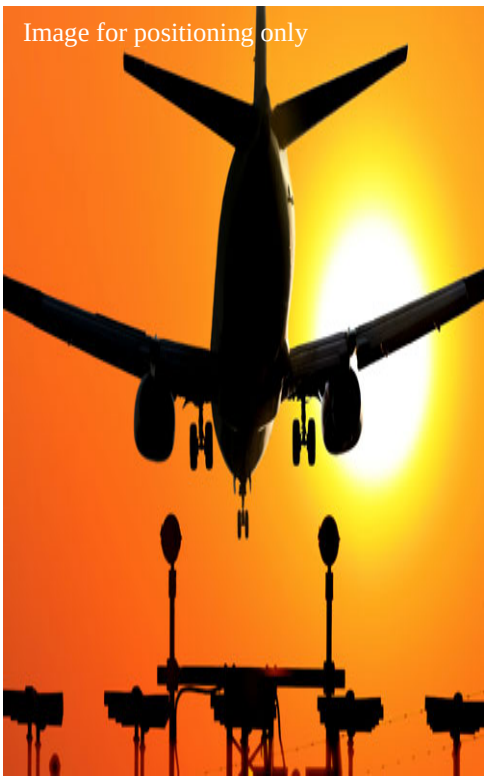
AVIATION



The SCAG region is the busiest of all regions in the United States in terms of total aircraft operations. It has over 50 public use airports including six commercial, 45 general aviation, and two joint use airports. The urban airports will all reach their physical or legal capacities by 2030 when passenger demand will more than double to 170 million.

We need:

- Legislative and regulatory provisions to establish a decentralized, regional airport system in the SCAG region that contains special use airports.
- Statutory and regulatory authority to provide greater flexibility to utilize the full range of airport revenues, including airport improvement programs and mitigation pricing funds, based upon a system of proportional contribution of payment to improve off-airport ground access, including high speed ground transportation.
- Legislation which bases landing and lease fees on aircraft emissions, noise levels and congestion, in addition to aircraft weight and size, to create incentives for reduction of these factors on the environment.

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SAFETEA-LU REAUTHORIZATION AND APPROPRIATIONS

To help us lead the way in planning and building innovative solutions for the SCAG region to increase the mobility of goods and people, enhance our air quality, and drive the nation's economic engine, we need:

- The adoption of procedures that are favorable to the SCAG region in the SAFETEA-LU rulemaking process.
- Support for our FY 2008 appropriations requests.
- Support for earmarks or discretionary funding applications of jurisdictions within the SCAG region consistent with the region's adopted Regional Transportation Plan and the Regional Transportation Improvement Plan.
- A value pricing pilot program to enable the collection of tolls on new interstate construction and for the interstate construction pilot program to permit tolls on interstate highways to fund construction of new lanes/highways.
- Predeployment planning and environmental review funding for the California Maglev Deployment Program.

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HOUSING AND LAND USE

For decades, Southern California has experienced some of the most dramatic growth seen anywhere in the world. The collective population now surpasses 18 million and is projected to increase by another five million people by 2030. Housing demand in Southern California greatly exceeds supply and the cost of housing is growing beyond the reach of many families.

The difficulty of creating new housing near existing jobs and new jobs near existing housing only adds to the challenges facing local planners. To address these issues, SCAG developed the 2% Strategy, an approach to meet the growth challenges of a vast, far flung region that expects to add 5 million people and over 2 million housing units over the next 25 years. The strategy evolved out of the *Compass* Growth Vision process, an exercise tackling how to absorb this growth within the context of the trends and challenges we face today: traffic gridlock, worsening air pollution, excessive consumption of agricultural land and open space for development, and a housing market in crisis.

If executed as envisioned, regional residents can expect to experience a future characterized by less congestion, shorter commutes, cleaner air, good jobs, affordable housing and plenty of space for recreation and relaxation.

On the national level SCAG is working to encourage the U.S. Department of Housing and Urban Development's participation in the development of housing strategies with the U.S. Department of Transportation.

To help us address the housing issues in the SCAG region we need:

Amendments to the existing Regional Housing Needs Assessment statutes to enable us to create a pilot program that integrates transportation and housing planning and includes public workshops to enable jurisdictions to present planning and other factors for consideration of their allocation of housing.

- Sufficient state funding for us to carry out the RHNA process.

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- Legislation that redefines the local and regional responsibilities in implementing state housing goals in a manner favorable to local governments and the region.

- Initiatives that call for local governments and regions to plan for the provision of a 20-year site inventory, based on natural increases in population and job growth, and that allow neighboring jurisdictions to share responsibilities for increasing the housing supply.

- Systems that provide funding to various levels of government for planning and building development called for by the Compass Blueprint by establishing rules allowing for expenditure of bond funds integrated land use-transportation projects consistent with the SCAG Compass program to permit transportation infrastructure funds administered by county transportation commissions to be used on land-use projects.

- The allocation of state funding to create incentives for jobs/housing balance, infrastructure, and environmental mitigation programs in local jurisdictions [2%].*

- Support federal funding initiatives designed to promote mixed-use and multi-modal development [2%].

- Incentives or mandates for integrated land use-transportation planning and development consistent with the Compass Blueprint and other regional plans

** The 2007 Legislative Program continues to further the Compass Implementation Framework, which was approved by the Regional Council in June 2004. This framework, or 2% Strategy, is guided by four key principles—mobility, livability, prosperity and sustainability—and addresses the challenges associated with future growth in the SCAG region. Because the 2% Strategy is interdisciplinary, its ideas are incorporated throughout the transportation, housing, growth and land use, habitat and open space, and sustainability sections of the 2007 Legislative Program and are marked with a [2%] symbol.*

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CEQA Reform and Environmental Streamlining

Projects that can deliver benefits for housing or transportation are often delayed for years because environmental and other reviews are not coordinated and streamlined to ensure both sound environmental review and prompt completion of the reviews. We need:

- CEQA reform that, when implemented voluntarily at the local level, promotes regional planning and eases the development of housing in appropriate, strategic locations identified in the regional growth plan and known as 2% Strategy areas [2%].
- CEQA reform that addresses environmental impacts at the regional and project levels and promotes environmental outcomes that are preferable to current conditions or "no-plan" future scenarios.
- CEQA reform that utilizes regional analysis and a streamlined in-fill EIR as the basis for CEQA compliance.

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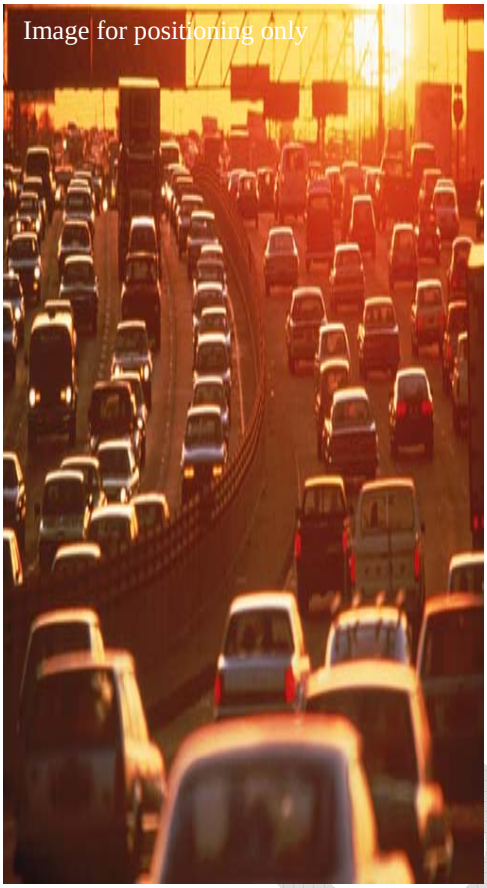
TRANSPORTATION AND FINANCING



During the 2006 session the legislature took a giant step forward in passing bond measures and legislation to enable the construction of much needed transportation and goods movement projects. On November 7, 2006, the voters approved the entire package of infrastructure bonds including Proposition 1B that provides approximately $20 billion for various transportation projects. It also provided necessary tools in pilot programs that enable more rapid deployment of projects through public/private partnership and expedited procurement. To meet our goods movement and transportation challenges we need:

- Distribution of the state's transportation funds in an equitable manner throughout the state.
- Expanded statutory provisions related to design-build and design-sequencing procurement to enable expedited project delivery.
- Support for local ballot initiatives to fund local transportation projects with local sales tax measures.
- Expanded statutory provisions allowing for the use of public/private partnerships and other innovative financing mechanisms.
- Expanded provisions for transit oriented development "TOD" that generate revenue and integrate housing planning with transportation planning.

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AIR QUALITY

Over one-third of the air pollutants we breathe come from transportation sources. The rapidly worsening traffic congestion in the SCAG region poses ongoing air quality challenges and health threats to the public — particularly to children, the elderly and other at-risk groups.

SCAG is responsible for ensuring that transportation plans and programs are consistent with air quality goals as required by State and Federal rules, a process known as "transportation conformity determination." SCAG must ensure that transportation activities do not worsen air quality nor interfere with the purpose of the State's Implementation Plans (SIPs). To meet this charge, SCAG develops emission reduction strategies for transportation planning. To help us meet our responsibilities for air quality conformity we need:

- Community impact and air quality mitigation programs for goods movement projects.
- Air quality program incentives to accelerate fleet turn-over to reduce regional emissions from on-road mobile sources.
- Programs that create incentives for cost-effective, market-based approaches that promote good air-quality by encouraging pedestrian/bike-friendly redevelopment projects to reduce vehicle miles traveled, congestion, and associated emissions[2%].
- Regulatory action to reduce mobile source emissions under individual jurisdictions or that delegate authority over mobile sources to local governments.

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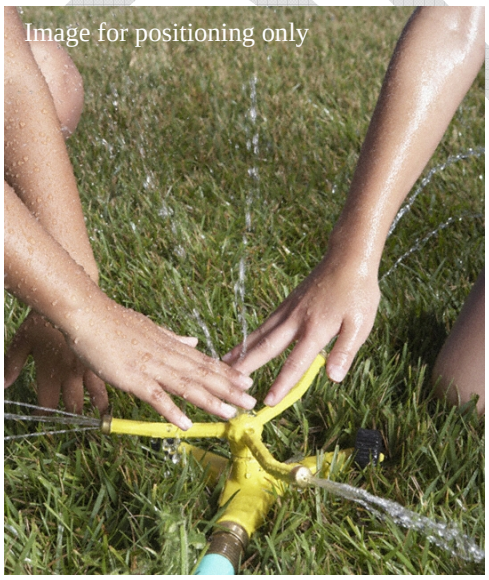
SUSTAINABILITY

As the Metropolitan Planning Organization for six Southern California counties, pursuing and developing solutions to transportation, housing, air quality and other regional issues, and based upon federal requirements, SCAG has developed a policy that ensures that environmental justice principles are integral to all planning processes. One of SCAG's core principles is to promote practices that protect and improve our natural environment. To help pursue our goals of sustainability and environmental justice in the SCAG region we need:

- Legislation that promotes sustainability and environmental justice in local and regional planning [2%].
- Legislation that creates incentives for the development of brown field sites in urban areas [2%].
- Legislation that creates incentives for the adoption of green building standards [2%].

WATER



With its increasing population, maintaining an adequate supply of clean water is a major challenge facing the SCAG region. As part of its responsibilities SCAG will continue to plan for an ample, clean water supply. It is including a chapter on water in its Regional Comprehensive Plan. To help SCAG and other agencies continue their water planning efforts, we need:

- Legislation and other government actions that encourage comprehensive planning and implementation of water quality and supply measures, such as those relating to storm-water, non-point source pollution, and total maximum daily loads (TMDLs), including the creation and operation of local agency initiatives for collaborative management of regional water resources [2%].

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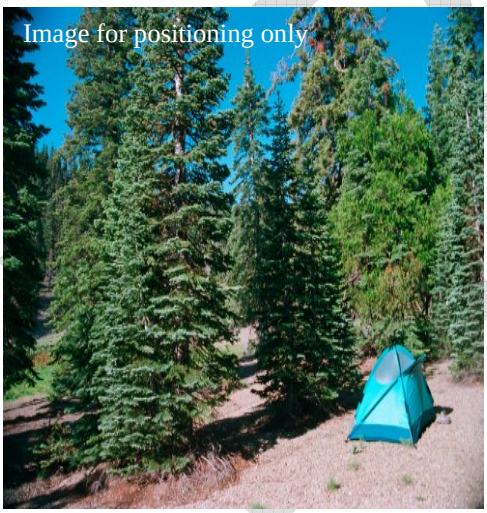
WASTE MANAGEMENT

Conversion Technologies (CTs) are technologies that convert post recycled solid waste into useful products. They are in wide use in Europe and Japan, and of increasing interest in North America. In 2003, California disposed of approximately 40 million tons of waste, of which 47% was diverted from landfills. Of the waste disposed in landfills, approximately 80% was organic material (paper, wood, green waste, food waste, etc). Organic materials have the potential to be converted into energy (or other industrial products) which would present a long-term benefit for energy supply. We need:

- Legislation that promotes conversion technologies so municipalities can maintain or exceed their requirement to divert 50% of their solid waste away from landfills.

HABITAT AND OPEN SPACE



SCAG has as one of its principles the promotion of market-based solutions to protecting our natural habitat, open space, and ecologically important lands and waters in the region. It promotes the concept of conservation easements **that have successfully protected wildlife habitat and open space and generates significant public benefits. Conservation easements are voluntary, legally binding agreements that limit certain types of uses or development from taking place on a piece of property while protecting the property's ecological or open-space values. We need:**

- Create market-based, incentive approaches to habitat management at the urban-rural interface, such as easement rights acquisition.

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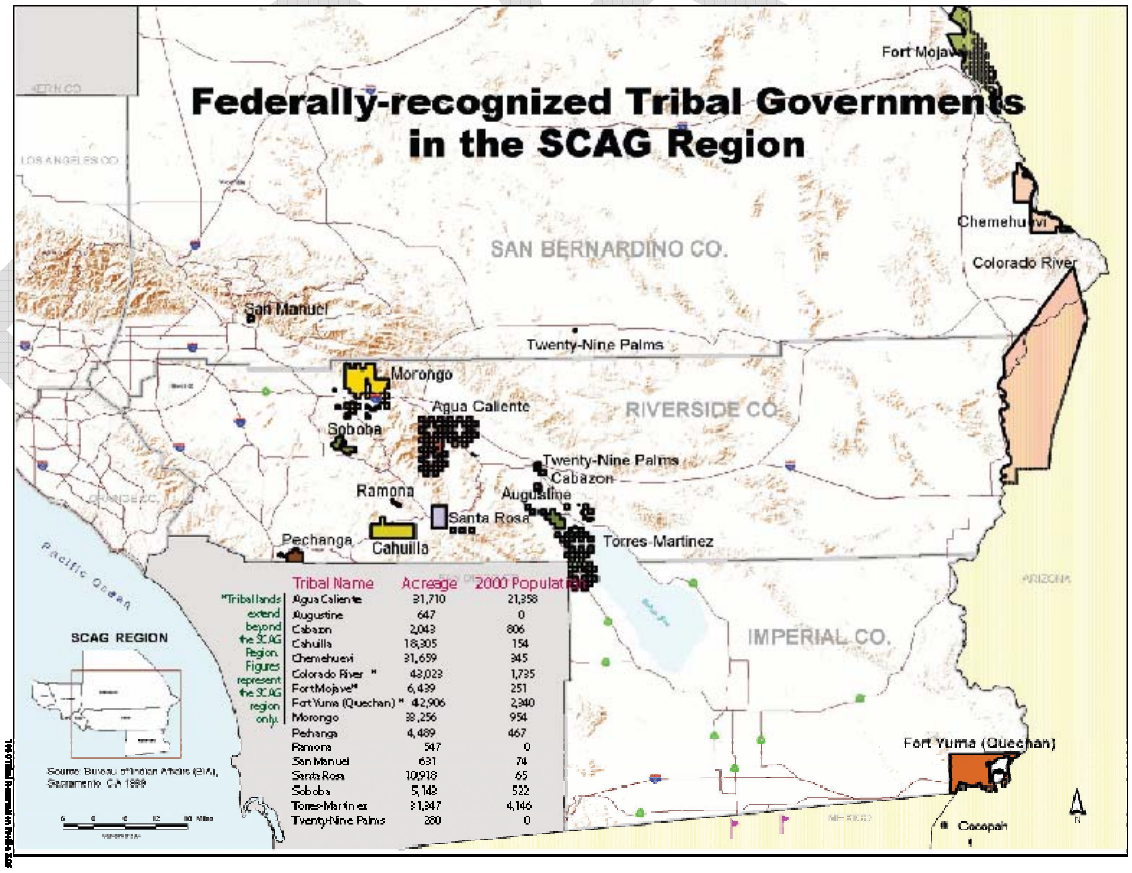
TRIBAL GOVERNMENTS

Over the past several years SCAG has undertaken to increase the participation of tribal governments in its planning process. Following on a Presidential Executive Order for planning agencies to consult with tribes, SCAG included tribal participation in its Strategic Goals, and made changes to its By-laws to include representatives of the tribal governments on the Regional Council and policy committees. SCAG also pursued legislation that would permit specified tribes to joint its Joint Powers agreement. That legislation passed the state legislature but was vetoed by the Governor who stated, because of the unique nature of the legislation, the measure needed additional specificity to preclude any unforeseen legal and policy consequences. We need:

- Work with the Governor's Office of Planning and Research and SCAG's tribal partners to address the participation of tribal governments as members of SCAG.



SCAG LEGISLATIVE INITIATIVES UNDER DEVELOPMENT OR BEING MONITORED

Issues categorized under "Monitor" are of interest to the Regional Council and will be tracked by SCAG. Issues included under the category "Develop" are those in which the Regional Council or its policy committees have asked SCAG staff to further develop ideas, to begin or continue efforts, or to provide more information.

COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT

Develop

- Participate in the development of legislation related to the jobs-housing balance including, but not limited to, CALCOG growth policies, construction defect litigation and water availability [2%].
- Encourage cities and counties to adopt land use policies that help the SCAG region achieve air quality conformity and transportation system performance [2%].

Growth and Land Use

Develop

- Foster a dialogue with the education community about addressing the physical needs of schools in relationship to SCAG's growth and land use policies.

TRANSPORTATION

Transportation Financing

Develop

- Continue face-to-face discussions with state and federal legislators from the region about Southern California's long-term transportation requirements and the funding options needed to address these requirements.
- Participate in the development of revenue mechanisms and strategies to finance major regional projects contained in the adopted 2004 RTP, including proposals to increase transportation funding through user fees and sales taxes on motor vehicle fuels and by adjusting the fuel excise tax rate to maintain historical purchasing power.
- Evaluate the merits of a regional gas tax/user fee measure and the institutional framework necessary to implement and manage it.

Monitor

- Monitor legislation that modifies modeling practices or imposes new standards upon transportation modeling agencies to ensure state of the art practices are developed and maintained.
- Monitor legislation providing for a regional airport system and improved ground access program funding in the reauthorization of the Aviation Investment and Reform Act for the 21st Century (AIR-21).

Security and Emergency Preparedness

Develop

- Serve as a forum where policy and plans can be discussed and coordinated. In coordination with federal, state, local agencies, and other Stakeholders, engage as a MPO to facilitate:
  - Integration of safety and security into the transportation planning process.
  - Deployment of advanced technologies that enhance transportation security.
  - Rapid repair of transportation infrastructure in the event of a natural or man-made disaster the continuation of government services in affected area(s) during the recovery period.

ENERGY AND ENVIRONMENT

Air Quality

Monitor

- Monitor air quality issues affecting the SCAG region.
- Monitor legislation or regulations pertaining to power plants located on the Mexican side of the U.S./Mexico border and to their negative effect on air quality in the SCAG region.
- Encourage efforts by the federal, state and local governments of the United States and Mexico to formulate an agreement establishing common environmental standards for the US/Mexico border.
- Encourage the installation and maintenance of California Best Available Control Technologies (BACT) on power plants in neighboring states and on the Mexican side of the US/Mexico border.

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CEQA Reform and Environmental Streamlining

Develop

- Build federal, state and local stakeholder support, including public and private interests, for environmental streamlining.

Energy

Monitor

- Monitor energy legislation relating to energy efficient building standards, renewable energy resources, utility restructuring, and electricity transmission.
- Monitor transportation fuel issues affecting the region.

Develop

- Encourage state efforts to develop energy goals and coordinate local initiatives to provide reliable, secure and safe energy at the lowest possible cost.

Habitat and Open Space

Monitor

- Monitor state and federal legislation that affects the management of wilderness habitat, urban habitat, endangered species, and recreational open space.

Develop

- Encourage the development of state and federal legislation that better integrates habitat conservation planning with regional transportation and land use development plans [2%].
- Encourage the development of state legislation that supports the better integration of science into habitat and open space management.
- Encourage the development of state legislation that incentivizes the preservation of agricultural lands subject to urbanization pressures [2%].

Sustainability

Develop

- Encourage the development of state and federal incentives to promote urban infill development, as proposed in the Compass Implementation Framework [2%].

Waste Management

Monitor

- Monitor state legislation that proposes changes to solid waste diversion mandates, establishes new mandates for solid waste management including electronic waste, or changes municipal recycling procedures.
- Monitor state legislation that proposes changes to the management and handling of hazardous waste.
- Monitor federal legislation that proposes changes to the management and handling of solid waste.
- Monitor California Integrated Waste Management Board (CIWMB) regulatory actions, including issues regarding specific types of waste, alternative daily cover, tipping fees, and markets for recyclable materials.

Develop

- Encourage the development of state legislation and regulations to create incentives for the deployment of innovative recycling and conversion technology projects.
- Encourage the development of state legislation that create incentives for the recycling and reuse of building demolition debris.

Water

Monitor

- Monitor developments in the Bay Delta and on the Colorado River to ensure that the quantity and quality of Southern California water supplies are appropriately protected.
- Track state legislation and regulatory action and litigation concerning regional water impairments and water supplies.

SOUTHWEST ALLIANCE

Develop

Study legislation that corresponds with SCAG's ongoing efforts to develop the Southwest Passage, a multi-state goods movement trade corridor along the I-10, and the Southwest Compact, a coalition of states sharing goods movement and economic development interests.

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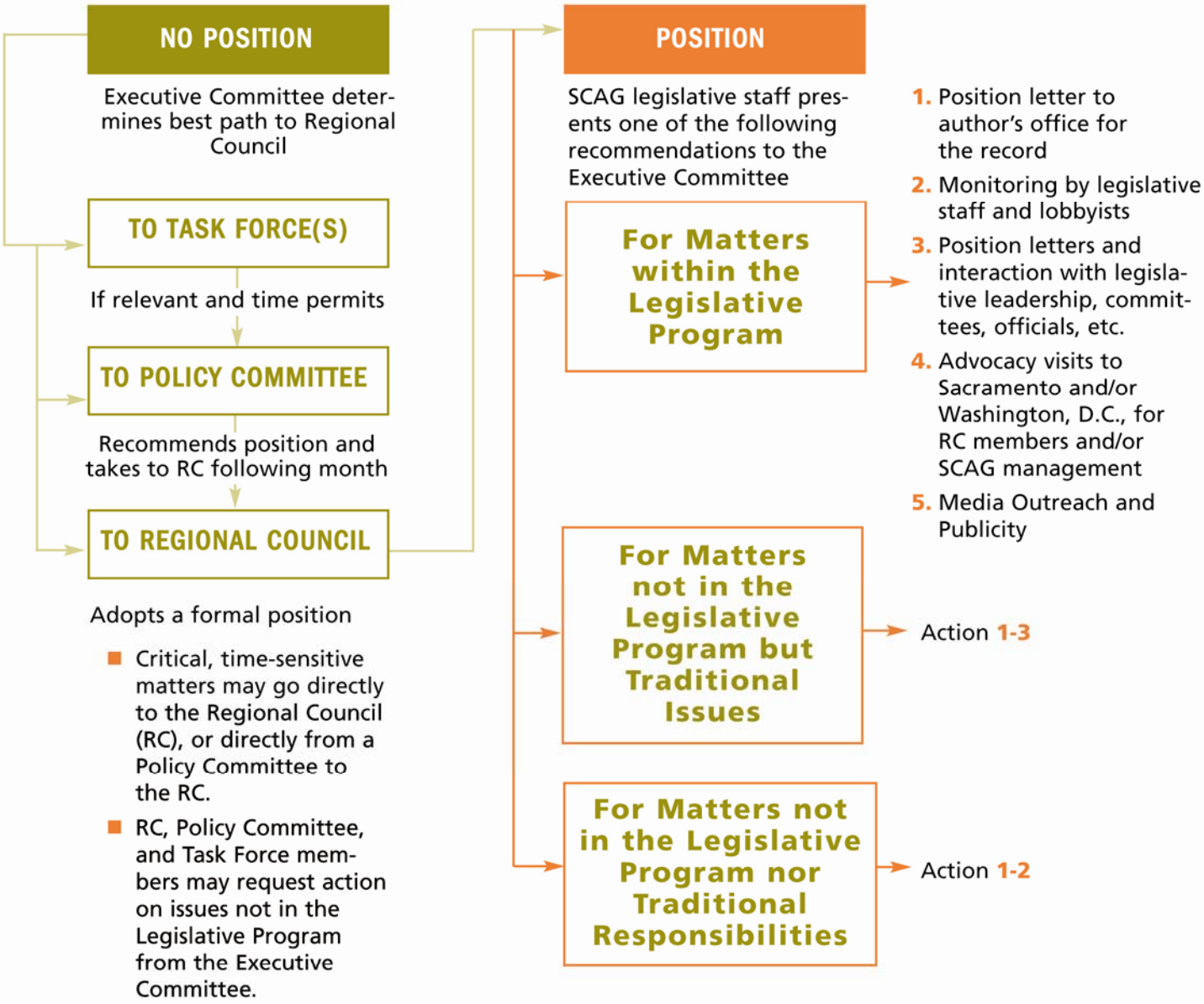
The Regional Council establishes SCAG's official policies on all legislative and regulatory matters to the Regional Council (RC), or directly from a Policy Committee to the RC.



SCAG staff facilitates Legislative Program implementation with Policy Committee workshops and legislative matrices for Policy Committees and the Regional Council.

As can be seen in the program, federal advocacy priorities include those relating to Goods Movement, Aviation, Reauthorization and Appropriations.

State advocacy priorities include those related to Housing and Land Use, CEQA Reform and Environmental Streamlining, Transportation and Financing, Air Quality, Sustainability, Water, Waste Management, Habitat and Open Space, and Tribal Governments.

During the 2006 state legislative session SCAG worked with stakeholders, administrative officials, key legislators and legislative staff and housing advocates to initiate a SCAG pilot RHNA program. That effort laid the successful groundwork to build consensus for the successful pursuit of the passage of legislation during the 2007 state legislative session.

During the 2006 legislative session SCAG sponsored legislation, AB 2762 by Assembly Member Lloyd Levine, which would have permitted specified tribes to join its Joint Powers agreement. That legislation passed the state legislature but was vetoed by the Governor, who stated, because of the unique nature of the legislation and the implications concerning tribal sovereignty, the measure needed additional specificity to preclude any unforeseen legal and policy consequences. He said he was in favor of the tribes participating in the SCAG General Assembly and directed his Office of Planning and Research and SCAG's to work with SCAG on legislation.

Specific state level legislative requests, therefore, include those to (1) authorize a pilot Regional Housing Needs Assessment program; and (2) to work with the Governor's Office of Planning and Research to address participation of the 16 federally recognized tribal governments in the SCAG region to participate in SCAG.

SCAG legislative initiatives under development or being monitored are listed in a separate section. Issues categorized under "Monitor" are of interest to the Regional Council and will be tracked by SCAG. Issues included under the category "Develop" are those in which the Regional Council or its policy committees have asked SCAG staff to further develop ideas, to begin or continue efforts, or to provide more information.

During the review by the policy committees, members of both the TCC and the CEHD committees requested that they be permitted to submit suggestions for their committee's review at the December meeting. If modifications are offered and approved by the policy committees at the December meeting, they will be transmitted to you on the same day to enable the preparation of the program to remain on schedule. The TCC committee recommended that the revenues specified to be used for off airport ground access be clarified to include airport improvement program and mitigation pricing funds.

FISCAL IMPACT:

REPORT

Because the SCAG fiscal year runs from July 1st through June 30th, while the legislative year runs from January 1st through December 31st, each SCAG budget covers the last half of the previous legislative session and the first half of the upcoming legislative session. The cost of adopting the recommended action is covered by the FY05-06 SCAG budget for the first half of the 2007 legislation session and requires no additional resources. No funds will be spent to implement the 2007 State and Federal Legislative Program from July 1st through December 31st without the approval of the FY07-08 SCAG budget.

Reviewed by:

Division Manager

Reviewed by:

Department Director

Reviewed by:

Chief Financial Officer

Doc#128126