SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Main Office
818 West Seventh Street
12th Floor
Los Angeles, California
90017-3435

t (213) 236-1800
f (213) 236-1825

www.scag.ca.gov

Officers
President
Carl Morehouse, San Buenaventura

First Vice President
Cheryl Viegas-Walker, El Centro

Second Vice President
Michele Martinez, Santa Ana

Immediate Past President
Greg Pettis, Cathedral City

Executive/Administration Committee Chair
Carl Morehouse, San Buenaventura

Policy Committee Chairs
Community, Economic and Human Development
Margaret Finlay, Duarte

Energy & Environment
Deborah Robertson, Rialto

Transportation
Alan Wapner, San Bernardino Associated Governments

MEETING OF THE

ENERGY AND ENVIRONMENT COMMITTEE

Thursday, August 7, 2014
10:00 a.m. – 12:00 p.m.

SCAG Main Office
818 W. 7th Street, 12th Floor
Policy Committee Room A
Los Angeles, CA 90017
(213) 236-1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Lillian Harris-Neal at (213) 236-1858 or via email harris-neal@scag.ca.gov

Agendas & Minutes for the Energy and Environment Committee are also available at: http://www.scag.ca.gov/committees/Pages/default.aspx

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 236-1858. We require at least 72 hours (three days) notice to provide reasonable accommodations. We prefer more notice if possible. We will make every effort to arrange for assistance as soon as possible.

The Regional Council consists of 86 elected officials representing 191 cities, six counties, six County Transportation Commissions, one representative from the Transportation Corridor Agencies, one Tribal Government representative and one representative for the Air Districts within Southern California.

2014.05.05 printed on recycled paper

This Page Intentionally Left Blank

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Energy and Environment Committee

Members – August 2014

		Members	Representing	
Chair*	**1.**	**Hon. Deborah Robertson**	***Rialto***	**District 8**
Vice-Chair*	**2.**	**Hon. Lisa Bartlett**	***Dana Point***	TCA
	3.	Hon. Denis Bertone	*San Dimas*	SGVCOG
*	4.	Hon. Margaret Clark	*Rosemead*	District 32
	5.	Hon. Jordan Ehrenkranz	*Canyon Lake*	WRCOG
*	6.	Hon. Mitchell Englander	*Los Angeles*	District 59
	7.	Hon. Larry Forester	*Signal Hill*	Gateway Cities
	8.	Hon. Laura Friedman	*Glendale*	Arroyo Verdugo Cities
	9.	Hon. Sandra Genis	*Costa Mesa*	OCCOG
*	10.	Hon. Ed Graham	*Chino Hills*	District 10
	11.	Hon. Steven Hernandez	*Coachella*	CVAG
	12.	Hon. Linda Krupa	*Hemet*	WRCOG
	13.	Hon. Diana Mahmud	*South Pasadena*	SGVCOG
	14.	Hon. Thomas Martin	*Maywood*	Gateway Cities
*	15.	Hon. Judy Mitchell	*Rolling Hills Estates*	District 40
	16.	Hon. Geneva Mojado		Soboba Band of Luiseño Indians
*	17.	Hon. Mike Munzing	*Aliso Viejo*	District 12
	18.	Hon. Sam Pedroza	*Claremont*	SGVCOG
	19.	Hon. David Pollock	*Moorpark*	VCOG
*	20.	Hon. Carmen Ramirez	*Oxnard*	District 45
	21.	Hon. Meghan Sahli-Wells	*Culver City*	WCCOG
	22.	Hon. Stephen Sammarco	*Redondo Beach*	SBCCOG
	23.	Hon. Eric Schmidt	*Hesperia*	SANBAG
	24.	Mr. Steve Schuyler	*Building Industry Association of Southern California (BIASC)*	Ex-Officio
	25.	Hon. Joe Shaw	*Huntington Beach*	OCCOG
*	26.	Hon. Jack Terrazas		Imperial County
*	27.	Hon. Cheryl Viegas-Walker	*El Centro*	District 1
	28.	Hon. Diane Williams	*Rancho Cucamonga*	SANBAG
	29.	Hon. Edward Wilson	*Signal Hill*	Gateway Cities

***** Regional Council Member

This Page Intentionally Left Blank

ENERGY & ENVIRONMENT COMMITTEE
AGENDA
AUGUST 7, 2014

The Energy & Environment Committee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as Information or Action Items.

CALL TO ORDER & PLEDGE OF ALLEGIANCE
(Hon. Deborah Robertson, Chair)

PUBLIC COMMENT PERIOD – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a speaker's card to the Assistant prior to speaking. Comments will be limited to three (3) minutes. The Chair may limit the total time for all comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

INFORMATION ITEMS		**Time**	**Page No.**
1. Stormwater Funding Options Report ***(Ken Farsing, City Manager, Signal Hill)***	**Attachment**	**30 mins.**	**1**
2. A Sustainable Solid Waste Management Vision for Los Angeles County ***(Pat Proano, Assistant Deputy Director, Los Angeles County Department of Public Works)***	**Attachment**	**30 mins.**	**61**
3. Draft Addendum No. 2 to the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) Program Environmental Impact Report (PEIR) ***(Lijin Sun, SCAG Staff)***	**Attachment**	**10 mins.**	**76**
4. Draft Conformity Analysis for 2015 Federal Transportation Improvement Program (FTIP) and 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) Amendment #2 ***(Rongsheng Luo, SCAG Staff)***	**Attachment**	**10 mins.**	**94**
5. 25th Annual SCAG/USC Demographic Workshop held on June 9, 2014 – Summary Report ***(Simon Choi, SCAG Staff)***	**Attachment**	**15 mins.**	**121**
6. Progress of the Bottom-up Local Input Process for the 2016 Regional Transportation Plan and Sustainable Communities Strategy (2016 RTP/SCS) ***(Kimberly Clark, SCAG Staff)***	**Attachment**	**15 mins.**	**138**

ENERGY & ENVIRONMENT COMMITTEE
AGENDA
AUGUST 7, 2014

CONSENT CALENDAR		Time	Page No.
Approval Item			
7. Minutes of the June 5, 2014 Meeting	**Attachment**		**155**
Receive and File			
8. 2014 Regional Council and Policy Committees Meeting Schedule	**Attachment**		**162**
9. SCAG Sustainability Planning Grants Program – Monthly Update	**Attachment**		**163**
10. The Federal Highway Administration (FHWA) Nonmotorized Transportation Pilot Program Final Report	**Attachment**		**171**
11. Clean Power Plan Proposed Rule by United States Environmental Protection Agency (EPA)	**Attachment**		**179**
12. 2016 South Coast Air Quality Management Plan (AQMP) Update	**Attachment**		**191**
13. State Approved Cap-and-Trade Expenditure Plan	**Attachment**		**210**
14. SCAG Sustainability Planning Grants Program – New Member Project Applications	**Attachment**		**253**

CHAIR'S REPORT
(Hon. Deborah Robertson, Chair)

STAFF REPORT
(Jonathan Nadler, SCAG Staff)

FUTURE AGENDA ITEMS

ANNOUNCEMENTS

ADJOURNMENT

The next EEC meeting will be held on Thursday, September 11, 2014 at the SCAG Los Angeles Office.

AGENDA ITEM NO. 1

REPORT

DATE: August 7, 2014

TO: Energy & Environment Committee (EEC)

FROM: Sarah Jepson, Manager, Active Transportation & Special Programs,
213-236-1955, jepson@scag.ca.gov

SUBJECT: Stormwater Funding Options Report

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
For Information Only - No Action Required.

EXECUTIVE SUMMARY:
In May 2014, the California Contract Cities Association and League of California Cities, Los Angeles County Division released a report on stormwater funding options in the Los Angeles area. Ken Farsing, City Manager of Signal Hill, will provide a report on the study findings, and its relevance to the larger SCAG region, as local municipalities seek to address stormwater funding challenges.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective 1: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans

BACKGROUND:
Stormwater Funding Options: Providing Sustainable Water Quality Funding in Los Angeles County was developed by the City Managers Working Group of the California Contract Cities Association and League of California Cities, Los Angeles County Division. The report was intended to review stormwater funding options after a parcel fee, proposed by the Los Angeles County Flood Control District (LACFCD), failed to move forward. The report describes the regulatory framework for stormwater management, reviews estimated stormwater program compliance costs, and presents the "pros and cons" of various funding options, including recommendations agreed upon by the City Managers.

A link to the report is available
at: http://www.scag.ca.gov/committees/CommitteeDocLibrary/eec060514_StormWaterReport.pdf

FISCAL IMPACT:
None.

ATTACHMENT:
Powerpoint Presentation: Stormwater Funding Options

STORMWATER
FUNDING OPTIONS

Providing Sustainable Water Quality Funding in Los Angeles County

MAY 21, 2014

Prepared by

Ken Farfsing, *City of Signal Hill*

Richard Watson, *Richard Watson & Associates, Inc.*

STORMWATER FUNDING OPTIONS

Providing Sustainable Water Quality Funding in Los Angeles County

May 21, 2014

Prepared for California Contract Cities Association

and

The League of California Cities, Los Angeles Division

City Managers Committees

Prepared by

Ken Farfsing, *City of Signal Hill*

Richard Watson, *Richard Watson & Associates, Inc.*

Los Angeles County Division
League of California Cities

Acknowledgments

Members of the Elected Officials Committee
California Contract Cities Association

Larry Forester, *Co-Chair, Vice Mayor, City of Signal Hill*
Sam Pedroza, *Council Member, City of Claremont*
Laura Olhasso, *Mayor, City of La Canada-Flintridge*
John Sibert, *Mayor Pro Tem, City of Malibu*
Gustavo Camacho, *Mayor, City of Pico Rivera*
Margaret Clark, *Council Member, City of Rosemead*

League of California Cities, Los Angeles Division

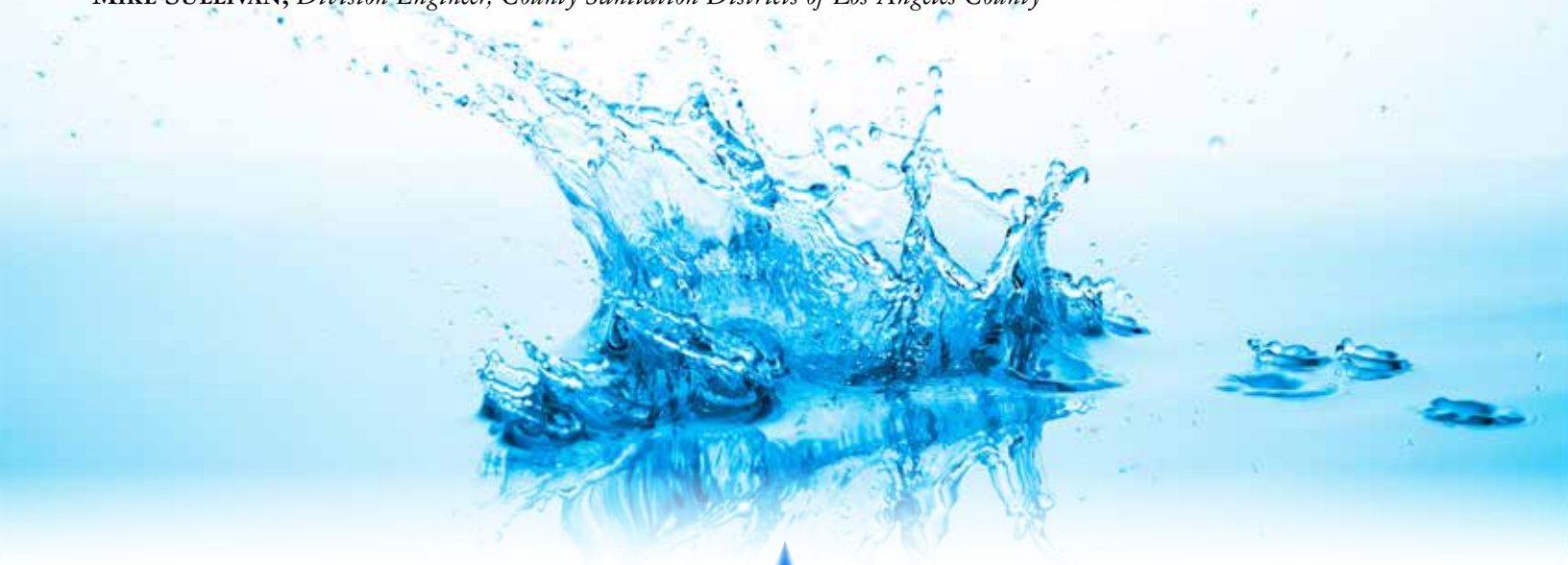
Mary Ann Lutz, *Co-Chair, Mayor, City of Monrovia*
Marsha McLean, *Mayor Pro Tem, City of Santa Clarita*
Micheal O'Leary, *Mayor Pro Tem, City of Culver City*
Felipe Fuentes, *Council Member, City of Los Angeles*
Jim Knight, *Mayor Pro Tem, City of Rancho Palos Verdes*
Suja Lowenthal, *Council Member, City of Long Beach*

Members of the City Managers Work Group

Ken Farfsing, *Work Group Chair, City Manager, City of Signal Hill*
Russ Bryden, *Senior Civil Engineer, Los Angeles County Flood Control District*
Phil Doudar, *Assistant Division Engineer, Los Angeles County Flood Control District*
Mike Egan, *City Manager, City of Norwalk*
Angela George, *Principal Engineer, Los Angeles County Department of Public Works*
Rod Gould, *City Manager, City of Santa Monica*
Grace Robinson Hyde, *Chief Engineer & General Manager, County Sanitation Districts of Los Angeles County*
Shahram Kharaghani, *Watershed Division Program Manager, City of Los Angeles*
Dominic Lazzaretto, *City Manager, City of Arcadia*
Tom Modica, *Deputy City Manager, City of Long Beach*
Jim Thorsen, *City Manager, City of Malibu*
Bill Workman, *City Manager, City of Redondo Beach*

Alternates

Robert Ferrante, *Assistant Chief Engineer & Assistant General Manager, County Sanitation Districts of Los Angeles County*
Dean Kubani, *Director, Office of Sustainability & the Environment, City of Santa Monica*
Sharon Green, *Legislative & Regulatory Liaison, County Sanitation Districts of Los Angeles County*
Mike Sullivan, *Division Engineer, County Sanitation Districts of Los Angeles County*



Work Group Resources

Kristine Guerrero, *Public Affairs Manager, League of California Cities, Los Angeles Division*
Heather Maloney, *Senior Management Analyst, City of Monrovia*
Anthony Maggio, *Associate Engineer, Flow Sciences*
Dr. Susan Paulsen, *President and Senior Scientist, Flow Sciences*
Paul Phillips, *Deputy Executive Director, CCCA*
Richard Watson, *President, Richard Watson & Associates*
Patty Quilizapa, *Partner, Aleshire and Wyder LLP*

Stakeholder Reviewers

Kirsten James, *Science and Policy Director, Water Quality, Heal the Bay*
Mike Lewis, *President, Lewis & Company*
Adi Liberman, *President, Adi Liberman & Associates*

Agency Reviewers

Alex Cherness, *Chief Financial Officer, Los Angeles County Office of Education*
Pedro Salcedo, *Legislative Liaison, Los Angeles Unified School District*
Sam Unger, *Executive Officer, Los Angeles Regional Water Quality Control Board*
John Walsh, *Director of Finance Policy, Los Angeles Unified School District*

Table of Contents

I. Executive Summary and Recommendations 9

Organizational Recommendations 11

Education and Outreach Program Recommendations 11

Recommendations for Legislation 12

State Facilities 12

Stormwater Capture and Use 12

Source Control or Fee Legislation 13

Special Assessment Districts 13

Clean Water, Clean Beaches Recommendations 13

Local Funding Options 17

Local Fee Programs 17

Future Transportation Bonds and Projects 17

Recommendations for the Regional Water Board 18

II. Introduction 19

III. Environmental Setting 23

The Los Angeles Basin – The Challenges of Climate and Topography 23

Flood Control in the Los Angeles Basin 24

Potential for Stormwater Capture to Enhance Local Water Supply 25

Benefits of Stormwater Capture and Use 27

Historical Pollution in the Los Angeles Basin 27

Efforts to Improve Water Quality 29

Current Threats to Water Quality 31

IV. Understanding the Regulatory Framework 33

The Federal Clean Water Act 33

California's Porter-Cologne Act 34

NPDES MS4 Permit for Los Angeles County 35

TMDL Consent Decree for Los Angeles County 36

TMDLs Added to the 2012 NPDES Permit 36

Specific TMDLs Incorporated into the 2012 NPDES Permit 37

Watershed Management Programs & Enhanced Watershed Management Programs 38

V. General Cost and Funding Issues 39

Unfunded Mandates 39

Cost Estimates for Meeting Water Quality Standards 40

The Cost of Non-Compliance 41

The Reality of Federal and State Grants 44

How Proposition 218 Applies to Stormwater Fees/Taxes 44

Current Status of Local Stormwater Funding 45

Education of Elected Officials and the Public 45

VI. The LACFCD Funding Initiative 45

Report by the American Society of Civil Engineers 46

AB 2554 – Special Legislation for Stormwater Funding 46

Governance of the Clean Water, Clean Beaches Measure 49

Eligible Expenditures Under the Measure 50

Basis of the Property-Related Fee 50

Engineer's Report 50

Single-Family Residential Fee 50

Fees for Non-Residential Land Uses 50

Fee Credit Program 51

VI. The Experiences of Other Funding Initiatives 51

Los Angeles County 51

Orange County 52

San Diego County 53

Fees Elsewhere in California 55

VII. Significant Issues and Concerns 56

Perspectives of the Environmental Community 56

Perspectives of Other Community Organizations 57

Perspectives of the Public Schools 59

Perspectives of Organized Labor 61

Perspectives of the Business Community 61

Perspectives of the County Sanitation Districts 63

Perspectives of the Regional Water Board 64

Issues Surrounding Basin Plan Updates 65

Potential Impacts of Recent Opinion of the United States Court of Appeals for the Ninth Circuit 67

Significant Issues/Stakeholder Concerns Raised during the Protest Period/Protest Hearings.68

Summary of Issues and Concerns 68

Potential Organization Support for New Policies and/or Fees 69

VIII. Discussion of Issues and Concerns 70

Proposed Fee was too High 70

Vote of the Electorate vs. Vote of the Parcel Owners 70

Cities with Existing Fees Should be Exempted 71

The Implementation Costs Were Unclear/ No Definitive Project List/ Timing Issues 71

Fiscal Impact of Fee on Public Education 72

Lack of a Sunset Clause 72

Appeals Process 73

Fee Reductions Needed for Onsite Capture/Treatment 73

Contiguous Parcels Under Common Ownership 73

Lower Administrative Allowance 73

Oversight Board Membership 73

Maintenance of Effort by the Cities/County 73

Ensure Property Owners can Pass Through the Fee to Tenants 73

Specific Revisions to the Project Criteria 74

Regional Water Board Fines/Third Party Litigation/TMDL Consent Decree 74

Regional Water Board Engagement 74

IX. Evolving Opportunities 74

The Meaning of Griffith v. Pajaro Valley Water Management Agency: A Fee for "Water Service" for Purposes of the Proposition 218 Election Exception Includes Fees for Stormwater Capture and Reuse Projects 75

Monetization of Captured Stormwater 76

Drought Relief Legislation 77

Water Bond 2014 77

Increased Public Concern About Water Supply 78

Collaboration with Water Districts 79

Ground Water Storage Agreements – The Case of the Central Basin Water Storage Agreement 79

Climate Action Plan Update/Potential for Water Conservation Funding 80

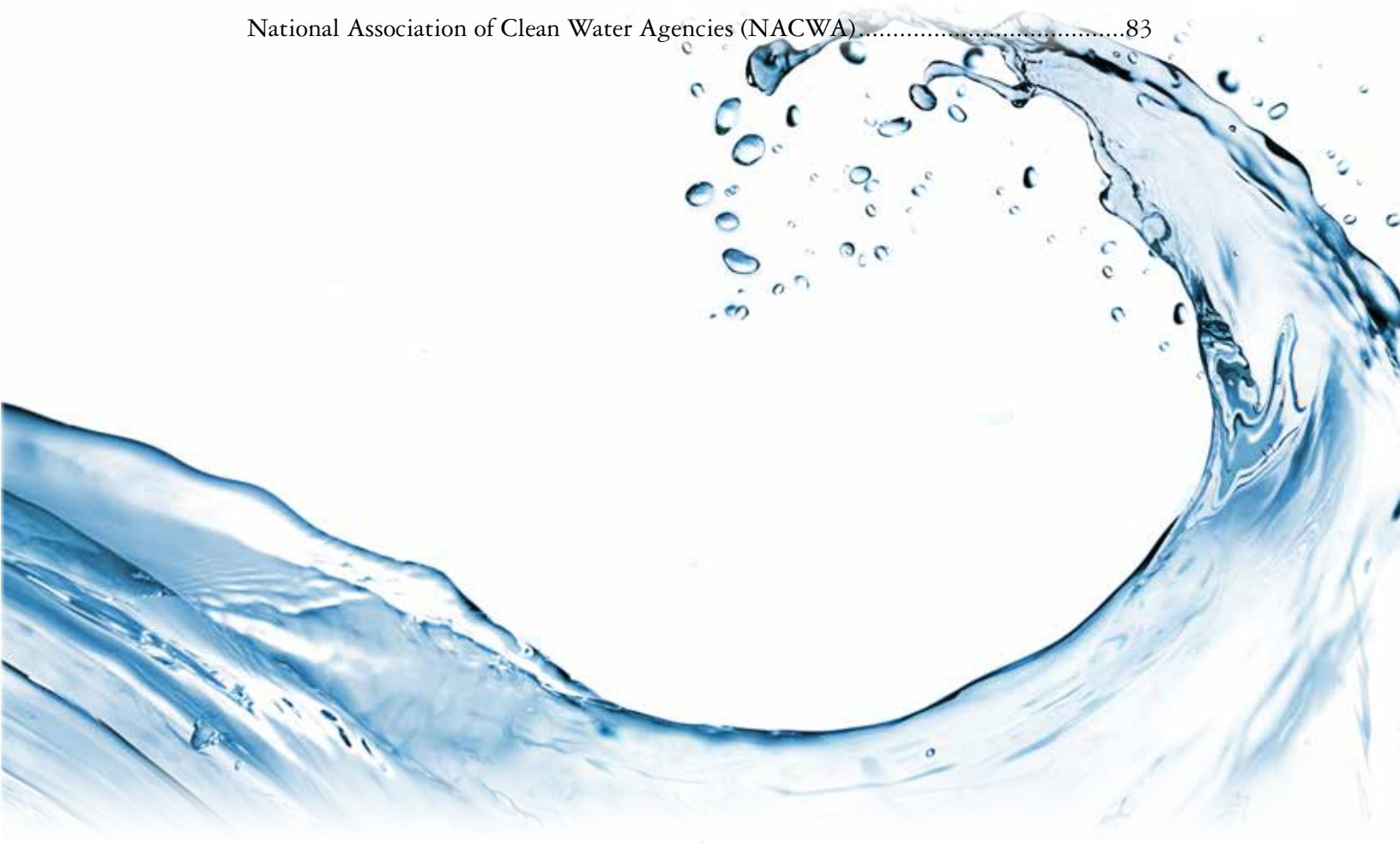
Future Transportation Bonds 82

Partner with Other Agencies 82

Other Opportunities for State Involvement 83

Opportunities for Federal Action 83

National Association of Clean Water Agencies (NACWA) 83



I. Executive Summary and Recommendations

Stormwater Funding Options

Providing Sustainable Water Quality Funding in Los Angeles County

City Managers, California Contract Cities and
The League of California Cities, Los Angeles Division

May 2014

The Los Angeles region faces critical, very costly, and seriously underfunded stormwater and urban runoff water quality challenges. The Los Angeles County Flood Control District (LACFCD) led a multi-year effort to develop a sustainable revenue source for municipalities to manage stormwater programs and implement water quality improvement projects. This effort included special legislation and development of a proposed parcel fee, the "Clean Water, Clean Beaches Measure," to fund clean water programs. At extended protest hearings on a proposed parcel fee in January and March of 2013, the Board of Supervisors heard concerns about the fee and the fee program from public schools, the business community, other stakeholders and the public. The Board moved to close the public hearing and determined to "not proceed at this time with the Clean Water, Clean Beaches measure as proposed." In June 2013, the Board adopted a motion requesting collaborative participation with the County Sanitation Districts of Los Angeles County (LACSD) and other wastewater management agencies to evaluate methods, assess the a potential model governance structure, and to help identify and secure other sources of funding.

In response to the Board's actions, the City Managers Committees of the California Contract Cities Association (CCCA) and the League of California Cities, Los Angeles Division (League) convened a City Managers meeting with representatives from public schools, environmental organizations, and the business community on June 27, 2013 to hear stakeholders' concerns and suggestions directly. The City Managers attending the meeting authorized a Work Group to review stormwater funding options after the County's proposed Clean Water, Clean Beaches funding initiative failed to move forward. The City Managers Work Group actively sought the input of key stakeholders from the environmental, public education, and business communities, and prepared this report to assist the Board, local decision makers, stakeholders, and the public in reaching a common understanding of the issues at hand and the potential solutions. The Managers found that to fully understand the issues, improved communication and education is necessary.

This report describes the stormwater regulatory requirements specific to the greater Los Angeles area, the complexities of funding stormwater programs, and the LACFCD's funding initiative. It examines the regulatory framework for stormwater management, including the requirements of the National Pollution Discharge Elimination System (NPDES) MS4 permit (stormwater permit) and the total maximum daily load (TMDL) programs. The report also summarizes the impacts of the federal TMDL Consent Decree for the Los Angeles Region signed in 1999, which has indirectly regulated the LACFCD, 85 cities, and the unincorporated County since that time. Further, it reviews estimated stormwater program compliance costs, the "pros and cons" of various funding options, and evolving opportunities. The report concludes with a series of recommendations agreed upon by the City Managers. Suggestions from an Elected Officials Committee and individual City Attorneys are also included in this report.

The Work Group found that funding urban runoff programs is so complex and dynamic, and the solutions so costly, that the County and the Cities cannot follow a single funding strategy at this time. One option, for example, is to examine institutional roles to determine whether other agencies, such as the County Sanitation Districts, either provide a useful governance model or could play a new or different role in managing stormwater in the future. During the report development process, the Sixth Appellate Court clarified the application of Proposition 218 regarding the imposition of fees for the capture and use of stormwater for groundwater recharge (Griffith v. Pajaro Water Management Agency). This ruling could have major implications on funding options. These are only two examples of the changing nature and complexities in charting a path forward.

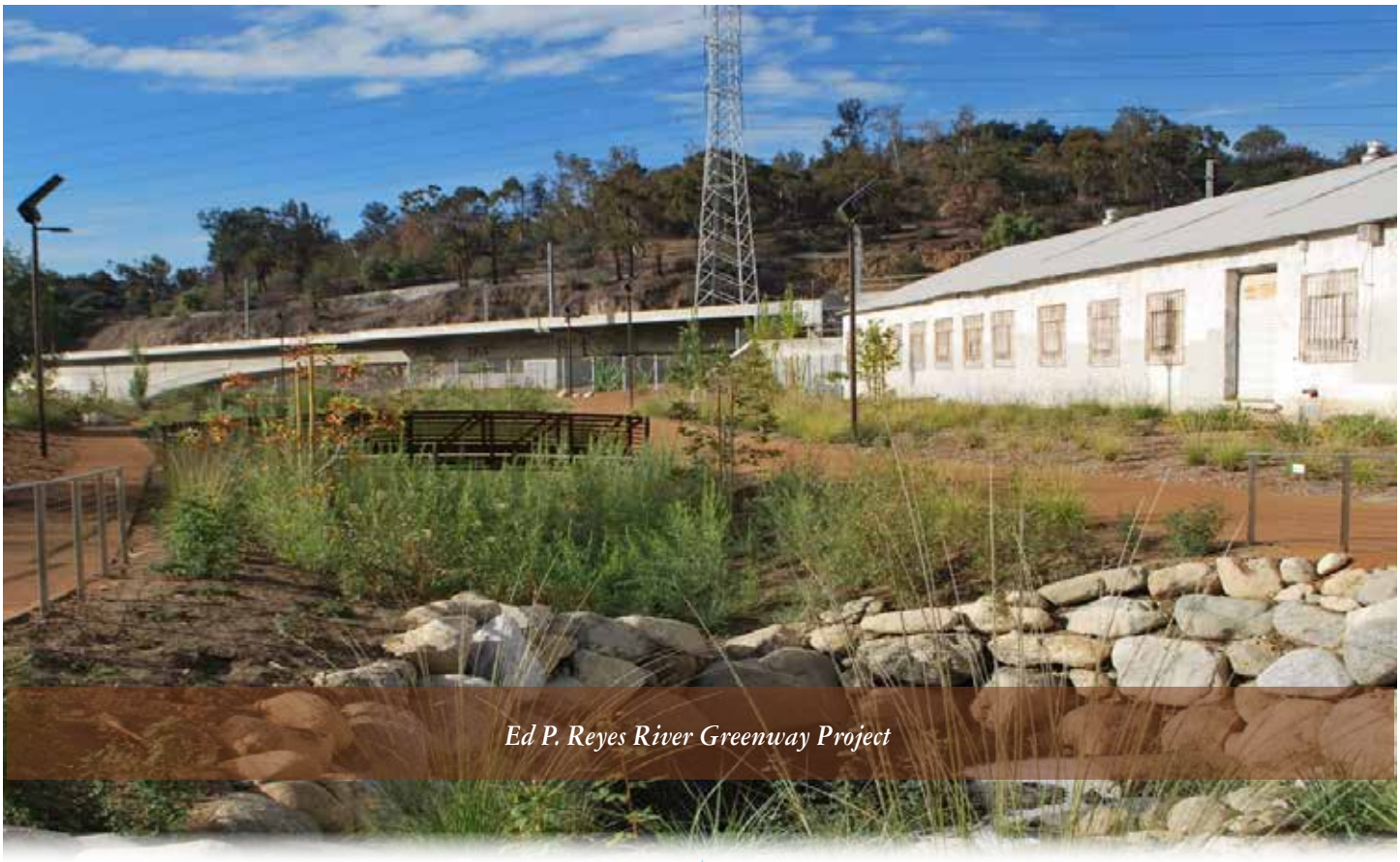
The City Managers Work Group recommends a "multi-pronged" approach to address urban runoff funding issues, since our communities may encounter several dead-ends. A number of the recommendations require active management and a higher degree of organization by local government.

The recommended actions are voluntary. The report is not advocating that any city, group of cities, or the County adopt stormwater fees. The managers are committed to local control; if a regional fee moves forward, each community should make its own decision whether or not to participate in the regional effort. However, there are steps that local governments can take that will assist in funding the new stormwater mandates. For example, cities should organize and be active in the water bond discussions. This report suggests a voluntary framework through Contract Cities and the League to organize those communities that desire to engage in implementing the recommendations found in this report.

"The recommended actions are voluntary. The report is not advocating that any city, group of cities, or the County adopt stormwater fees."

It should be noted that the recommendations involving California Contract Cities, the Los Angeles Division of the League of California Cities, and the State League of Cities have not been officially endorsed by these organizations at this stage of the process. The City Managers Work Group and the Elected Officials Committee held detailed discussions with staff from both organizations in order to reflect their input and concerns. Recommendations involving these organizations, such as changes in State legislation, would need to be reviewed and approved by each organization.

"This report suggests a voluntary framework through Contract Cities and the League to organize those communities that desire to engage in implementing the recommendations found in this report



Ed P. Reyes River Greenway Project

Organizational Recommendations

1) A core group of elected officials should be formed as a "Steering Committee" under the guidance of Contract Cities and the League to develop and implement a plan to explore and secure funding; to work on legislation; to conduct public outreach; and to provide overall direction. The Steering Committee should initially prepare a detailed action plan with timelines. The Cities need to devote sufficient staff and resources to support the Steering Committee and provide a project manager since Contract Cities and the League do not have this level of expertise. It is also unrealistic to believe that any one city can manage a project of this size. This effort may require a special assessment.

2) The Steering Committee should organize a Joint Stakeholder Committee, with members from the environmental and business communities, the Councils of Governments, the Los Angeles Regional Water Quality Control Board (Regional Water Board or Regional Board), and other stakeholders to foster communications. Under State law this committee could not advocate for any ballot measures. The Stakeholder Committee should include local interest groups such as the Coalition for Our Water Future and the Los Angeles County Business Federation (Biz Fed). Collaboration with these groups is essential because their support will be necessary to establish a successful fee program.

3) The Los Angeles County Sanitation Districts have indicated a willingness to work with the Cities and the County in exploring options to expand the number of dry-weather diversion programs in their service area (including 76 of the 85 cities that would have been subject to the County's proposed stormwater fee) and to engage their Board of Directors in a broad discussion of a role for the Districts in managing stormwater programs. Similar discussions might be necessary for Cities that are not within the Districts' service area, including most of the City of Los Angeles and the Cities in the Las Virgenes MWD. The Steering Committee will need to engage with LACSD to explore this option. These discussions would inform further recommended actions on the Clean Water, Clean Beaches Initiative.

Education and Outreach Program Recommendations

1) The County and the Cities should improve their public education and outreach programs to make a direct connection with residents, the business community, and others regarding stormwater program requirements and funding issues.

2) The Steering Committee should reach out to the public and school districts, as well as to state and federal officials.

3) The Stakeholder Committee should communicate with the Governor and the legislature on the need for additional funding opportunities to deal with stormwater issues.

4) The Stakeholder Committee should initiate a program to conduct outreach to the area's Congressional delegation to provide education on stormwater and urban runoff issues and to take consistent and coordinated action in requesting federal funding assistance.

5) The Stakeholder Committee should encourage the incorporation of best science into the basin plan.

6) The Stakeholder Committee should be actively involved in the design of future bond programs, including water and transportation bond measures, to ensure additional funding is provided for stormwater and runoff programs.

Recommendations for Legislation

There is a series of legislative actions that should be explored by the Steering Committee as part of the development of the work plan. Input and support from the Stakeholder Committee will be necessary as part of the legislative process.

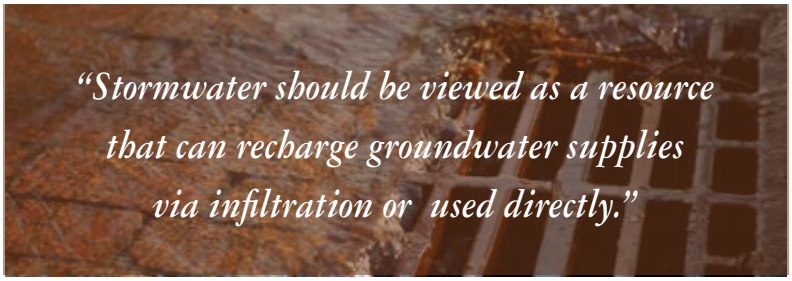
State Facilities

1) There have been several very successful neighborhood-level stormwater infiltration projects. Public schools and State facilities may be able to provide space for future projects. Public school administrators have expressed concerns about environmental liability in working with the County and the Cities on such projects. Contract Cities and the League should explore legislation that would resolve the liability issues raised by school administrators in order to allow these projects to move forward on State-owned properties and public school sites. In addition, the State should be encouraged to provide funding for these projects.

2) Contract Cities and the League should explore legislation to require that State projects, including public school construction, community college improvements, and parks projects constructed with State funds and local bond funds comply with water quality requirements, and that the State Architect be required to ensure that future public school projects are consistent with the requirements of regional MS4 permits.

Stormwater Capture and Use

1) Stormwater should be viewed as a resource that can recharge groundwater supplies via infiltration or be used directly. Stakeholders have suggested that the value of stormwater recharge could be "monetized" and a fee structure could be established to allow local water agencies to purchase recharged groundwater. The City Managers agree that incentives need to be created for pumping rights holders to invest in the capital facilities to capture and conserve stormwater since the water could then be owned by the capturing and storing entity. We believe that this concept is assisted by the recent ruling of the Court of Appeals, Sixth Appellate District in the Griffith case. The Steering Committee will need to explore the technical hurdles and regulatory compliance issues that need to be overcome in order for the "capture and use" concept to become a viable funding option for communities.

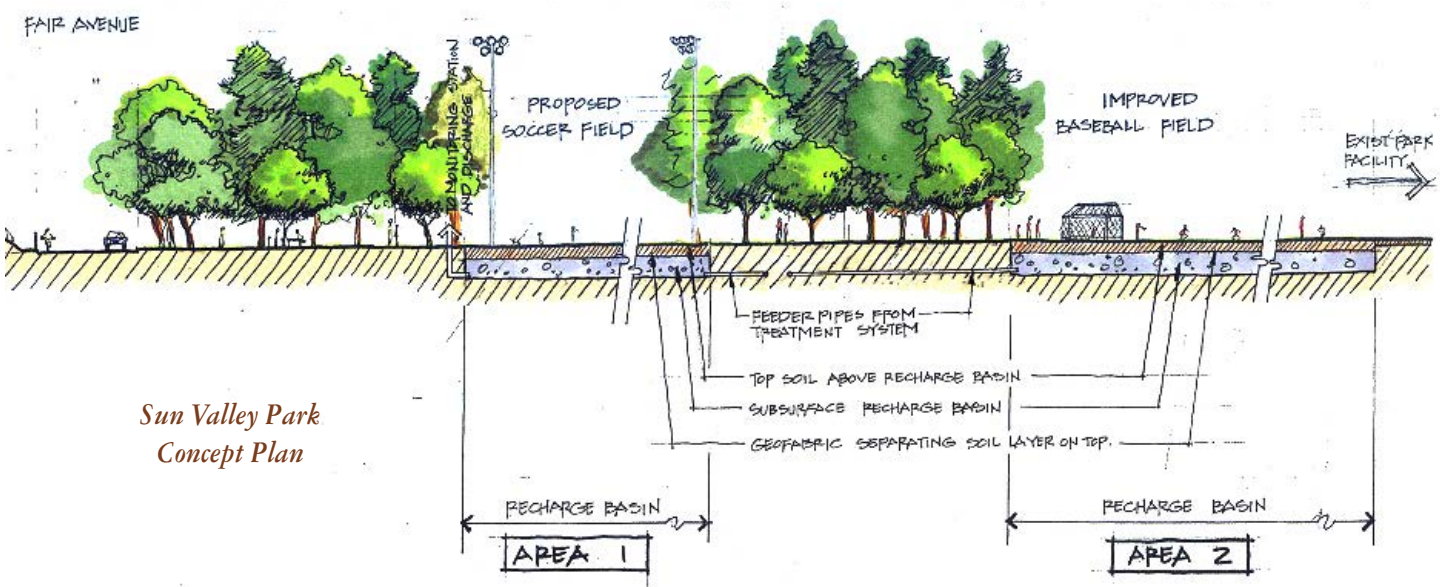


Source Control or Fee Legislation

1) Contract Cities and the League should consider sponsoring source control legislation similar to SB 346 (Kehoe), which was passed in 2010. SB 346 recognized that controlling the major source of copper in the State's waters meant reducing and eventually removing added copper in vehicle brake pads and replacing it with benign materials. For example, studies have demonstrated that almost half of the zinc found in metropolitan areas' waters can be traced back to vehicular tire wear. If tires cannot be reformulated, then legislation should be considered to require a "per tire" zinc control fee, with monies made available to local government for costs of mitigating zinc pollution. Source control legislation should also be considered for toxic chemicals, such as pesticide products. Further, support should be provided to advance the California Green Chemistry Initiative program, whose goal it is to create environmentally safer consumer products. This program grew out of Green Chemistry legislation passed in 2008 that required the creation of a new, science-based framework for the management of chemicals to determine appropriate regulatory actions to control chemicals of concern in consumer products. The current manifestation of this initiative is the Safer Consumer Product Regulations.

Special Assessment Districts

Special assessment districts may serve as a model for a regional or local stormwater fee. The model could be applied to Watershed Management Program (WMP) and Enhanced Watershed Management Program (EWMP) areas. The advantages of the model include the ability to follow these natural watersheds and to list specific projects to be completed. The assessment district and the fee could be better tailored to a community, its needs, and prior accomplishments. Cities that have made greater investments in water quality could have a lower fee. The Steering Committee should explore the special assessment district concept, including whether legislation and/or a Constitutional Amendment is necessary in order to classify stormwater in the utility section of the law, in order to allow a Special Assessments District to be formed.



Sun Valley Park Concept Plan

Clean Water, Clean Beaches Recommendations

The funding needed for necessary water quality improvements may require a suite of measures, of which the Clean Water, Clean Beaches Measure may be a key component. Funding solutions may require cooperative efforts between water, wastewater, and stormwater entities, and one option that the Board may consider is a district-wide sales tax measure to fund a portion of the stormwater compliance programs.

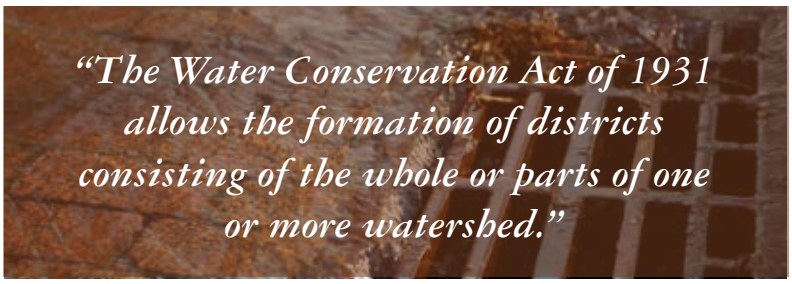
The Los Angeles County Flood Control Act requires further amendments, which are detailed in the following recommendations.

1) Based on the Griffith v. Pajaro Valley Water Management Agency ruling, the Board should consider a multi-pronged approach to stormwater fees:

   a. The Board should conduct a property owner/voter sentiment poll toward the fee and tax approaches, based on new factors and changed circumstances. This would involve polling on specific projects, optional fee amounts, and revisions to the Flood Control Act and the Clean Water, Clean Beaches initiative, including "opt out" and "opt in" amendments.

   b. A protest hearing and Board vote for a stormwater capture and infiltration or use fee necessary to fund a stormwater utility, with the purpose of including increasing supplies of drinking water, irrigation water, and water for sea barriers;

   c. A protest hearing and either a property owner vote or vote of the electorate for a stormwater fee/tax to fund other aspects of the stormwater quality program not covered under the fee program (a) above;



   d. Formation of a Water Conservation District pursuant to the Water Conservation District Act of 1931 (California Water Code Division 21) which allows the formation of districts consisting of the whole or parts of one or more watershed. These districts need not be contiguous, and have the authority to vote bonds and cause assessments to be made; and

2) The protest hearing and/or election for a regional stormwater fee should be held as soon as possible after June 2015, but only after a proposed ordinance is provided for public review. Information from the completed WMPs and EWMPs will then be available and the fee amount could be calculated based on planned projects and preliminary estimated cost information included in these programs.

3) The Flood Control Act should be amended to allow more flexibility in how watershed groups are defined and established pursuant to Article 1 (commencing with Section 6500 of Chapter 5 of Division 7 of Title 1 of the Government Code). For instance, WMP or EWMP groups or combinations of WMP and EWMP groups should be able to function as Watershed Authority Groups (WAGs). Alternatively, the WAGs could be replaced by WMP and EWMP groups, or clusters of EWMP/WMP groups, with provisions to accommodate the 12 cities not currently participating in either a WMP or EWMP Group. This would provide a consistent functional watershed-based regional funding structure.

4) The Flood Control Act should be amended to allow cities to either "opt in" or "opt out" of a fee election, if this could be done without creating an issue with the proportionality of the fee program. Those cities that "opt in" could participate in watershed groups, however defined, for regional projects benefiting their watersheds. These cities would also receive a local revenue return for their own city projects. Those cities that chose to "opt out" would have the choice to join watershed groups or fund their own WMPs, and to fund watershed projects from other local revenues. There would be no LACFCD stormwater fee charged in these communities. The legislative amendments would need to be drafted carefully to comply with Proposition 218 and other state requirements.

5) The ordinance, implementation guidelines, and project evaluation criteria should be completed prior to requesting support from stakeholder groups so that these groups know what they are supporting. The Board needs to adopt an ordinance that is presented to the voters rather than waiting until after fee approval.

6) Project materials should be written in sufficient detail to enable voters to make informed decisions. The election should be held after completion of the Enhanced Watershed Management Programs, which are due to the Regional Water Board in June of 2015.

Sun Valley Park Stormwater Capture Project

7) The measure should contain an automatic reduction after 25 years ("dusk clause"). The reduced fee must be sufficient to cover ongoing operation and maintenance costs, as well as replacement costs. The County and the Cities should co-fund a study to determine these ongoing O&M costs. The results of this study should be included as a recommendation to the Board of Supervisors.

8) The measure should include a substantial fee credit/waiver program that fully implements stormwater permit requirements for capture, retention, infiltration, and treatment of stormwater and urban runoff. As a condition of receiving a credit, a property owner would be required to enter into a binding covenant for long-term maintenance of BMPs. A study should be conducted to determine an appropriate credit that recognizes land use traffic generation on public streets that will contribute off-site pollutants and additional credit that could be given for acceptance of off-site stormwater and urban runoff discharges.

9) A representative from the business community should be added to the Oversight Board.

10) The measure should contain a fee credit/waiver program for public and private educational institutions that agree to implement water quality improvement programs and educational curricula on stormwater, urban runoff, water conservation, source control, and related water quality issues. The credit program could include a combination of infrastructure improvements and educational programs. These programs could be coordinated with and complement existing County and local government urban runoff education programs.

11) The program should recognize the difficulties that disadvantaged communities have in funding stormwater quality programs and projects. This could be done by providing additional ranking points for disadvantaged communities as part of the scoring process used by watershed groups to prioritize projects for funding.

12) Program administrative fees should be limited to 5% of the total revenues received by local governments and watershed groups.

13) There should be a Level of Effort (LOE) established above which cities could apply the funding to existing city services. Many cities have already expended considerable funds towards stormwater compliance, while others have invested few local resources.

14) A portion of the fee should be dedicated to scientific study to prioritize water quality issues. The results of this work could be used to update the basin plan. The update should specifically address the challenges of stormwater and urban runoff.

15) The fee program should have the ability to fund regional and multi-watershed group programs and projects. One regional project example would be funding dam repairs, which would allow for the retention and management of significant amounts of stormwater and would benefit multiple cities and watershed groups.

16) The fee could be phased in and increased gradually over time, since initial implementation will concentrate on developing the programs and capital improvements necessary to implement the WMPs and the EWMPs.

17) Cities with rent control ordinances may consider ordinance amendments that would allow the "pass through" of any regional fee to renters.

Local Funding Options

The City Managers expressed concerns that State solutions (i.e. legislation and water bonds) may never develop. They also expressed concern that consensus for a regional fee may never develop. These outcomes remain unknown; however, in the interim, while statewide and regional funding solutions are being explored, Cities may consider the following recommendations to address stormwater funding. The Steering Committee should consider assisting the cities by taking the lead in the development of model programs.

Local Fee Programs

1) Local communities may consider pursuing their own local stormwater fees, or an increase in their existing fees, until a new regional fee is in place.

2) Cities may consider amendments to refuse contracts and street sweeping contracts to provide funds for the trash total maximum daily loads (TMDLs) and trash control programs.

3) Cities may consider adopting water conservation fees that would provide funding for reducing irrigated runoff in order to both conserve groundwater and reduce dry weather pollution.

4) Cities with Low Impact Development (LID) ordinances may consider adopting a Stormwater Impact Fee, in which developers are subject to a fee if they replace permeable with non-permeable surfaces. These fees could be waived if the developers were able to capture the resultant stormwater and offset the impact. Cities would be required to use the fees to support stormwater programs.

5) Since some of the pollution in our waterways is from cars driven on local streets, to minimize the impact on residents, assessments on car rentals could help contribute to the costs of cleanup. Local, regional, or statewide fees on car rentals may be considered to provide a funding source for cleanup and help to reduce local governments' financial burdens.

6) Cities without such polices may consider adopting green streets policies to incorporate stormwater features into new street projects funded by bond issues or any other eligible street funding available to cities.

Future Transportation Bonds and Projects

1) The Los Angeles County Metropolitan Transportation Authority (METRO) should consider a stormwater funding allocation as part of any future transportation bonds similar to the Measure M bond issued by the Orange County Transportation Authority. Surface transportation projects, such as highways and intersections, generate significant pollutants. METRO should work with local governments in identifying and securing funding to implement Green Street Policies as required by the Regional Water Board.

2) The local Councils of Governments should be encouraged to develop Strategic Transportation Plans that include consideration of mitigating the impacts on stormwater runoff for all transportation projects. Special emphasis needs to be given in these plans to encourage Caltrans and other regional agencies to work collaboratively with local communities on joint projects designed to address water quality issues.

Recommendations for the Regional Water Board

1) Regional Water Board Members and key staff should be available to provide continual education to the cities regarding the Board's regulatory programs, the Board's responsibilities, and the consequences of non-compliance to the Cities.

2) The Regional Water Board should ask the State Water Board to fund a staff position that would be responsible to identify and distribute information on the available grant funding from federal, state, non-profit, corporate, and other sources. This staff position should also be available to assist local governments in the funding application process, including serving as a liaison to outside funding entities.

3) The Regional Water Board should establish an on-line resource center addressing the measures available for municipalities to comply with the stormwater permit requirements. The database could include links to relevant agencies with their policies and practices, lists of water quality mitigation measures for the WMPs and EWMPs, and links to various regional agencies related to stormwater (i.e. LACDPW and LACSD). The resource center could also contain a library of scientific studies relevant to stormwater issues confronting our communities.

Los Angeles River 20th Street Bridge Construction

Introduction

The Los Angeles region faces critical, very costly, and greatly underfunded stormwater and urban runoff water quality challenges. Wet- and dry-weather runoff containing trash, bacteria, metals, and other pollutants drains into channels and waterways and ultimately to the ocean. As a result of this and other pollutant discharges, many water bodies in the Los Angeles region fail to meet State and federal water quality standards and are listed as impaired pursuant to Section 303(d) of the federal Clean Water Act; nearly 100 pollutants are listed in the State's 2010 list of impaired waters for the region as affecting over 500 miles of the region's rivers, streams, lakes, and coastal waters and beaches. Further, our communities also face an uncertain future regarding supply, reliability and affordability of drinking water, and stormwater should be regarded as an important resource. Implementing stormwater capture and use projects should be an important part of an integrated, regional water supply strategy.

While effectively managing stormwater and dry-weather runoff is a critical need for the region, these types of discharges are far harder and more costly to regulate and control than traditional point sources. Many municipalities feel that the adoption of the new municipal separate stormwater sewer system (MS4) permit and the requirements therein have made the need for addressing stormwater funding questions more urgent than ever. The complex problem of funding the cleanup of urban runoff and stormwater has posed a challenge to the region's local government officials, regulators, educational and environmental communities, businesses and other stakeholders since 1990. Many people believe that this issue does not directly affect them, and one of the major challenges has consistently been how best to build consensus to solve urban runoff pollution problems. Others believe that investing in managing stormwater utilizing green solutions can provide communities added benefits to water quality enhancements, including greening communities, replenishing ground water, and mitigating flooding. Also, these investments can revitalize local communities and create needed jobs.

The City Managers Work Group commends the Los Angeles County Flood Control District (LACFCD) for attempting to address the funding issue through its multi-year effort to develop a proposed parcel fee, the Clean Water, Clean Beaches Measure, as a sustainable revenue source for municipalities to manage stormwater programs and implement water quality improvement projects. On January 15, 2013 the County Board of Supervisors (sitting as the Board of the Los Angeles County Flood Control District) held a public hearing on the proposed funding measure. At the conclusion of the hearing, the Board continued the issue to its March 12, 2013 meeting.

During the continued public hearing, public school districts, the business community, municipalities, and others raised substantial issues that remain unresolved, including consideration of a sunset, or "dusk," date for the proposed fee; requiring that LACFCD, the County, and city governments better define their proposed water quality improvement projects; the request by some cities to be excluded from the fee; and the development of a more substantial credit for property owners who have already invested in on-site stormwater capture, infiltration, and treatment systems. A full list of concerns is discussed further in this report.

The City Managers Committees of the California Contract Cities Association (CCCA) and the League of California Cities, Los Angeles Division (League) convened a meeting with stakeholders on June 27, 2013 to hear their concerns and suggestions directly. These stakeholders included public schools, environmental organizations, and the business community. The City Managers Work Group subsequently prepared this report to assist the Board of Supervisors, local decision makers, stakeholders, and the public in reaching a common understanding of the extraordinarily complex issues at hand and the potential solutions. The Managers found that to fully understand the issues, improved communication and education is necessary.

This report is intended to provide readers with the basic knowledge necessary to understand the issues facing Southern California communities as they work to implement stormwater permits, other clean water requirements, and water supply management. It describes the stormwater regulatory requirements specific to the greater Los Angeles area, the complexities of funding stormwater programs, the concerns of cities who want to be able to opt out, and the LACFCD's funding initiative. The report examines the regulatory framework for stormwater management, including the requirements of the National Pollution Discharge Elimination System (NPDES) MS4 permit (stormwater permit) and the total maximum daily load (TMDL) programs. It also summarizes the impacts of the federal TMDL Consent Decree signed in 1999 for the Los Angeles Region, which has indirectly regulated the LACFCD, 85 cities, and the unincorporated County since then. Finally, the report reviews estimated stormwater program compliance costs, the "pros and cons" of various funding options, and City Manager recommendations.

The City Managers found that the region's unique topography, climate, and highly urbanized nature must be considered in the design and implementation of effective stormwater and urban runoff programs. The current stormwater permits establish water quality requirements both for runoff from storms and for dry-weather periods where local city streets carry irrigation runoff. Thus, the "stormwater problem" is better characterized as an "urban runoff problem," i.e., as requiring control of water from both storms and daily urban activity during dry weather. A further complication is that most of the region's flood control and wastewater infrastructure was neither designed nor constructed to treat stormwater or urban runoff pollution. Ultimately, the complicated nature of the permit and the unique characteristics of urban runoff make it difficult to define the implementation measures that may be required and to estimate the cost of compliance.

Although systems of storm drains, municipal streets, and other conveyances ("municipal separate storm sewer systems," or MS4 systems) are public utilities, they differ from water and wastewater utilities in one key way: many water and wastewater utilities existed prior to the passage of Proposition 218 and are financially supported by service fees, but, with a few exceptions, local municipal stormwater utilities are not supported by service fees. Currently, most stormwater programs are funded by the general funds of cities and counties (primarily through property and local sales taxes). This presents major challenges to elected officials and City Managers, as stormwater program funding must be balanced with other programs supported by general funds, including law enforcement, fire, paramedics, park maintenance, street lighting, and libraries, and other services. In addition, it is difficult to ask the public to pay additional fees during difficult economic times. Also, some cities have programs in place that they believe meet the mandated requirements.

Since the Salinas decision, cities have relied on a majority vote of property owners or 2/3 vote of the electorate in order to approve stormwater fees. The Salinas election process has been used in lieu of the property owner protest hearing process outlined in Proposition 218 for traditional utilities like drinking water and sanitary sewer service. The Work Group is concerned about the costs of conducting an election of registered voters within the LACFCD on the Clean Water, Clean Beaches Measure (estimated by County staff to be between $7 and $10 million), and Proposition 218 requires a two-thirds vote threshold for passage. During the development of this report, the Sixth District Court of Appeal clarified a portion of its Salinas decision in Griffith v. Pajaro Valley Water Management Agency. The Court's decision may provide additional opportunities to fund elements of stormwater programs that can be tied to water supply.

The complexity of the permit and difficulty in determining achievable water quality solutions was evident at the January and March 2013 public hearings held by the County Board of Supervisors on the proposed Clean Water, Clean Beaches funding initiative. Almost all stakeholders testified that they support clean water, but there was no consensus on how to fund stormwater programs. However, not discussed that day was the fact that rain mobilizes pollutants that have been deposited on the ground or emitted into the air from various sources and carries them into local gutters, storm drains, flood control channels, rivers, streams, lakes, bays, and the ocean. Pollutant sources include vehicle brake pads and wear from tires, paints and other construction materials, cosmetics and pharmaceutical products, pesticides and insecticide chemicals, and fertilizers, as well as the persistence of historical, or legacy, pollutants, that are beyond the jurisdiction and reach of local stormwater agencies.

The report is sensitive to the issue that there remains uncertainty about how best to implement stormwater quality programs, and therefore the costs of stormwater compliance are not well understood. It is vital to determine how the programs will be implemented prior to asking citizens to pay additional fees. The current MS4 permit, which was adopted in late 2012 by the Regional Water Quality Control Board (Regional Water Board), requires that permittees either prepare individual plans or participate in the preparation of Watershed Management Programs (WMPs) or Enhanced Watershed Management Programs (EWMPs) developed by groups of permittees with common interests. These plans must propose solutions to urban runoff pollution to be implemented over time. These WMPs and EWMPs must be reviewed and approved by the Regional Water Board, and require substantial analysis and documentation. WMPs are due by June 28, 2014 and EWMPs are due by June 28, 2015.

After reviewing several economic studies conducted for the region, including the Regional Water Board's studies, we are confident in our conclusion that the costs for compliance with these clean water programs will be in the billions – if not tens of billions – of dollars over the next 20 years. The Natural Resources Defense Council (NRDC) recently reported that California communities are spending $428 million annually to keep trash from washing into waterways. In Los Angeles County, the City of Los Angeles invests $36 million annually, and the City of Long Beach invests $13 million annually, to manage trash in urban runoff. These figures do not include the expenditures necessary to manage other pollutants. Other pollutants, such as bacteria, metals, pesticides, and toxicity associated with sediments, will be far more difficult and costly to control. Refinements to the estimated cost of compliance will be available in the summers of 2014 and 2015, when the WMPs and EWMPs are completed.

Some stakeholders have commented that the costs of compliance are so large in comparison to the County's proposed fee that the fee should not move forward. However, if the costs of the entire program were funded from the property fee, the fee would be so great that it would not survive either voter or property owner ballot measures. The Work Group also heard comments that the permit program is a "paper tiger" and that local government should not be concerned about legal actions. However, lawsuits and enforcement actions taken against the business community, local governments, school districts, and the County of Los Angeles – detailed in this report –show that inaction is a certain recipe for more citizen litigation and enforcement actions. The Work Group conducted a review of litigation and fines over the last ten years in order to determine the costs to local government and the business community of non-compliance. Our Regional Water Board has initiated 195 enforcement actions against private parties since 2003, resulting in $8.2 million in fines. Over $23 million in settlement costs have been the result of 21 citizen lawsuits statewide during the same period. Not included in this total is a recent settlement by the City of Malibu for $6.6 million. The Regional Water Board has pursued 23 Notices of Violation. However, they were all eventually rescinded after the Board received the information requested. The Regional Board has brought 155 enforcement actions against local agencies for violations of NPDES permits, resulting in fines of over $8.7 million. Most of these enforcement actions were related to sanitary sewer overflows, but some were related to stormwater.

Finally, most stakeholders interviewed did not know that the region has been regulated under a federal Clean Water Act consent decree agreed to in 1999. Under this court order, 33 new TMDLs have been developed and subsequently added to the 2012 stormwater permit. These TMDLs contain numeric targets, monitoring and implementation requirements, and compliance deadlines, and thus have real and serious legal consequences for local government and the business community. (See Appendix A.)

Numerous stakeholders asked that we review other funding sources, such as sales tax overrides, monetizing captured stormwater added to the groundwater supply, source control fees, and other revenues. Business stakeholders recognized that if there is not one countywide fee, cities would be forced to adopt their own fees. If that were the case, the business community might have to contend with 85 different sets of fees, and would have to devote significant time to participating in the fee adoption process. Public education administrators expressed concerns that fees would adversely impact their budgets. Certain environmental stakeholders requested "carve outs" in the fee for disadvantaged communities. Labor advocates are very likely to request project labor agreements. Various stakeholders suggested alternative governance models, including building upon the existing County Sanitation Districts structure. Changes were recommended to the Flood Control Act, the legislation that enables the vote on the County fee and establishes the general framework of the program, such as allowing cities to opt out. Several valuable suggestions were made to improve the Clean Water, Clean Beaches fee, ordinance, and program guidelines. Municipal stakeholders also noted that they need help from the Regional Water Board.

The Managers have concluded that water quality problems are so complex and the solutions so costly that the County and the cities cannot afford to follow a single strategy. The City Managers Work Group developed recommendations that present a multi-pronged approach to address urban runoff funding issues. Several of these recommendations will require active management and a high degree of flexibility so each city has the ability to decide on the issue, and a high degree of organization by local governments in order to assure their implementation.

II. Environmental Setting

The Los Angeles Basin – The Challenges of Climate and Topography

The Los Angeles Basin is unique among urbanized areas worldwide. The area is ringed by mountains that trap intense storms, where water runs off rapidly in a relatively compact space. The Basin consists of two major river basins, the Los Angeles River and San Gabriel River basins, and several smaller watershed areas.

The Los Angeles River drains an 890-square mile area inhabited by approximately 4.5 million residents. The river travels 51 miles from its source to the ocean. The basin is bordered on the north by the San Gabriel Mountains, which were formed over one million years ago. The region has dozens of hills that stretch forty miles along the Newport-Inglewood fault zone, including the Baldwin Hills, Cheviot Hills, Dominquez Hills, and Signal Hill, and the Basin's drainage is also influenced by the Santa Monica Mountains, the Palos Verdes Peninsula, the Raymond Hills, and Verdugo Hills.

Blake Gumprecht, in his book, Los Angeles River, Its Life, Death, and Possible Rebirth, summarized the challenges that the region's unique topography and climate have created and will continue to create for the Basin's inhabitants:

> "Nearly all of the precipitation occurs in the four winter months, and most falls as rain, concentrated in brief but often violent storms. Drainage lines are short, and their fall to the ocean relatively rapid. The watershed of the Los Angeles River drops more than 7,000 feet in little over forty miles, from its highest point at 7,214-foot Mount Pacifico to the river's mouth in Long Beach. The river itself falls 795 feet on its fifty-one mile course, a seemingly insignificant slope but comparatively abrupt for a major lowland waterway passing through a heavily urbanized area. The Mississippi River, in contrast, falls just 605 feet in more than two thousand miles." (Gumprecht, p. 132).

The second major urbanized watershed in the Los Angeles Basin is the San Gabriel River Watershed, which covers approximately 682 square miles in eastern Los Angeles County and is home to more than two million people. The main channel of the river extends approximately 58 miles from its headwaters in the San Gabriel Mountains to the Pacific Ocean. The upper watershed contains a series of reservoirs with flood control dams. Two major flood control projects and spreading grounds below this point recharge a major groundwater basin. Farther downstream, the river flows through a heavily developed commercial and industrial area before discharging to the Pacific Ocean just south of Long Beach.

The topography and torrential rainstorms have changed the course of the region's rivers through the centuries. The Los Angeles River, for instance, has experienced wholesale course changes four times in the last two hundred years. Prior to 1825, for example, the river followed the Ballona Creek Channel and emptied into Santa Monica Bay. At one time the San Gabriel River flowed into the Los Angeles River via the Rio Hondo.

The mountains are widely recognized for trapping air pollution, which is most visible during the summer months. The mountains influence rainfall patterns via orographic effects, and a periodic, recurring condition known as "El Niño," which is caused by ocean current and temperature conditions, can result in intense rainstorms. This combination of factors can result in torrential rains with precipitation rates of two inches per hour, among the most concentrated rainfall ever recorded in the United States. As a result of El Niño cycles, it is rare to have a year with "average" rainfall; instead, the local climate cycles between dry periods with far less than average rainfall and wet periods with far greater than average rainfall.

Flood Control in the Los Angeles Basin

Intense rain during winter storm events historically caused extensive flooding, even before the region became highly populated and built-out. As noted above, rivers changed course and "wandered" throughout the floodplain during storm events. Historians have noted that "before a comprehensive program of flood control was developed, … more than 336 square miles were subject to inundation" (Gumprecht, p. 134), and development within the region only exacerbated flood conditions. The region has experienced more than sixty significant floods since settlement by the Spanish, and more people have been killed in Los Angeles County by flooding than by earthquakes (Gumprecht, p. 131-135).

The response to extensive flooding was the design and construction of a large and expensive flood control system. The LACFCD was established by a special State law immediately after major floods that caused extensive damage in 1914. The Los Angeles County Board of Supervisors functions as the governing board for LACFCD, which is funded by a fee that is assessed to property owners and collected on property tax bills.

The Army Corps of Engineers took over the flood control program during the 1930s, and the most significant progress was made after the devastating flood of 1938, when intense rains caused the inundation of 108,000 acres (168 square miles), claimed the lives of 87 persons, and caused $78 million in property damage in the County of Los Angeles ($888.8 million in 1999 dollars) (Gumprecht, p. 215-216). By 1960, a fifty-one-mile reach of the Los Angeles River had been lined with concrete. Storms in late January 1969 produced the highest nine-day rainfall total (13.3 inches of rain) ever recorded in Los Angeles by the U.S. Weather Bureau. Although the rain caused $31 million in damage and led to seventy-three deaths in places with no flood control, the newly created Los Angeles River flood control system prevented an estimated $1 billion or more in damage to Los Angeles County (Gumprecht, p. 232).

The current system of flood control infrastructure includes a series of dams, retention basins, concrete-lined rivers and flood control channels, underground storm drains and catch basins. This system functions to move water rapidly to the ocean during storms to protect life and property in the Basin's several flood plains. However, the flood control system was not designed or intended to control and treat pollutants, which routinely run off from both urban areas and open spaces in the Basin. In fact, the high velocities that are necessary to remove water from the Basin act to suspend and transport pollutants. From both a technical and financial standpoint, improving water quality in stormwater and urban runoff remains a critical issue.

Potential for Stormwater Capture to Enhance Local Water Supply

The U.S. Bureau of Reclamation Southern California Area Office is currently in the process of completing a $2.4 million study of long-term flood control and water conservation impacts from projected population and climate conditions. The study was initiated in February 2013, and is targeted for completion in May 2015.

The Los Angeles Basin Stormwater Conservation Study[1] will recommend potential changes to the operation of stormwater capture systems, modifications to existing facilities, and development of new facilities that could help resolve future flood control and water supply issues. The recommendations will be developed through identifying alternatives and conducting trade-off analyses.

The Basin Stormwater Conservation Study has two objectives:

1. To evaluate the response of existing LACFCD flood control dams, reservoirs, spreading grounds, and other interrelated facilities to projected future conditions.
2. To develop and recommend a suite of alternatives, including new or modified facilities and operational changes, to address the projected future conditions.

The Basin Stormwater Conservation Study will offer the opportunity for multiple water management agencies to participate in a collaborative process to plan for future local water supply scenarios. The Basin Study will examine opportunities to enhance existing LACFCD and Basin Study partner facilities and operations and develop new facilities to increase local water supply.

1 See work plan and preliminary information available at http://www.usbr.gov/lc/socal/basinstudies/LABasin.html.

Stormwater itself can be used to augment local supplies directly, and, because of blending requirements, stormwater will be critical to increasing recycled water use within the region. Because stormwater is available only intermittently, and because regional water demand is greatest during dry periods, storage will be needed to utilize this resource, and the region's groundwater basins provide the greatest opportunity for increasing storage. According to the Stormwater Conservation Study, in addition to serving 85 cities, the LACFCD serves approximately 140 unincorporated communities. The LACFCD owns and operates 27 spreading grounds and is the primary agency for conducting groundwater replenishment operations. On average, more than 270,000 acre-feet (AF) of captured stormwater, imported water, and recycled water is stored in groundwater basins in Los Angeles County; in wet years that number can exceed 700,000 AF, and in drier years it may be little more than 150,000 AF. (For reference, an acre-foot of water is approximately 326,000 gallons, or about the amount of water consumed by two families in a year.)

The best estimate of the average amount of stormwater captured is about 210,000 AF per year[2], but natural runoff from streams and rivers in the region is estimated to average about 1.2 million acre-feet (MAF)/year.[3] Storm flow volumes from individual storm events can also be very large; a storm dropping half-an-inch of rain in the Los Angeles River basin will produce approximately 924 million gallons of water (or more than 2800 AF, enough to fill the Rose Bowl eleven times) in a single day. Thus, the region has enormous potential to increase the local water supply; this potential will become increasingly important as the cost of imported water and water demands increase. The Metropolitan Water District (MWD) forecasts water rates (Tier 1 rates for fully treated water) to increase from $794/acre-foot ($/AF) in 2012 to $910/AF in 2015 and $1,115 in 2020[4,5].

Benefits of Stormwater Capture and Use

A series of studies has been conducted focusing on the environmental and public health benefits of improving water quality. These studies cite the positive economic impacts on tourism in Southern California and the avoidance of medical costs associated with waterborne illnesses. Recent studies have focused on job creation and water conservation as tangible benefits of the regulatory programs. A December 2011 study entitled "Water Use Efficiency and Jobs" by the Economic Roundtable studied over $1.2 billion in investments in water efficiency projects in the Los Angeles area. The study reviewed 53 local stormwater, water conservation, grey water, recycled water, and groundwater management and remediation projects for their effects on the local economy. The study found that job stimulus for every $1 million invested in water efficiency projects was greater than traditional industries such as motion picture production and new home construction. It further found that 12.6 to 16.6 annualized jobs were created for every $1 million invested. New housing construction creates 11.3 jobs per $1 million invested, while the motion picture industry creates 8.3 jobs annually per $1 million invested.

Historical Pollution in the Los Angeles Basin

Many of the sources of current water pollution are closely related to the historic development of Southern California and the unintended consequences of that development on the environment. For example, lead was originally added to gasoline in the 1920s by the Ethyl Corporation to increase engine performance. As development and roads spread throughout the region, and as automobile use increased, more lead was deposited in the basin. Although lead was removed from most fuels the in 1970s when studies revealed it was harmful to human health, lead is persistent in our soils and still washes into surface waters.

Other sources of pollution in the region's surface waters can be traced back to land use development and urban activities. Los Angeles County experienced explosive population growth from 15,309 residents in 1870 to 7,032,075 residents by 1970. The U.S. Census reported 9,818,605 residents in Los Angeles County in 2010. Growth was fueled by many sources, including the completion of the Southern Pacific Railroad route from San Francisco to Los Angeles in 1876. The rail tracks ran parallel to the Los Angeles River, through the Glendale Narrows to the Taylor Yard.

---

2 State of California 2009. State of California Natural Resources Agency and Department of Water Resources. California Water Plan Update 2009, Integrated Water Management. Public Review Draft, January 2009. Bulletin 160-09.Ibid

3 Ibid.

4 The Metropolitan Water District of Southern California. Adopted Water Rates & Charges. Available at http://www.mwdh2o.com/mwdh2o/pages/finance/finance_03.html#Anchor-Tier-6863, accessed 10/31/13.

5 West Basin Municipal Water District. Urban Water Management Plan, Section 8: Water Rates & Charges. Available at http://www.westbasin.org/files/uwmp/section-8-water-rates-charges.pdf. Accessed 10/31/13.

Urban development along the course of the Los Angeles River included slaughterhouses and freight yards, and development along the river intensified when the Santa Fe Railroad built its tracks near the river. Warehouses, lumberyards, blacksmiths, and foundries replaced agricultural land uses along the river. Development along the river changed the landscape, as surface flows dried up due to over pumping of groundwater. The river became a depository for sewage, tar, oil, refuse, and dead animals. Trash and debris in the river had become such a large problem that in August 1910 the Los Angeles City Council adopted the first ordinance to prohibit the dumping of market refuse and rubbish into the river.

> "Even city officials ignored the law prohibiting the dumping of trash in the river. An official of the Los Angeles Flood Control District complained in 1920 that a city-operated dump near the Macy Street Bridge projected into the river channel, thus reducing the flood-carrying capacity of the river. City officials responded that it would be too expensive to relocate the dump. City council records indicate that the Board of Public Works continued dumping refuse into the riverside dump until at least 1925." (Gumprecht, p. 116)

> "With railroads, factories and stockyards occupying much of the river front from San Fernando Valley to Long Beach, industrial discharges into the river became more prevalent and, by the 1940s, what little water occasionally flowed in its channel was often toxic. Chromium wastes from the San Fernando Valley aircraft plants, for example, were discovered in the river in 1941. They had been discharged illegally into storm drains that emptied into the river. The Long Beach Department of Health, meanwhile, was forced to quarantine a section of beach just east of the river's mouth in 1941 and again in 1947 because of contamination from the river. The contaminants were later traced to two paper mills in the city of Vernon…Such problems were widespread. Excessive oil and grease were reaching the river from the railroad yards in Los Angeles. Urine, manure, and other animal refuse were draining into the river from feedlots, livestock holding pens, and slaughterhouses in Vernon. Compton Creek…was so overloaded with wastes that government officials were besieged with complaints about offensive odors coming from its channel. Oil field brines were found in the river near Wardlow Road in Long Beach…" (Gumprecht, p. 123)

Federal, state, and local agencies formed the Los Angeles River Pollution Committee in 1948 in an attempt to deal with the pollution problems. The Committee made some headway, but new concerns emerged just as other problems were being solved. Chromium wastes were found in the river's San Fernando Valley tributaries in 1961. Gasoline leaking from underground pipelines was found in 1968. Pollution eventually forced the Department of Water and Power to eliminate its last surface diversion and to discontinue pumping along the entire length of the river in 1971. Nearly all of the water that now flows in the river is reclaimed water, authorized industrial discharges and street runoff. (Gumprecht, p. 123-128)

The pattern of urban development and the associated pollution intensified during the years leading up to and after World War II. The Los Angeles region became part of the great arsenal of democracy, with heavy manufacturing factories producing aircraft, steel, tires, munitions, vehicles, glass, plastics, and other materials. Plants were spread over the entire region. During the Cold War period, the region became the epicenter of aerospace and space technologies, rocket engine testing, the construction of the Apollo space capsule, and the Space Shuttle. These heavy industries left a legacy of soil, groundwater and surface water pollution that persists to this day.

Efforts to Improve Water Quality

The deterioration of water quality called for serious action, and several laws were passed to address this problem. The Federal Water Pollution Control Act of 1948 was one of the first U.S. laws to address water pollution, and this act resulted in extensive implementation of controls for point sources (primarily for wastewater treatment) throughout the nation. The Federal Water Pollution Control Act Amendments of 1972, the Clean Water Act (CWA) of 1977, and the Water Quality Act of 1987 were all intended to address water quality at a national level. Together, these laws aim to provide "fishable" and "swimmable" waters wherever attainable and to help maintain and restore the "chemical, physical, and biological integrity of the Nation's waters." Together with California's Porter-Cologne Water Quality Act, and as described in greater detail below, these regulations have provided the legal and regulatory framework for water quality control programs, which began by focusing on traditional point sources, such as wastewater and industrial discharges.

Significant progress has been made in treating wastewater and other point source discharges in Los Angeles County. LACSD and the City of Los Angeles have regional wastewater collection and treatment systems serving most of the County's population with thirteen water reclamation plants and two large ocean-discharging plants. The City of Burbank and Las Virgenes Municipal Water District also each own a water reclamation plant that serves their local areas, and the County Consolidated Sewer Maintenance District owns two small package wastewater treatment plants in Malibu and Lake Elizabeth.

Improvements to wastewater treatment continue to be made. For example, over the last 50 years, the County Sanitation Districts have greatly improved the efficiency of their Joint Water Pollution Control Plant (JWPCP), which discharges treated secondary effluent to the ocean off the Palos Verdes Peninsula. Even more important from a surface water quality perspective, the Districts have constructed ten upstream water reclamation plants (WRPs), nine of which produce disinfected tertiary quality recycled water. Of these, two are located in the Antelope Valley and do not discharge to surface waters, two are located in the Santa Clarita Valley and discharge to the Santa Clara River, and six are part of the Joint Outfall System that is connected to the JWPCP in Carson. Five facilities discharge to the San Gabriel River or its tributaries or to the Rio Hondo, and the remaining WRP supplies all of its recycled water for use on a golf course. Thus, high quality wastewater flows have been diverted away from direct ocean disposal to the upstream WRPs in order to provide recycled water supplies for eventual reuse. Discharge to the ocean has steadily decreased since the WRPs in the Los Angeles Basin were built in the 1970s, while additional needed treatment capacity has been added to the WRPs.

Of the total amount of recycled water produced in FY 2011-12, 43% was actively reused at over 700 sites for a variety of applications, including urban landscape irrigation, agricultural irrigation, industrial process water, recreational impoundments, and wildlife habitat maintenance. Approximately 57% of recycled water usage was used for ground water recharge[6]. The amount of recycled water used for replenishment of groundwater basins can vary greatly from year to year, depending on the amount and timing of rainfall runoff, maintenance activities in the spreading grounds, and other factors.

As flooding and traditional point source discharges have been substantially and successfully controlled, regulatory focus has shifted to stormwater and urban runoff pollution and nonpoint sources. In response to the amendments to the CWA in 1987, water quality regulations were modified to classify stormwater in major metropolitan areas as a point source discharge. Surface runoff generated from stormwater and non-stormwater discharge is conveyed via the municipal separate storm sewer system (MS4) to surface waters; this runoff contains many pollutants of concern, including bacteria, copper, lead, zinc, pesticides, and trash, among others. Pollutants present in stormwater and dry-weather MS4 flows have the potential to harm both human health and the aquatic ecosystem.

The reclassification of stormwater and dry-weather runoff as point sources presents a major challenge. Although stormwater and dry-weather runoff are very different in nature from traditional point sources, many of the water quality standards developed for traditional point source discharges are now being applied to stormwater discharges. Although NPDES permits for stormwater discharges have generally required implementation of best management practices (BMPs) rather than centralized treatment of flows prior to discharge, more recent permitting efforts have shifted to require implementation of more stringent controls as needed to meet water quality standards.

A number of multi-purpose, multi-benefit "green infrastructure" projects have been constructed recently in the Los Angeles Region and exemplify the principles of effective stormwater management. Two prime examples include the Sun Valley Park Drain and Infiltration System, which converted an existing municipal park into a stormwater capture and treatment site. The Sun Valley project captures and recharges a significant volume of the local watershed's stormwater runoff, thereby increasing recharge and local water supply, but it also improves water quality and provides recreational opportunities and wildlife habitat. Elsewhere in Los Angeles County, Malibu Legacy Park project has transformed 15 acres in the heart of Malibu into a central park; in addition to aesthetic, recreational, and educational uses, the park is capable of capturing up to 2.6 million gallons per day of stormwater and urban runoff, which is then used for irrigation within the park. Due to the multi-benefit nature of these projects, both received community support and were able to leverage funding from several different sources.

Current Threats to Water Quality

In the Los Angeles Region, a wide range of pollutants exceeds water quality objectives (WQOs) in several water bodies. EPA's 303(d) list of water quality impairments for the region includes 823 listings (i.e., 823 pollutant-water body pairs), but this list alone is not necessarily reflective of the highest regional priorities. Additional information,

6 Sanitation Districts of Los Angeles County, Twenty-third Annual Status Report on Recycled Water: Fiscal Year 2011-2012, pp. x & 9.

including regional TMDLs and special studies to evaluate the toxicity of certain pollutants, was used to establish a priority list for the region for this report.

Metals have been the subject of many 303(d) listings and TMDLs in the Los Angeles region; in particular, copper, lead, selenium, zinc, and mercury exceed WQOs most frequently. With many metals, including copper, lead, and zinc, concentrations can be expressed either as the total recoverable concentration or as the dissolved fraction; it is the dissolved fraction that is bioavailable. Many 303(d) listings are based on total recoverable metals concentrations; however, the more relevant dissolved concentrations (especially for copper and lead) are frequently below WQOs. Local agencies in the Los Angeles River watershed are nearing completion of a three-year effort to complete water effect ratio (WER) studies for copper (Los Angeles River and tributaries) and WQO recalculation studies for lead (Los Angeles River, but likely applicable to other regional streams). The studies have been submitted to the Regional Water Board, with the anticipation that the Board will act on them in the fall of 2014. Selenium is present in groundwater that enters streams ("rising groundwater") primarily from natural geologic formations, and thus has historically been present, and is considered to be lower priority. By contrast, zinc has exceeded WQOs, the dissolved concentration is typically a larger fraction of the total recoverable concentration, and WER studies have not been done to evaluate WQOs for zinc – thus, the reported exceedances of WQOs for zinc may have more significant ecosystem impacts. Mercury is also considered a higher priority than other metals, as its tendency to bioaccumulate in fish tissue can pose a significant threat to human health when fish consumption is high; however, much mercury derives from atmospheric deposition, so treating flows to meet WQO may be technically difficult and expensive. Other metals – cadmium, nickel, silver, and chromium – are lower priorities because they cause few WQO exceedances.

Concentrations of organic compounds in sediment, fish tissue, and occasionally in water exceed WQOs or other regulatory thresholds throughout the Los Angeles Region. The most common of these are organochlorine (OC) compounds (such as the pesticides DDT, toxaphene, and chlordane; and PCBs, which had a range of industrial uses). However, use of these compounds ceased long ago, and therefore they are considered a low priority despite their widespread, low-level persistence in the environment. Current use pesticides include some organophosphates (OP) and pyrethroids, and are believed to represent a medium water quality priority; these compounds are generally less persistent than the organochlorines, and further study is warranted to understand their impacts and control measures. Polycyclic aromatic hydrocarbons (PAHs) are volatile, lipophilic compounds that are introduced into the atmosphere primarily via incomplete combustion and bond to soils, sediment, and oily substances that carry the PAHs into water bodies. While PAH concentrations exceed WQOs in several water bodies, they are considered a medium priority as more research is required to develop a comprehensive control strategy.

Indicator bacteria (e.g., E. coli, fecal coliform, total coliform, enterococcus) are particularly difficult pollutants to control. Water quality criteria for indicator bacteria are intended to protect swimmers from illness and are considered a medium priority; but WQOs for indicator bacteria cannot distinguish human sources from other sources (such as wildlife, birds, and regrowth in sediments, which are believed to pose a lesser threat to human health). While it is vitally important to minimize human sources of bacteria, existing regulatory programs have already accomplished this to a significant degree (e.g., wastewater treatment, sanitary sewer overflow regulations), and non-human, lower risk sources preclude attainment of WQOs for bacteria. Recent work by the City of Los Angeles "Cleaner Rivers through Effective Stakeholder TMDLs" (CREST) effort clearly showed that in certain reaches of the Los Angeles River, non-human sources of bacteria are responsible for exceedances of water quality criteria. The CREST work also showed that bacteria concentrations and loads in the river are far larger than the inflows to the river — inflows from storm drains and tributaries were shown to account for only 10%-50% of bacteria loads in the river during dry weather conditions. In addition, the source of water may strongly influence bacteria loadings; groundwater rising into the channel may have lower bacteria concentrations than overland runoff, and runoff from even pristine, undeveloped watersheds frequently contains bacteria concentrations in excess of water quality criteria. For these reasons, even complete control of bacteria in inflows to the region's streams and rivers is unlikely to result in attainment of water quality objectives.

Traditional pollutants include nutrients, salinity, trash, and sediment. Nutrients currently represent a low priority, as significant controls are in place (e.g., tertiary treated wastewater is discharged to rivers in the region), ammonia WER studies for the wastewater treatment plants are ongoing, and the State Board is developing tools to directly measure biological endpoints and refine nutrient objectives; nutrients may become a higher priority on completion of these studies. Salinity impairment in surface waters is a low priority, as numerous control measures are in place, effects are relatively limited to agriculture, and little agriculture remains within the Los Angeles Basin. Trash is a medium priority, as several TMDLs — which have established widespread control measures — are already in place. Sediment and hydromodification are currently low priority but, similar to nutrients, new regulations are being developed to better understand the threats they might pose and to assess the goals and objectives that may be applied to these pollutants.

Summary of Current Water Quality Threats	
High Level	zinc
Medium Level	current use pesticides, PAHs, bacteria, trash, mercury
Lower Level	copper, lead, selenium, minor metals (cadmium, nickel, silver,chromium), nutrients, salinity, sediment/hydromodification

III. Understanding the Regulatory Framework

The stormwater program is governed by the federal Clean Water Act and California's Porter-Cologne Water Quality Control Act. The requirements of these Acts, as well as the water quality standards, TMDLs, and permits issued thereunder, are imposing new and increasingly costly obligations on municipalities, giving rise to the need to find new funding sources.

There are four key regulations and a federal court order impacting Los Angeles County and its communities that are driving the need to explore stormwater funding. These are the federal Clean Water Act, California's Porter-Cologne Act, the National Pollution Discharge Elimination System (NPDES) permit, the Total Daily Maximum Load Program, and the federal Consent Decree governing TMDLs in Los Angeles County and Ventura County.

The Federal Clean Water Act

In 1972, when the Clean Water Act first established the NPDES permit program, most efforts at improving water quality focused on regulating pollutant discharges from known end-of-pipe "point sources," such as factories and sanitary sewer treatment plants (i.e., pollutants easily traced to specific, discrete sources). The Clean Water Act has done a good job in addressing many of these sources of pollution. In the 1987 amendments, Congress expanded the NPDES permit program to encompass the much more complex and difficult to control "non-point sources" of pollution, including stormwater and urban runoff.

The Clean Water Act also requires that states identify and address impaired waterbodies. Waterbodies that fail to attain water quality standards, even after implementation of point and nonpoint source controls, are placed on the federal 303(d) list of impaired waterbodies. Federal law requires the development of TMDLs for these waterbodies in order to reduce pollutants in impaired waters to meet water quality standards. TMDLs establish an overall allowance for each pollutant, defining the maximum amount of a pollutant (e.g., trash, bacteria, metal, etc.) that can enter a water body and still meet the applicable water quality objective. For MS4s and other "point sources," these allowances are called waste load allocations (WLAs). For non-point sources (not regulated through an NPDES permit) they are called load allocations (LAs). TMDLs are developed for pollutants from all sources, including non-point sources. The TMDLs have compliance time schedules, which generally work to reduce the pollutant level in a water body over a specific time frame.

California's Porter-Cologne Act

In addition to implementing the Clean Water Act and its amendments, California has adopted its own water quality control laws. The Porter-Cologne Water Quality Control Act (Porter-Cologne), first adopted in 1969, authorizes the California State Water Resources Control Board (SWRCB) and nine California Regional State Water Quality Control Boards (RWQCBs) to implement both federal and state water quality regulations. The relationship between the CWA and Porter-Cologne is complex and relates to the issue of unfunded mandates. The Water Boards claim they are just implementing federal mandates, while most Permittees believe that many State and Regional Water Board requirements go beyond federal mandates. The issue is currently being litigated.

The permit also establishes non-stormwater action levels and municipal action levels (MALs) for stormwater to identify subwatersheds requiring additional best management practices (BMPs) to reduce pollutant loads and prioritize implementation of additional BMPs.

Article 3 of Porter-Cologne requires that each RWQCB formulate and adopt a water quality control plan (Basin Plan) for its region and provides guidelines for the development of water quality objectives. A Basin Plan contains water quality standards and is designed to preserve and enhance water quality while protecting the beneficial uses of waters within the region. Specifically, a Basin Plan (i) designates beneficial uses for surface and ground waters, (ii) sets narrative and numeric objectives that must be attained or maintained to protect the designated beneficial uses and conform to the state's antidegradation policy, and (iii) describes implementation programs to protect all waters in the region. Some of the tools for attaining and maintaining water quality standards are the National Pollutant Discharge Elimination System (NPDES) and TMDL programs.

Most of the Basin Plan's water quality standards (beneficial uses and water quality objectives) were established in the 1970s, when wastewater and industrial discharges ("traditional point sources") were assumed to pose the greatest water quality threats; the application of water quality standards to these types of discharges was thoroughly analyzed, and funding was provided in many cases for control measures to address these types of discharges. From the 1970s until about 1990, water quality efforts focused on controlling these sources through NPDES permits, which, for traditional point source discharges, provided a means of meeting concentration standards for certain pollutants within the effluent or within a zone of dilution in receiving waters. Dilution zones are not applicable to stormwater discharges.

NPDES MS4 Permit for Los Angeles County

The State Water Board and the Regional Water Boards are responsible for implementing and enforcing the Clean Water Act and the Porter-Cologne Act within the state. At the local level, LACFCD and municipalities must obtain NPDES stormwater discharge permit coverage from the Los Angeles Regional Water Board. Under NPDES permits known as MS4 Permits, municipalities are responsible for reducing the discharge of pollutants from their MS4s to the maximum extent practicable (MEP). The publically owned treatment works (POTWs) owned by the County Sanitation Districts and others are not covered by the MS4 permits. Rather, they are issued individual NPDES permits for their discharges of treated wastewater to surface waters, and are also required to enroll under the General Industrial Stormwater Permit adopted by the State Water Resources Control Board, which regulates management of their facilities' stormwater discharges.

Los Angeles County and its communities have been regulated under NPDES municipal separate stormwater sewer system (MS4) permits since 1990, following the amendment to the Clean Water Act requiring that permits be issued to storm drain systems that discharge stormwater into the nation's waterways. (It should be noted that the City of Long Beach operates under a separate NPDES Permit, which was issued in 1999, and which contains similar requirements to the Los Angeles County 1996 and 2001 permits.)

The Clean Water Act specifies that permits be reissued every five years. The Regional Water Board issued permits in 1991, 1996, and 2001, but delayed the most recent permit reissuance until 2012. The 1991 and 1996 permits focused on implementing BMPs, such as increased street sweeping and public education programs. The 2001 NPDES permit was a significant departure from the two prior permits. The 2001 permit included requirements that went beyond the CWA's "maximum extent practicable" standard and included receiving water language that sought to prohibit MS4 discharges that cause or contribute to the violation of water quality standards. The 2001 permit was the subject of litigation by the County of Los Angeles, the City of Los Angeles, and 48 other cities over this language and other issues. The Regional Water Board did not reissue the permit again until 2012, partially because permit issues have become more complex over time. The 2012 permit is under appeal by several Cities and environmental groups to the State Water Board.

The 2012 NPDES permit differs significantly from the prior versions of the stormwater permit. For example, in prior permits the LACFCD served as the Principal Permittee, while the unincorporated County was included as a municipality. In this capacity, the LACFCD was responsible for certain activities, such as a water quality monitoring program. The new permit does not contain a Principal Permittee and the unincorporated County and the LACFCD are included as individual permittees. However, the permit does contain separate minimum control measures for the LACFCD since it is not a general purpose government. The new permit now requires that each community conduct water quality monitoring, as well as other programs. It is estimated that cities will collectively invest over $6-7 million in the first year to establish the required monitoring programs. The new permit has also added TMDL requirements and increased the compliance risks, as outlined in this report. In addition, the permit encourages cooperation among Permittees, especially through the preparation and implementation of Watershed Management Programs and Enhanced Watershed Management Programs.

As each successive permit has contained more detailed requirements, more technical challenges arise. County engineers and consultants are still struggling with several issues, including:

1. Pollutant sources over which MS4 systems have little or no regulatory authority, such as cars and trucks;
2. Natural background issues, particularly in relation to Total Maximum Daily Loads;
3. Cross-media pollution such as atmospheric deposition that contributes pollutants to stormwater; and
4. The appropriate mix of low impact development measures and treatment controls.

TMDL Consent Decree for Los Angeles County

USEPA and the Regional Water Board failed to develop TMDLs for more than ten years after the Clean Water Act was amended to specifically address municipal and industrial discharges, triggering litigation brought by the environmental community in Los Angeles County in 1998 (Heal the Bay et al. v. Browner, No. C98-4825 SBA [N.D. Cal.]). As a result of this litigation, USEPA entered into a consent decree with the environmental community in 1999 that established a 13-year schedule for EPA to complete TMDLs for approximately 500 waterbody/pollutant combinations in Los Angeles County. For example, the Los Angeles River Watershed was listed in the Consent Decree with ten separate water bodies, including the main river, channels and lakes. The Consent Decree required the completion of TMDLs for 103 waterbody/pollutant combinations in the Los Angeles River Watershed alone. Thirty-three grouped TMDLs have been completed to date in the region, including TMDLs regulating trash, bacteria, nutrients, pesticides, and certain metals.

TMDLs Added to the 2012 NPDES Permit

TMDLs are not "self-implementing" under the Clean Water Act and must be implemented and enforced through agreements, permits, and/or other regulations. The Regional Water Board has chosen to implement the TMDLs by incorporating them into the Los Angeles Area NPDES permits. The thirty-three grouped TMDLs have now been added to the MS4 permit, impacting the vast majority of the region's communities. The TMDLs include over 500 waterbody/pollutant combinations that must be addressed by the Permittees. The permit can also be "reopened" at any time to add new TMDLs as they are adopted. TMDL provisions in permits are required by federal regulation to be consistent with the assumptions and requirements of the WLAs and the TMDLs.

TMDLs are incorporated into permits as water quality-based effluent limits (WQBELs), which can be narrative or numeric. The environmental community prefers numeric WQBELs and EPA has issued conflicting guidance on the issue. The new permit allows compliance with interim WQBELs through submission and implementation of WMPs and EWMPs. However, compliance with final WQBELs requires compliance with numeric standards.

A special set of numeric standards that apply to MS4 permits is the California Toxics Rule (CTR). This rule was adopted by EPA on May 18, 2000 to establish numeric criteria for 126 priority toxic pollutants for the State of California. It includes metals, pesticides, and other toxic pollutants, and specifies a mix of freshwater, saltwater, and human health criteria that must be met in inland surface waters, enclosed bays, and estuaries.

Once the TMDLs are included in an MS4 permit, TMDL permit terms can be enforced by both the Regional Water Board and by private citizens who can file lawsuits under the CWA in federal court. In an action brought by a citizen group, a municipality can be held liable for civil penalties and attorney's fees and may also be subject to costly injunctive relief. The LACFCD, County, and local Cities have been served with notices of violation of the 2001 MS4 Permit by the Regional Water Board and have been sued by citizen groups in federal court in the past.

Specific TMDLs Incorporated into the 2012 NPDES Permit	
Watershed	Pollutants of Concern
1. Ballona Creek	trash, toxics, bacteria, and metals
2. Ballona Wetlands	sediment and invasive vegetation

Specific TMDLs Incorporated into the 2012 NPDES Permit	
Watershed	Pollutants of Concern
3. Colorado Lagoon	pesticides, PCBs, sediment toxicity, PAHs, and metals
4. Lakes Elizabeth, Munz and Hughes	trash
5. Legg Lake	trash
6. Los Angeles Harbor	bacteria, metals, chlordane, DDT, PAHs, PCBs, and toxicity
7. Los Angeles River	trash, nitrogen, metals, and bacteria
8. Los Angeles River Estuary	bacteria
9. Los Cerritos Channel	metals
10. Machado Lake	trash, nutrients, pesticides, and PCBs
11. Malibu Creek	bacteria, trash, and nutrients
12. Marina Del Rey	bacteria and toxics
13. Middle Santa Ana River	bacteria
14. Santa Clara River	nitrogen, chloride, and bacteria
15. Santa Monica Bay	bacteria, debris, trash, DDT, and PCBs
16. San Gabriel River	metals and selenium

The current MS4 permit for the Los Angeles Region (Order No. R4-2012-0175) was adopted on November 8, 2012, and implements multiple TMDLs, as shown above. This Order, along with previous Orders, utilizes a TMDL approach that specifies WLAs for contaminants. The 2012 Order requires that "each permittee shall propose BMPs to achieve WLAs contained in the applicable USEPA established TMDL(s), and a schedule for implementing BMPs that is as short as possible." Also, the permit requires that "permittees shall comply immediately with water quality-based effluent limitations and/or receiving water limitations to implement WLAs in state-adopted TMDLs for which final compliance deadlines have passed pursuant to the TMDL implementation schedule."

Watershed Management Programs & Enhanced Watershed Management Programs

The 2012 MS4 permit has three new compliance options, from which permittees were required to choose. In the first option, permittees could choose to implement Minimum Control Measures (MCMs) and be subject to strict compliance with numeric limits. In the second option, permittees could also develop Watershed Management Programs, which provide a BMP-based compliance alternative to meet interim deadlines and TMDL milestones. The WMP must outline BMPs the permittee intends to implement, and the WMP must also include a Reasonable Assurance Analysis (RAA) to confirm that the proposed plans will meet water quality standards. Compliance with final TMDL limits is determined by strict compliance with numeric limits.

The new permit also allowed permittees to choose a third option called an Enhanced Watershed Management Program, which is very similar to the WMP except that it provides additional time for permittees to evaluate opportunities for multi-benefit regional projects that retain all non-stormwater runoff and retain stormwater runoff from a specified "design storm." Areas that drain to the multi-benefit regional projects are automatically deemed in compliance with the permit and the final TMDL limits. Areas not served by projects that capture the design storm are subject to the Reasonable Assurance Analysis as under the WMP. Communities following this requirement must also comply with interim milestones and deadlines. Permittees were required to notify the Regional Water Board of their choice by June 28, 2013. Permittees could choose to group together to prepare the WMPs or the EWMPs, or to file individual applications.

The County has reported that twelve Cities decided to file individual WMPs (Carson, Compton, El Monte, Gardena, Irwindale, La Habra Heights, Lawndale, Lomita, San Fernando, South El Monte, Walnut, and West Covina). The City of Rolling Hills decided to comply with the permit requirements (numeric limits) by implementing MCMs. The remaining cities have formed regional groups to implement either WMPs or EWMPs. The WMPs must be submitted to the Regional Water Board by either December 28, 2013 or June 28, 2014, depending on whether or not specified LID and Green Streets Policy requirements are met. EWMPs are due by June 28, 2015. The

cost for the preparation of the WMPs and the EWMPs is estimated at nearly $16 million collectively countywide. For example, the seven cities draining into the Los Cerritos Channel have chosen to prepare a WMP, a monitoring program, and a Reasonable Assurance Analysis, which requires that these communities invest $650,000 for the 17,700-acre watershed. A full listing of the Cities and their planning activities can be found in Exhibit C of this report.

IV. General Cost and Funding Issues

The Steering Committee found the most complex and debated of the issues surrounding the stormwater program is the estimated costs of compliance and the obstacles to providing a stable funding program for local government. This section explores the status of the unfunded mandates claims, the costs of compliance and non-compliance, and the reality of grant funding to meet program requirements. The section explores the issues related to Proposition 218, the funding of traditional utilities, and the "orphan utility" – stormwater.

Unfunded Mandates

Although the Regional Water Board continues to adopt new water quality requirements, the federal and state agencies driving these regulations have not generally been receptive to funding these mandates. Nevertheless, language added to the stormwater permits routinely insists that the new requirements are not unfunded mandates.

In the past, both state and federal financial support was provided to help support new water quality requirements. When the Clean Water Act was first established in 1972, the federal government established a major public works financing program to fund upgrades to municipal sewage treatment plants in order to meet new Clean Water Act requirements. However, this federal financing model was not repeated when the federal government expanded the NPDES permit program by requiring local governments to target water pollution created by stormwater and urban runoff. Instead, the responsibility for funding these programs shifted largely to municipalities, which are hard-pressed to find the required financial resources without jeopardizing other important public services. The Water Boards have implemented competitive grant programs funded by Propositions 13, 40, 50, and 84. However, these State propositions have historically allocated limited funds to stormwater quality management.

During the Board's protest hearing, several parties, including a Board Member, members of the public, and City officials, stated that the stormwater requirements were unfunded mandates. The County and several cities filed a lawsuit in 2004 on the unfunded mandates in the 2001 permit. The mandate claim was limited to two mandates. The first claim was that the Regional Water Board's requirement that cities place trash receptacles at every transit stop was an unfunded mandate. The second claim was that the Regional Water Board's requirement that cities inspect State permitted commercial/industrial sites was an unfunded mandate. The State collects permit revenues from commercial and industrial permit holders, but is unwilling the pass these revenues on to the Cities to perform their inspections.

The policies and legal principles involved in the mandates case are much larger than the issue of who pays for trash receptacles and inspections in Los Angeles County. The case goes to the core issues of whether Cities have flexibility in implementing the NPDES permits and whether the State should reimburse local government for programs that go beyond federal requirements as expressed in EPA-issued permits and guidance. Also at the heart of the case is the problem of when the MEP standard is reached and who is in the best position to determine this - the Regional Water Board or the State Commission on Mandates. This court case is being closely followed statewide, since a number of counties and cities have filed unfunded mandates claims based on their NPDES permits.

The Commission on State Mandates, the state agency responsible for reviewing mandate claims, first found that it had no authority to consider the County and cities' unfunded mandate claim. After a court ruled that the Commission did have jurisdiction and should consider the claims, the Commission considered the matter and ruled in the County and cities' favor on the trash receptacle claims. The State appealed that decision to the Superior Court, which ruled in the State's favor. The case was heard by a Court of Appeals on July 17, 2013, a ruling was issued, and the Petitioners have asked the California Supreme Court to intervene. There is also a significant concern that the State has stopped payment on all unfunded mandates, so if the County and Cities prevail it is unclear if and when the payments would be made.

Cost Estimates for Meeting Water Quality Standards

Although the requirements of the MS4 permits have become more and more stringent over the years, MS4 permittees do not have a built-in ability to assess fees or raise rates to fund the necessary water quality controls, and the state and federal funding that has been made available is small in comparison to the funding needed to fully implement current regulatory requirements.

The first study to attempt to quantify the costs to the region of the new stormwater requirements was prepared for Caltrans in 1998 by the environmental engineering firm Brown and Caldwell. This study estimated the Los Angeles

region's costs for full compliance at $53.6 billion. The study was peer-reviewed by LACSD, which concluded that the costs were more likely in the range of $65 billion.

In 2002, the University of Southern California (USC) was tasked with estimating the costs of meeting new and emerging water quality regulations in the Los Angeles area. This study examined rainfall scenarios and based cost estimates on storm size and three treatment levels for each rainfall scenario. The USC researchers concluded that the costs in the Los Angeles region would range from $43.7 billion to $283.9 billion, depending on storm size and treatment level, and including compliance with the California Toxics Rule (CTR).

A recent review by the City of Los Angeles of nine cost studies completed between 1998 and 2005 show cost estimates for TMDL implementation in the Los Angeles region ranging from $1 billion to over $70 billion, and even as high as $200 billion when land acquisition costs are considered. In its own study, the City of Los Angeles estimated that the total cost over the next 20 to 30 years for implementation of its Water Quality Compliance Master Plan for Urban Runoff would range between $7 billion and $9 billion.

The Regional Water Board has also estimated the costs for the implementation of various TMDLs. For example, in 2010 the cost to implement the Dry Weather Bacteria TMDL on the Los Angeles River was estimated at $1.3 billion, while the cost of implementing the Wet Weather Bacteria TMDL on the Los Angeles River was estimated at $5.4 billion. The Regional Water Board also recently adopted the Harbors Toxics TMDL, with an estimated implementation cost of $9 billion.

The actual costs to implement the NPDES Permit and the TMDL program have been debated for the past decade. However, through the new water quality planning process required by the 2012 NPDES permit, it is becoming increasingly clear that compliance with the NPDES permit and TMDL programs will be expensive for local governments over a long period of time, a conclusion that is not expected to change as cost estimates are refined after the completion of WMPs and EWMPs. The County of Los Angeles and most of the cities in the County lack a stable, long-term, dedicated local funding source to address this need. These entities are faced with either cutting existing services or finding new sources of revenues to fund the NPDES and TMDL programs. A sustainable funding source for public investment in water quality improvement programs is essential, given the overall cost burdens that are being placed on municipalities to achieve compliance with NPDES permits and TMDL implementation plans.

The Cost of Non-Compliance

In addition to the extremely high costs of complying with water quality standards, the cost of non-compliance can also be very high. While some stakeholders have suggested that local government should not be concerned about enforcement or legal actions, this is simply not the case. Federal and state laws allow the Regional Water Board to levy fines for non-compliance as noted above. Failure to comply with the MS4 permit terms that are based on TMDLs could result in significant State fines for a non-compliant community of up to $10,000 for each pollutant for each day of violation, and $3,000 per violation per day in mandatory minimum penalties assessed by the State. Congress also added a provision in the Clean Water Act that allows any citizen to file a complaint in federal court for violations of NPDES permits. Violations of the Clean Water Act can be enforced by USEPA and by private parties such as environmental groups. The resulting federal penalties could be assessed at $37,500 per day.

Regional Water Board enforcement activities and third-party litigation have grown in the last several years. Most recently, the County and LACFCD were sued in federal court by the Natural Resources Defense Council and Los Angeles Waterkeeper over numerous water quality exceedances in the region's water bodies; the implications of this suit are discussed in Section VII (see Potential Impacts of the Recent Opinion of the United States Court of Appeals for the Ninth Circuit).

Overall, the Work Group found that many elected officials and the public in general do not understand the significant issues faced by local governments and the business community with enforcement actions, fines, and citizen litigation. The Work Group researched the enforcement data bases from both the State Water Board and the Los Angeles Regional Water Quality Control Board (Region 4) for enforcement actions, fines and citizen litigation stemming from federal and State water quality regulations during the 2003-2013 time period. The Work Group found the following information:

1. Statewide there have been 16 citizen lawsuits brought against local agencies for stormwater and NPDES permit violations over the past 10 years. Of these, three are still pending, one has been decided in the local agency's favor, and 12 have been resolved through settlement agreements or consent decrees. The 12 settlements/consent decrees have resulted in the payment of approximately $19,202,550 in mitigation costs and miscellaneous penalties, along with payments of $3,493,244 in attorney's fees to the plaintiffs' lawyers and $208,500 in

additional monitoring costs, bringing the total estimated payments from the settlements in excess of $23,000,000. One of the cases, the NRDC v. County of Los Angeles case, appeared to have been largely resolved in the favor of the County, but only after the case went all the way to the U.S. Supreme Court and was then modified by the Ninth Circuit Court of Appeals. The County and LACFCD requested the U.S Supreme Court to review the Ninth Circuit ruling finding Los Angeles County liable for untreated stormwater pollution. On May 5, 2014, the U.S. Supreme Court declined to review the decision.

2. Statewide there have been at least 20 citizen lawsuits brought against private entities, for a total of $1,661,450 in payments and costs obtained through settlement of 19 of the cases.

3. In 2012, the City of Malibu settled with the Santa Monica Bay Keeper and the NRDC for alleged stormwater runoff violations. The City agreed to pay a total of $6.6 million ($5.6 million in infrastructure upgrades, $750,000 in legal fees and $250,000 for an ocean health assessment).

4. The Los Angeles Regional Water Board issued notices of violation to 23 LA County Cities for violations of the 2001 Permit, including NPDES permit violations for municipal facilities. However, they were all eventually rescinded after the Board received the information requested.

5. The Regional Water Board has initiated 15 enforcement actions against private parties for violations of Industrial/Construction stormwater permits. The majority of these actions have been violations of NPDES permits required for construction activities. The minimum fines sought in these actions total approximately $327,050.

6. Over the past decade, the Los Angeles Regional Water Board has brought a total of 155 enforcement actions against local agencies for violations of NPDES permits for the operation of sanitary sewer facilities. Of these, 119 involved actions for penalties in excess of $8.7 million. The majority of the fines involved sewage spills and violations of effluent limits and compliance time schedules. Fines have been levied against Los Angeles County, Caltrans, the Los Angeles Unified School District, and 11 Cities (Avalon, Bellflower, Beverly Hills, Burbank, LA County Parking Authority, LA County Fairplex, Long Beach, Los Angeles, LAUSD, Monterey Park, Port of Los Angeles, San Gabriel Valley Water Quality Authority, Santa Clarita, Santa Monica, Torrance, and West Hollywood).

7. The LA Regional Water Board has initiated 195 enforcement actions against private parties since 2003. Of these, 191 involved actions for penalties totaling in excess of $8.2 million.

In some cases the final disposition of the cases could not be determined. There are also numerous unresolved and/or unreported resolutions of enforcement cases. As such, this information is representative of the potential enforcement and litigation exposure local agencies face, but should not be viewed as a complete picture of actual litigation filed and resolved.

A separate recent survey of enforcement actions based on information from the State Water Board's website verifies the magnitude of recent enforcement actions (See Appendix B). From January 1, 2000 through April 30, 2013 the State Water Board and the nine Regional Water Boards together fined violators a total of $128 million in 2,487 enforcement actions. In addition to the fines, violators were required to pay an additional $69 million for projects to comply with water quality laws. Adding together the fines and compliance projects, violators were compelled to spend $197 million by the Water Boards during that time period. The Water Boards view enforcement as a critical ingredient in creating the deterrence needed to encourage the regulated community to anticipate, identify, and correct violations (see State Water Board Water Quality Enforcement Policy [effective May 20, 2010]).

It should also be noted that the 2012 MS4 permit incorporates 33 TMDLs with specific effluent limits and compliance time schedules. This makes compliance with the 2012 Permit much more complicated than compliance with the 2001 Permit, which did not contain specific effluent limits or numeric limits from the TMDLs, except for the amendments that were added to reflect the Los Angeles River Trash TMDL and the Marina del Rey Harbor Bacteria TMDL. The Work Group believes that this illustrates the major risks that public agencies and the business community face if they are deemed out of compliance with their NPDES permit and the TMDLs.

The Reality of Federal and State Grants

There are limited grants from the federal and state governments to fund stormwater and urban runoff cleanup programs. The most recent example, the Proposition 84 Stormwater Grant Program, provided funding for local public agencies to reduce and prevent stormwater contamination in rivers, lakes and streams. However, the amount of statewide competitive grant funding available iwas limited. Approximately $48.7 million of the total available $82 million was awarded in Round 1 in 2012.

On May 15, 2014, the State Water Board announced the results of the second and final round of Proposition 84 funding. The State Board approved funding for 27 LID stormwater implementation projects. A total of $38.7 million in grant funds was awarded, including left-over funds from Proposition 40. The selected projects will leverage an additional $16 million in matching funds to meet total project costs exceeding $54 million. The agencies awarded grants in Los Angeles County in Round 2 were: 1) LA County Metropolitan Transportation Authority ($752,000 for a pervious concrete project); 2) City of LA Sanitation ($1,153,446 for phase two of an LID demonstration project); and 3) a $1.073 million grant to the Gateway Water Management Authority (GWMA) for a multi-agency project to incorporate LID BMPs into major transportation corridors. Participating cities in the GWMA project include: Bell Gardens, Downey, Lynwood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, and Whittier. In addition, the Housing Authority of the County of Los Angeles and the Los Angeles Unified School District are on the list of Conditionally Approved projects pending acceptable revisions. These grants are welcome, but they do not go very far in solving the region's water quality problems.

A limited amount of the American Reinvestment and Recovery Act (ARRA) grants also was directed to stormwater programs. With the help of legislators, cities were successful in petitioning the Department of Water Resources to fund $10 million for trash capture programs in the Lower Los Angeles River. This grant resulted in the installation of over 11,000 catch basin "full capture" devices. It is estimated that the entire Los Angeles River Watershed has over 110,000 catch basins. There are thousands of additional catch basins in the region's other watersheds. Grants are often limited to funding capital improvements and do not provide funds for ongoing costs, such as maintenance and operations.

How Proposition 218 Applies to Stormwater Fees/Taxes

Property-related fees provide a potential funding source. However, since its passage in 1996, Proposition 218 has required that, with certain exceptions, new or increased property-related fees must be approved by voters (see California Constitution, Article XIIID). Proposition 218 includes an exemption to the voter approval requirement for water, sewer and refuse collection fees, and many municipalities at first believed that a stormwater fee also qualified for this exemption. However, a stormwater fee imposed by the City of Salinas on property owners in that city was challenged by the Howard Jarvis Taxpayers Association, and in a 2002 decision, an appellate court agreed this was a property-related fee that was not exempt from Proposition 218 voter approval requirements. As a result of this ruling, public entities considering a new or increased stormwater fee must first obtain voter approval either by property owners or registered voters. The business community argued at the Board of Supervisors' protest hearing that the lack of a specific project list requires that the stormwater fee be scheduled for a general election as a special tax (with 2/3rd voter approval required for passage).

Current Status of Local Stormwater Funding

In light of the increasing cost of compliance with the increasing requirements of NPDES MS4 permits, a handful of Cities have adopted special fees and other funding mechanisms. However, the majority of the greater Los Angeles area cities have relied on their General Funds to finance the stormwater programs. Cities report that this is increasingly at the expense of other critical public services, and they are struggling to find other, more sustainable funding sources. However, a convergence of economic, societal, legal, and regulatory constraints severely limits the available funding options.

Education of Elected Officials and the Public

The subject of stormwater and urban runoff is complex in terms of the science, technology, and requirements of the MS4 permit and TMDLs. LACFCD staff found through an informal survey that many elected officials lack basic information on stormwater pollution and the requirements of the Regional Water Board. Workshops conducted by the Council of Governments or other organizations may be necessary to increase awareness. These workshops should focus on the NPDES permit and the TMDL programs, while also addressing the benefit to the local water supply of stormwater capture and reuse. There also is a lack of common knowledge among stakeholders and the public on the need for stormwater programs and the very real funding issues. This public information program needs to recognize that the LACFCD, the County, and the cities cannot advocate for fees or taxes. Key questions include:

1. What public information efforts are needed to educate local elected officials and the public to the need for stormwater programs and on the funding issues?
2. What are the key messages for the public information program (i.e. clean beaches, water conservation, ground water recharge, regional water self-sufficiency, etc.)?

V. The LACFCD Funding Initiative

The search for a stable revenue source to fund stormwater utilities began over a decade ago with the formation of a multi-stakeholder committee by LACFCD. This section explores the results of this work, the lead role of LACFCD in drafting enabling legislation, and its efforts to draft the Clean Water, Clean Beaches funding initiative. This section also explores funding initiatives statewide for lessons learned.

Report by the American Society of Civil Engineers

In May 2003, the American Society of Civil Engineers (ASCE) held a Water Symposium that began a process that resulted in recommendations concerning alternative funding sources for the County's stormwater program. In 2005, the LACFCD, along with ASCE, established the Los Angeles Regional Watershed Infrastructure Funding Workgroup to assess options for a regional, sustainable long-term funding source as an alternative to the use of County or City General Funds. In many parts of the nation, stormwater and urban runoff are treated by combined sanitary sewer systems, and utility fees support the operation, maintenance and capital construction needs. However, even these fee-supported systems report having difficulty complying with new federal stormwater requirements.

ASCE viewed the flood control system as similar to water and sewage systems and other public utilities, and encouraged decision makers and the public also to think of stormwater capture and treatment requirements as a utility, similar to sewage treatment and drinking water treatment. However, there is one major distinction – no dedicated funding source existed to focus on improving water quality. ASCE believed that it needed to address the lack of dedicated funding and formed a collaborative, multi-stakeholder task force comprising leaders from federal, state, and regional municipalities, as well as representatives from environmental groups, universities, and others to explore funding constraints and options.

Among the various funding sources considered by the ASCE work group were a property tax, a special purpose local sales tax, a surcharge on vehicle license registration, a gasoline tax surcharge, benefit assessments, service fees, grants, and a parcel tax. Various criteria were applied to evaluate these alternative funding sources, including how well each funding source provided a nexus between contributions to runoff pollution problems and financial responsibility for correcting them. The three most promising sources included (1) property taxes for capital costs coupled with parcel fees for operations and maintenance costs, (2) benefit assessments, and (3) service fees. The ASCE report did not recommend a single best funding source but presented the advantages and disadvantages of each so policy makers could decide among them. The ASCE work group completed its report and disbanded in 2005.

AB 2554 – Special Legislation for Stormwater Funding

On September 13, 2005 the Los Angeles County Board of Supervisors unanimously approved a motion asking County departments to conduct research on how to best implement a stable and long-term regional funding mechanism. The LACFCD moved forward in 2008 with the drafting of special legislation – AB 2554 (Brownley) – to amend the original Los Angeles County Flood Control Act to give the LACFCD the authority to levy a property-related water quality fee to be used to finance water quality improvement projects and programs undertaken by municipalities within the LACFCD's boundaries. As a regional agency tasked with providing for the control and conservation of flood, storm, and other wastewaters within its jurisdiction, with infrastructure covering more than 3,000 square miles, the LACFCD was well positioned to help develop a funding source to implement water quality improvement projects and programs.

AB 2554 established the framework for new property-related fees to fund water quality programs, including requiring that the 40% of the fees generated in each community be returned back to that community. The legislation was approved by the Governor on September 30, 2010, enabling the Board to consider a Proposition 218 compliant property-related fee for a water quality program.

Prior to AB 2554, the Flood Control Act expressly authorized the LACFCD to raise funds by issuing bonds and levying a tax upon the assessed value of real property. AB 2554 expressly authorized a third method of raising funds: the imposition of a fee or charge in compliance with Article XIIID of the California Constitution. In addition, the legislation envisioned the creation of nine regional Watershed Area Groups (WAGs) responsible for developing and implementing plans to reduce pollutant loads in the impaired waters of their respective watersheds. The legislation

specified that fee revenues must be split between municipalities, WAGs, and the LACFCD in specified percentages described below.

Throughout 2011 and 2012, LACFCD funded the development of a draft fee implementation ordinance, draft project criteria guidelines, an engineer's report outlining the rationale for the proposed fee, and other documents, working with a large number of stakeholders. These efforts have become collectively known as the Clean Water, Clean Beaches Measure. (See Appendix D for a more complete discussion of the background of the Measure. Detailed information on the Measure can be found on the County's website at www.lacountycleanwater.org).

At the time AB 2554 was adopted, Proposition 218 required that the LACFCD undertake a two-step process in order to impose the Clean Water, Clean Beaches fee. First, the LACFCD was required to send notices to owners of each of the approximately 2.2 million parcels within the LACFCD, and secondly it was required to conduct a public hearing to consider all protests against the fee. As noted earlier, the Board of Supervisors conducted its protest hearing in January and March of 2013. It was estimated that the fee would annually raise approximately $295 million to fund water quality improvements within the LACFCD boundaries. From January to March 2013, the Board expanded the process to allow for e-mail protests. Nearly 120,000 valid protests, representing 5.18% of properties, were received during the protest period. The County Board closed the protest hearing, found that no majority written protest existed, but voted not to proceed with the funding measure "at this time" and to take the following actions:

I. Instruct the County Executive Officer (CEO) to send a letter to the Regional Water Quality Control Board requesting that the Board work with the Public Works Director and the cities to educate the public about stormwater pollution;

II. Instruct the CEO and DPW to continue to work with the business community, school districts, and non-profits to address their concerns, such as including a 30-year sunset date and making further refinements to the rate reduction program;

III. Direct the CEO to report back regarding the necessary steps the LACFCD must take should the Board of Supervisors decide to place this item on a general election ballot, and determine potential future election dates, with June 2014 or November 2014 as a goal, to ensure transparency to the public;

IV. Instruct DPW to provide the Board with quarterly reports on the status of the Regional Water Board's implementation and enforcement of the MS4 Stormwater Permit; and

V. Instruct DPW to designate a staff person to act as the Unincorporated County Stormwater Manager responsible to reporting to the Board quarterly on the status of projects, budget expenditures, and budget forecasting.

The Board adopted a subsequent motion on June 25, 2013, which directed County staff to send a letter signed by all members of the Board to the Executive Officers of LACSD and other sanitation districts and sewer operators in the County. The letter requested their collaborative participation to evaluate, at a regional level, methods to address the treatment of urban runoff and to assess the governance system of the Sanitation Districts (a consortium of 23 special sanitation districts that work cooperatively under a Joint Administration Agreement with a governing board consisting of Mayors of member Cities) as a potential model to improve stormwater and urban runoff quality to address stormwater planning and funding issues. In addition, the Board directed the County Chief Executive Officer and the Director of Public Works to collaborate with the LACSD, County Counsel, and other stakeholders, and to identify and reach out to other water suppliers and conveyers that should be core participants in the development of a comprehensive approach to address urban runoff and stormwater concerns. The group was mandated to report their findings in writing to the Board within 120 days. Reporting to the Board was delayed, but the formal report was sent to the Board of Supervisors on March 18, 2014.

The report, entitled, Report on Treatment of Urban Runoff and Governance of Los Angeles County Sanitation Districts and dated January 1, 2014, focuses on the governance and financial structure of the Los Angeles County Sanitation Districts, rather than on proposing recommendations. It notes that the Sanitation Districts' governance is "somewhat similar to that proposed under the Clean Water, Clean Beaches Program," but that developing a similar structure for the purpose of stormwater pollution-related matters would "require new authorities under State law and various joint powers agreements" if the Watershed Authority Groups (WAGs), as proposed, were followed.

The report states, "There is little similarity in funding sources between the LACSD and the CWCBMP. Although both are subject to provisions of Proposition 218 to obtain new funding or to raise current fees, the rules to implement new stormwater fees are more stringent than those related to sewer and refuse fees." The report also discusses the current low-flow diversion infrastructure and assessment of future needs based on the 33 grouped TMDLs incorporated into the 2012 MS4 Permit and significant Permit restrictions on illicit dry-weather urban runoff. LACSD identified a number of potential low-flow diversion sites, and the report notes that a cost-benefit analysis is the next necessary step. The report notes that DPW has commenced to develop a GIS database of storm drain and trunk sewer locations to aid in future analysis.

The Board of Supervisors' actions in requesting collaborative participation prompted City Managers to seek to understand more fully the issues and the options. It became clear through the Board's hearing process that LACFCD, the County, and the Cities need to increase their efforts to educate constituents, officials, and the stakeholders about the regulatory, funding and practical stormwater quality problems confronting the region. The Managers found that it is important for all stakeholders to understand the background and context of the issues in order to intelligently discuss the options. The Managers started with a brief review of the Clean Water Act, the NPDES Permit, the TMDL Consent Decree, and the specific TMDLs that currently regulate Los Angeles County and its municipalities.

Governance of the Clean Water, Clean Beaches Measure

The LACFCD drafted an implementation ordinance for the Clean Water, Clean Beaches Measure, which allocated fee revenues and established a governance structure in accordance with AB 2554 and the requirements of Proposition 218. It divided anticipated revenues between the LACFCD, municipalities, and the WAGs (made up of municipalities and other agencies) along the following lines:

Flood Control District: The LACFCD would be responsible for administering the overall Fee program. The proposed Ordinance provided that the LACFCD would receive 10% of the fee revenues.

Municipalities: Municipalities (cities and the County on behalf of the unincorporated areas) would receive 40% of fee revenues in proportion to the fees collected within each municipality. The Draft Ordinance required that the municipalities spend the funds to implement local water quality improvement projects and programs in accordance with specific criteria.

Watershed Authority Groups (WAGs): AB 2554 called for the formation of joint powers authorities (JPAs) in each of nine watershed areas within the boundaries of the LACFCD. These regional JPAs would receive 50% of revenues collected in proportion to the fees collected from the parcels located within each respective watershed area. The proposed Ordinance required the WAGs to spend the regional funds in accordance with specified criteria on regional water quality projects and programs.

Oversight Board: To be appointed by the Board of Supervisors to conduct public hearings and make findings and recommendations to the Board on matters related to key elements of the program.

Eligible Expenditures Under the Measure

All funds would be required to be completely dedicated to water quality improvement programs and projects. The draft Ordinance encouraged "sustainable solutions" that would address multiple objectives and provided a list of expenditures that could be funded (See Appendix D).

Basis of the Property-Related Fee

Engineer's Report

The County contracted with Willdan Financial Services to complete the required Proposition 218 Engineer's Report. The Engineer's Report determined a methodology to calculate the fee based on imperviousness and the proportional cost of service to each property. The proposed fee structure was not intended to cover all future compliance costs; it would be impractical and costly to do so.

Single-Family Residential Fee

Single-family residential properties (including condominiums) represent over 75 percent of all properties in the County, but only about 25% of the total impervious area. Based on the typical residential pattern in Los Angeles County, most residential lots range between 5,000 to 10,000 square feet in size, with an average impervious surface of 2,100 square feet. The LACFCD calculated an annual residential fee amount at $54 for the average single-family residential lot.

Fees for Non-Residential Land Uses

Proposition 218 also requires the establishment of an "equivalent" fee for non-residential or other uses. Therefore, the Engineer's Report includes a fee structure for other public and private land uses based on imperviousness. The average fee is approximately $0.02 per square foot of impervious surfaces for non-residential land uses.

Government parcels are required to pay the fee because they contribute water runoff and use the water quality services that will be funded by the fee. If government parcels were excluded, other property owners would pay for more than their proportional share of the services being funded, which would violate Proposition 218.

Fee Credit Program

The draft ordinance permits municipalities to adopt local incentive programs for parcel owners to receive credit (up to 25% of the annual municipal water quality fee) for implementing significant on-site measures to reduce impervious areas or to implement other low impact development measures that lessen the pollutant loading from the parcel.

VI. The Experiences of Other Funding Initiatives

A number of funding options have been proposed and/or achieved by cities, counties, and agencies in California. The City Manager Work Group conducted a survey to examine other proposed regional stormwater fees and determine which cities had adopted fees and other funding measures for urban runoff, absent a regional fee. The survey found that the Cities of Los Angeles, Pasadena, and Santa Clarita had adopted stormwater fees prior to the adoption of Proposition 218 in 1996. Fee increases would be subject to either a property owner protest hearing/vote or a general election procedure.

In 2004, voters in the City of Los Angeles approved the Proposition O Clean Water Bond, authorizing $500 million in general obligation bonds for projects to protect public health by implementing projects to improve water quality. To date, general obligations bonds totaling $439,500,000 have been sold, and 39 projects with approved budgets of $479,342,922 have been identified. As of October 1, 2013, Prop O expenditures totaled $257,506,302 and 19 projects had been completed. The remaining 20 projects were in various stages of implementation, including pre-design, bid & award, construction, and post-construction. This bond issue did not authorize ongoing funding for maintenance, operation, and replacement of the facilities as they aged. Further, as detailed in this report, the City of Los Angeles believes that it will require over $9 billion in additional funding to comply with permit and TMDL requirements.

Municipalities statewide have attempted to address the unfunded stormwater utility issue. Following is a description of several California cities and programs that have attempted to deal with the problem.

Los Angeles County

Santa Clarita

The City of Santa Clarita began collecting an annual Stormwater Pollution Prevention Fee in 1992. The fee, which is paid by all property owners in the City, pays for maintenance and replacement of storm drain facilities, as well as permit-required inspection, monitoring, and enforcement activities, and other costs of complying with the federal Clean Water Act and the NPDES Permit.

In 2009, the City held a Mailed Ballot Special Election process to raise the fee. Pursuant to City Ordinance, the City annually holds a public meeting or hearing in which oral and written comments may be given regarding the Fee, and then City Council determines the fee amount, subject to a fee maximum authorized by the Ordinance.

The fee is based on a median single-family residential parcel size of 7,000 square feet (0.16 acre). The equivalent residential unit (ERU) is equal to the runoff from a 0.16-acre parcel. [(0.16 acres of area) x 42% = 0.0672 Drainage Units = 1 ERU]. For FY 2013-14, the City took the estimated annual costs for proposed storm drain improvements ($3,067,659) and divided that by the number of ERUs in the City to derive the Stormwater Pollution Prevention Fee of $22.45 per ERU. The City has an appeals process owners can use if they disagree with the calculation of their fees based on parcel area and estimated impervious percentage assigned to the property.

City of Santa Monica

The City of Santa Monica has two stormwater parcel fees that are paid annually by all property owners. The Stormwater User Fee is a flat fee that was passed in 1995 and is based on property size and land use type. The Clean Beaches & Ocean Parcel Tax (Measure V) was passed in November 2006 by over two-thirds of voters and is used exclusively to fund implementation of the City's Watershed Management Plan. These fees are assessed through property taxes and together generate approximately $3.9 million annually (approximately 73% comes from Measure V, which was subject to Proposition 218 election rules).

City of Signal Hill

Following the adoption of the Los Angeles River Trash TMDL, the City of Signal Hill in 2004 used the Proposition 218 protest vote process to pass an NPDES Trash Fee for Refuse, Litter, and Debris Removal. Since the Trash TMDL received a great deal of publicity, and approximately 1.1 square miles of the City drain ultimately to the LA River, the City was able to adopt a flat assessment of 5.6% of refuse bills to fund activities to meet trash-related TMDL and NPDES program requirements. This fee, which covers approximately 30% of the City's stormwater program, is an example of using specific fees to fund specific portions of stormwater quality programs.

City of Rancho Palos Verdes

The City of Rancho Palos Verdes passed a fee ordinance in 2005 with a 30-year sunset clause. Two years later, a measure passed that reduced the sunset clause to 10 years. The first year the fee was collected, FY 2006-07, the fee was $86 per equivalent residential unit, which was derived by a formula involving parcel area and impervious percentage. The fee has been increased by 2% each subsequent fiscal year except one. The fee will now expire in 2016, and the City does not plan to pursue another fee.

Orange County

City of San Clemente

Property owners in the City of San Clemente passed a Clean Ocean Fee in 2002 that was to be in effect through December 31, 2007. In June 2007, staff began a mail ballot election process to determine whether or not the fee would be continued. The City was able to propose continuing the fee at existing levels because of success in obtaining grant funds to leverage fee revenues collected. The election was well publicized, and a community group was formed to campaign for passage of the Clean Ocean Fee continuation. Local media coverage was favorable, and focused on the fact that, because of the fee, significant amounts of trash had been prevented from reaching the beaches of San Clemente. If the continuation did not pass, one op-ed writer wrote, "The final result would be both a reduction in water quality of our beaches and a reduction in the level of services the city provides to its residents."In the mail-in ballot vote, 75% of ballots returned were in favor of continuation of the Clean Ocean fee for another six years.

In late 2013, City Council pursued a continuation of the fee, which was scheduled to expire at the end of the year. In a December 2013 vote, property owners narrowly voted to renew the fee. The vote was extremely close; in fact, the City Clerk initially announced that property owners who had returned ballots had rejected the renewal by a vote of 6,094 to 5,709. Subsequently, however, the result of the election was certified as 5,005.36 (52.97%) in favor of fee renewal and 4,443.68 (47.03%) against. The change was due to a rule that votes of timeshare units are valued at 1/50 of a vote.

The vote also approved the first fee increase in the Clean Ocean Fee's history. The fee for single-family residences (on public streets) increased to $6.23 per month from $5.02 per month. The rate for residences on private streets is lower because these streets do not require sweeping by the City. There are higher rates for commercial, industrial, and business park sites. The fee will be valid for six years; the next renewal vote will be at the end of 2019.

Orange County Transportation Authority

The Orange County Transportation Authority (OCTA) incorporated stormwater funding into the renewal of its transportation improvements funding measure. In 1990, Orange County voters approved Measure M, a 20-year program for local transportation improvements funding by half-cent sales tax. In 2006, Orange County voters approved continuation of Measure M for another 30 years, extending the end date of the sales tax from 2011 to 2041. The renewed Measure M contains a water quality and environmental cleanup program. Under this program, 2% of gross revenues (estimated at $327 million over 30 years) will be set aside to help Orange County municipalities improve water quality.

The environmental cleanup monies may be used for water quality improvements with a transportation nexus, including capital and operations improvements. This program is intended to augment, not replace, existing water quality expenditures. In addition, all new transportation projects funded by Measure M will include water quality mitigation as part of the project scope and costs (i.e., this will not be funded through the 2% set aside for water quality).

San Diego County

City of Del Mar

Several cities in San Diego County have successfully established fees to assist with stormwater management program funding. The City of Del Mar adopted a Clean Water Service charge in 2003. In May 2004, the City Council adopted a five-year utility rate schedule for water, sewer, and clean water. In 2006, the City initiated the first stage of the required two-stage vote to increase the fee. There were not enough protest votes to block an election, so the vote – requiring a simple majority – was allowed to go forward. The first measure, ratifying collection of the existing fee through June 30, 2009 won 68.8% of the total votes cast. The City must conduct annual vote processes to ratify rate increases based on the Consumer Price Index.

The Del Mar Clean Water Fee is usage-based and does not cover 100% of stormwater costs, but provides a valuable supplement to General Fund monies used. The Clean Water Program costs approximately $472,000 per year to implement, approximately 80% of which is paid for through the dedicated fee added to residents' water bills. The City regularly reviews the Clean Water Program to determine whether or not a fee increase or decrease is necessary. As of May 2014, the City is planning the next five-year rate cycle, which commences with FY 14-15. The rate for FY 14-15 has not yet been determined, but the annual API-based increase for FY 2013-14 was 1.5% and went into effect July 1, 2014. During the next five-year planning cycle, the Program Manager anticipates that rates may exceed inflation by a modest amount. Although the City is required to perform protest votes with each rate increase, they have not had a problem maintaining the fee, as Del Mar residents typically value preserving the environment and natural resources. Careful cost management has allowed the Clean Water Program to decrease the amount of General Fund subsidy over the years. City of Del Mar staff attribute the success of their initial efforts to public outreach. The City held "community coffee meetings" in private homes to discuss the importance of the issue directly with residents. There is no sunset clause on the Del Mar fee.

City of Oceanside

The City of Oceanside began assessing a fee for the Clean Water Program in 2002, and in 2007, when the new San Diego region MS4 permit went into effect, City Council notified residents that a fee increase was needed. The City formed a Citizen's Advisory Council to inform residents about the stormwater program itself and about the need for a fee increase to help meet the costs of permit compliance. There was no majority protest. In November 2007 the increase was passed by City Council, and it went into effect in January 2008. Prior to this increase, the Clean Water Program Fee only covered about $^{1}/_{3}$ of program costs, with the balance paid out of the General Fund. Following the increase, nearly 100% of costs for the basic program are covered. The monies pay for public outreach, monitoring, inspection, and a staff of seven people. Staff reports that grant monies supplement what is not funded by the fee, and that General Fund monies are not used. There is no sunset clause for the City of Oceanside fee; it is ongoing. The current fee is approximately 8¢ per water unit (748 gallons).

City of Solana Beach

The City of Solana Beach began collecting an NPDES solid waste fee on trash collection bills in 2005. Monies collected went toward funding activities such as public street and parking lot sweeping, litter removal, and storm drain cleaning and other light maintenance. The City was subsequently sued by the Howard Jarvis Taxpayers Association on the basis that the fee was a tax and, therefore, subject to approval by a two-thirds majority, pursuant to Proposition 218. A settlement agreement was reached with the Association, and the fee was placed on the ballot for voter approval. In 2007, 59% of Solana Beach property owners approved the fee through mail-in ballot. Billing is handled by the City's two waste management companies through their franchise agreements with the City. The fee has not been increased since adoption and there is no sunset clause.

City of Poway

The City of Poway originally established a fee in approximately 2000. The City hired a consultant to review options and produced a Stormwater Collection Fee Update Study in September 2007. The City decided to replace the stormwater fee with a solid waste fee, since the primary focus of the stormwater program is the prevention of wastes in the City's MS4.

The City Manager became concerned about the fee's validity after the November 2010 passage of Proposition 26 and consulted with the City Attorney. In 2011, the City completely rescinded the Stormwater Fee, and refunded residents

and businesses a portion of the approximately $5 million it had collected in the preceding four years. While the fee was in place, the average residential cost was about $44 per year, with businesses paying up to $1,230 per year. The over $1.3 million per year raised by the fee paid for more than 80% of the Stormwater Program's annual budget.

Residents and business owners were reimbursed for fees paid during the preceding 12 months. The City of Poway now pays for Stormwater Program costs from the General Fund.

Fees Elsewhere in California

City of Palo Alto

In the Bay area, the City of Palo Alto successfully involved the public to gain majority support for implementing stormwater fees as funding mechanisms. The City had a Stormwater Utility Fee in place beginning in 1989, and had been preparing for another fee increase when Prop 218 passed in 1996. After failing to win support for an increase in 2000, the City in 2005 looked to San Clemente's successful example. Palo Alto added a 12-year sunset clause to the proposed fee increase and formed a Citizen Advisory Committee, which City staff views as having been the key to winning the majority property owner vote. The first attempt at passing a fee was staff-initiated and staff-driven and failed. The second attempt, in which the Citizen Advisory Committee was active, was successful – due in large part to their efforts. The Committee, a group of involved, knowledgeable citizens, generated support for the fee through campaign committees and actively engaging with the community to emphasize the importance of the Stormwater Utility Fee. The City plans to conduct another Proposition 218 ballot measure by mail during the summer of 2016 requesting that property owners approve a continuation of the storm drainage fees beyond the current program "sunset" date of 2017.

Contra Costa County Clean Water Program

The Contra Costa County Clean Water Program (CCCCWP), after a multi-year effort to analyze water quality costs and Permittee's needs, survey voters, and develop a watershed-based, three-tiered rate countywide initiative proposal, failed to get adequate voter support for a proposed fee. The Water Program staff's report on the initiative provides some "lessons learned" that could provide guidance for another countywide effort. CCCCWP staff attributes some of the lack of voter support to significant opposition from the major local newspaper, which regularly opposes local taxes, assessments, and fees. Since virtually all the media coverage of the proposed fee was critical, and focused on the Proposition 218 process, rather than on the benefits of funding a clean water program, Program staff believes property owners were distracted from the critical issues of water quality and pollution prevention.

VII. Significant Issues and Concerns

The City Manager Work Group conducted a series of interviews with stakeholders involved in the fee process, including both oral and written testimony during the Board's assessment hearings. The following section is intended to summarize the significant issues and concerns being raised by the stakeholders.

Perspectives of the Environmental Community

The environmental community has been very supportive of past clean water funding measures, including Proposition O in the City of Los Angeles and Measure V in the City of Santa Monica. The region has a very active and engaged environmental community that consists of dozens of organizations, including groups that formed around individual watersheds, such as Friends of the Los Angeles River; broad-based organizations such as the Council for Watershed Health, which promotes understanding and awareness of the importance of a watershed approach to resource management issues among government, business, and community organizations; and Heal the Bay, which works with community partners and local businesses to make solid, measureable changes in the health of oceans and beaches. The perspective and input of these organizations is valuable and must be consulted in any funding measure.

The City Managers Work Group wanted to better understand the perspective of the environmental community and invited Heal the Bay to provide a summary of "Lessons Learned" for its July 2013 meeting. These lessons are not intended to cover all of the concerns of the individual environmental organizations, but serve as a summary providing valuable insights:

1. Any successful initiative will need elected officials to be vocal and visible champions;

2. The LACFCD lacked the capacity to campaign for the measure;

3. There needs to be complete transparency among the stakeholders to ensure that everyone has the correct and most up-to-date information;

4. Stakeholders must have a finalized program prior to committing support; and

5. There must be outreach and engagement of all stakeholders throughout the process.

In fairness to the LACFCD, state laws prohibit the use of taxpayer funds to advocate for political causes, including funding measures. Local governments can provide only basic information on the proposed water quality programs, including specific projects that are anticipated, their costs, and the likely impacts of not moving forward with a funding measure on the local government budgets.

Advocacy for the funding measure should be organized by a highly committed core group of organizations and individuals. This core group could include elected officials, who can advocate as individuals but cannot commit public resources to the funding measure. The core group could also include environmental, business, and other groups committed to the success of the funding measure. This group would be responsible for overall leadership, strategic planning, and organizing committed activists and active supporters.

Many environmental, business community, and government stakeholders expressed concerns that the County had not completed the final version of the ordinance and program guidelines prior to mailing the property owner hearing notices in December 2012. They felt it was difficult to decide on supporting the program when key specific information was unknown or had not been decided upon. They recommend that any future funding measure should have details worked out prior to outreach and moving forward to the public for a vote.

Perspectives of Other Community Organizations

In addition to comments from the major environmental groups, the Board of Supervisors received comments from several smaller community/conservation/environmental justice groups. They made recommendations related to environmental justice and assuring that the fee measure provides direct benefits to their communities. The representatives of these groups suggested that in order to secure their individual and/or organizational support for the funding measure, it was imperative that the following measures be resolved to their satisfaction (Note: the amounts listed in these recommendations are not cumulative – they believe many of the projects can meet several of the target percentages listed below):

1. The ordinance or other instrument which will memorialize this agreement must be binding not only on this, but also future Los Angeles County Boards of Supervisors, to preserve the strength of the measure.

2. Funding Allocations: In order to insure that community needs are addressed, it is essential that from the total fees collected annually the following allocations must be specified in the measure/ordinance:

   a. Youth At Risk - At least 20% of funds must be used to employ youth at risk, with no less than 50% of that amount allocated to 501(c)(3) approved youth corps groups either directly or through subcontracts.

   b. Small Local Business - At least 20% of funds must be used to hire small local businesses, and additional project evaluation criteria points must be given to project proponents with adopted policies to promote hiring small local businesses, with the most points given to those that have strong enforceable policies for hiring disadvantaged, minority, and/or women-owned businesses.

   c. Disadvantaged Communities - At least 20% of the funds must be allocated to projects that provide direct benefits to Disadvantaged Communities, with the most disadvantaged (less than 60% of the median household income) receiving the most points.

   d. Small Projects of Less than 10 Acres - At least 40% of the funds must be allocated to small projects, and of that amount at least 25% shall be allocated to projects under one acre.

e. Community Water Quality Education - At least 5% of the funds must be allocated to non-profit organizations for water quality education programs primarily directed at K-12 aged children.

f. Community Engagement: 1) Not less than $1.5 million annually must be allocated for each WAG to support the participation of not less than two non-governmental organization (NGO) Executive Level representatives on the Public Advisory Council(s); 2) Not less than $2 million annually must be allocated for each WAG to support, through technical assistance programs, community-based organizations to develop and implement water quality neighborhood projects; and 3) Not less than $2 million annually must be allocated for each WAG for community engagement activities which will promote sustained engagement primarily for adults through NGOs.

3. The project evaluation criteria must give significant preference to multi-purpose projects, particularly those that: provide for improved public health, develop projects in disadvantaged communities, provide new recreational opportunities, create new open space, and improve habitat. These criteria must be scalable to ensure that projects that provide the most community benefits are competitive, and the points assigned to multi-benefit projects must be given the same weight as other priority considerations while acknowledging that all projects must first achieve water quality benefits. The criteria must also include points for community participation in the project development and implementation process.

4. The County should only move forward if the needs of schools can be addressed to their satisfaction.

Perspectives of the Public Schools

The proposed stormwater fee has the potential to impact public schools, including K-12 districts, community colleges, state colleges, and universities. Seventy-one of the 80 K-12 school districts in Los Angeles County are within the boundaries of the LACFCD, including the larger Long Beach Unified School District (LBUSD) and Los Angeles Unified School District (LAUSD). The districts comprise over 6,200 parcels, with a potential annual estimated assessment of over $14 million. For a sense of the magnitude of the impact, the average 10-acre elementary school would have an annual assessment of approximately $8,000. These fees would vary based on district size, parcel size, and the number of parcels in each district. For example, the Los Angeles Unified School District would be assessed over $4.8 million under the proposed fee.

A number of school districts and community colleges expressed concern that the assessments would be paid from their general operating funds. School districts are primarily financed through a formula set forth by the State based on a fixed monetary amount per student, and do not have the ability to raise separate revenues; the assessment would need to be paid from general operating funds based on the per student formula. It is unlikely that the State will increase the amount paid per student to pay the assessment, which would result in the districts having to reduce funding of personnel and programs. However, efforts should be made at the state level to encourage the state to fund these needs.

The economic impacts of the Great Recession adversely affected all public agencies statewide, including public education. Funding in the State budget for K-12 education reached a low of $35.7 billion in FY 2009-10, from a high of $41.3 billion in FY 2007-08. Many school districts and community colleges were forced to borrow monies during the recession – even to fund a reduced level of services. During the recession, over 32,000 teachers were permanently laid-off statewide. The community college system likewise experienced losses.

Since the passage of Proposition 30 in November 2012, funding for public education has begun to stabilize. Proposition 30 permanently raised income taxes on individuals in higher tax brackets and temporarily increased the state sales tax by one quarter of a cent to fund public education. Public education funding approved in the FY 2013-14 State budget was $39.6 billion. Based on student population growth, inflation, and the requirement to pay back borrowed funds, total public education funding is not expected to return to pre-recession levels until FY 2016-17. Even with the return to higher funding levels, school districts, many of which have had to forestall basic program improvements due to lack of funds, are unlikely to support the new fee.

The public schools indicate that they are committed to clean water programs. Some of the school districts have been constructing new schools or completing substantial renovations based on State and local bond funding. For example, the Los Angeles Unified School District has constructed 130 new schools in the last decade. The District indicates that it applied BMPs to the design and retrofit of its schools, including turf replacement, drought tolerant landscaping, and drain traps for trash. It is unknown to what degree the other 70 districts implement best management practices. The City Managers Work Group found that K-12 and community college bond measures in Los Angeles County from 2008-2012 totaled $17,619,190,000. Some of the smaller bonds may not have been for public schools, but for services

only. However, the magnitude of these bond measures indicates that school bond measures could be a future source of funding for K-12 schools and the community colleges for stormwater quality facilities and programs. (See Appendix E.) This possibility is enhanced because the approval success rate for school bonds increased dramatically in November of 2000, when voters lowered the requirements for passage of school bond measures from 66 ⅔% to 55%.

The City Managers Work Group also found that public schools are generally not regulated under MS4 Permits. The Water Boards consider Higher Education Institutions (community colleges and universities) as well as K-12 school districts to be Non-Traditional MS4s. The first California Small MS4 General Permit, adopted by the State Water Board in 2003, listed non-traditional MS4s to be designated by the end of the permit term by either the State or Regional Water Boards. However, many non-traditional MS4s were not designated. The current Small MS4 Permit, adopted February 5, 2013, made all non-traditional MS4s not yet designated – except K-12 school districts, Offices of Education, and Community Colleges – subject to the Order. State Water Board staff had originally proposed that K-12 school districts, Offices of Education, and Community Colleges be subject to the new permit, but the schools successfully lobbied the Governor's office and were removed from the permit unless previously designated. The State Water Board has historically exempted public schools from the requirements applied to cities, residents, and businesses based on financial concerns raised by public education during the rule-making process. In addition, school construction is monitored by the State Architect and is exempted from City review. The Work Group believes that there is a missed opportunity to use State and local construction bond funds to meet the MS4 stormwater requirements. The State Architect should be encouraged to require implementation of MS4 requirements for bond-funded school construction.

Los Angeles County staff conducted negotiations with LAUSD and the County Office of Education on mitigation for the financial impacts of the stormwater assessment on school districts. The districts proposed fee reduction through in-kind services, such as funding water/sustainability-related education, and credits for infrastructure investments. Credits could include vegetated swales, rain barrels, dry wells, parking lot swales, rain gardens, and other stormwater treatment options.

County staff proposed that school districts jointly participate with surrounding local governments in constructing neighborhood scale or regional capture and infiltration projects on school playgrounds and parking lots. This proposal was based on a study by the Los Angeles-based NGO North East Trees, which completed an inventory of sites in Los Angeles County suitable for the capture and treatment of stormwater. High priority sites include public schools (playgrounds and parking lots) and city parks. School districts should consider providing a land donation for projects and relying on either State or local bond funds for their portion of the improvements. School district attorneys expressed concern over future liability for soil or groundwater contamination. The Work Group believes that State legislation might be necessary to address this liability concern and encourage the state to help fund water quality protection.

Perspectives of Organized Labor

Although the Los Angeles/Orange County Building and Construction Trades Council has not had a significant presence in the discussions about the stormwater fee, the City Managers Work Group has been informed that the Trades Council is likely to request that language be included in the Clean Water, Clean Beaches fee measure requiring a Project Labor Agreement (PLA, also referred to as Project Stabilization Agreement). The County Board of Supervisors would likely honor that request.

These agreements were originally developed in the 1930s to prevent work stoppages on large, multi-year projects. Most recently, PLAs have been a part of METRO measure R funding, LA Ports and LAX expansion, LA Community College District measures A, AA, and J facilities construction, LA Unified School District measures BB and K construction and rehabilitation, and City of Los Angeles capital projects. While it might be argued that the nature of most stormwater projects is dissimilar to these larger scale projects – which tend to be large, single projects, with multi-year contracts reflecting 7-, 8-, or even 10-figure budgets – the objectives of organized labor groups are still the same.

Most PLAs range from 50 to 75 pages in length. They usually include "no-strike" provisions, expedited arbitration of disputes, "no-lockout" provisions, priority union hall hiring, payment of union dues, prevailing wage components, substance abuse testing, local hire percentages, disadvantaged worker hiring percentages (qualified by income, education, or arrest record), apprentice training components, payment of prevailing wage, mandatory grievance arbitration, and requirements for hiring based on zip codes. Some agreements also stipulate a dollar value below which the PLA does not apply.

Perspectives of the Business Community

The Los Angeles County Business Federation (Biz Fed) raised a series of concerns prior to and during the hearings. Biz Fed represents over one hundred top business and industry trade groups, chambers of commerce, business improvement districts, realtor associations, commercial property owners associations, apartment associations, and two of the largest private commercial landowners in the county. The group collectively represents 268,000 businesses, with over 2.5 million employees.

Biz Fed engaged with County staff and the Board of Supervisors and ultimately crafted a private sector response that has broad, but not unanimous, support in their community. They identified several key issues and expressed concerns that they were not at the negotiation table when AB 2554 and the assessment report were crafted. There are five broad principles that Biz Fed believes needs to be realized:

1. Update the Basin Plan – Before the region commits billions of local taxpayer dollars, the Basin Plan needs to be revised, including reviewing inappropriate beneficial uses never intended for stormwater.

2. State Engagement – The Governor, the Legislature, and the State and Regional Water Boards need to engage in creating a funding framework to comply with the regulations.

3. Fix the MS4 Permits – The current municipal stormwater permit should include incentives for regional solutions. The permit seems to prioritize on-site filtration before regional options can be considered.

4. Source Control – There needs to be some recognition that not all of the pollution is generated locally and it cannot be cleaned up locally.

5. Regional Rules and Fee – Biz Fed members are concerned that there will be 85 different sets of rules and 85 separate fees, for each community in the County. The business community would prefer to have one set of rules and one fee region-wide.

Biz Fed has several suggestions to improve the chances of the fee being approved by the voters:

1. Inclusion of a sunset clause

2. Voted on by the general electorate and not a property owner vote

3. No exemptions – we are either all in or we are all out.

4. Cap on administrative costs

5. Specific projects must be listed in the tax measure, just like park bonds, transportation taxes and school funding.

6. Credit for work already done – thousands of property owners are already complying with industrial permits, so they don't want to pay twice. Developments with LID provisions should have reduced fees.

7. Rent control ordinances will need to be revised to allow property owners to pass on the new fee to their tenants.

8. There need to be rigorous cost-effectiveness criteria.

9. Ramp-up or stage the fee, so as to not front-load it into the first year. Be realistic about how much funding is needed and when it is needed. It will take time to plan.

10. The projects should include prevailing wage, apprentice programs, local hire, and disadvantaged and minority business programs.

11. The stakeholders need a broad education program to educate the public that there is a problem and that their money needs to be spent on solutions.

Biz Fed also wants to re-think the WAGs to structure them as planning only – and not construction and maintenance organizations. They emphasize that there are suitable existing government organizations to construct and manage these improvements. Biz Fed recommends that the fee be used to construct some large projects up front – e.g., increasing dam capacity to provide water retention and treatment. The association also cautions against what they term as "Eco Pork;" they argue that the fee is not a recreation tax, nor is it for trails or highway beautification projects.

Biz Fed recommends that the region consider multiple sources of funding, since such massive costs cannot be imposed only on the property owners. Their final recommendation is that we consider a component to the fee effort to "monetize" captured stormwater. If the fee passes, property owners will spend billions to treat and store water, so it should not be given away. They suggest that the value of groundwater should be recovered from water supply agencies that ultimately are the beneficiaries of the capture and treat programs. It is recognized that State law may need to be amended to legally transfer ownership of this water to the ultimate purchasers.

Perspectives of the County Sanitation Districts

The Sanitation Districts of Los Angeles County provide solid waste and wastewater services to about 5.4 million people in 78 cities and unincorporated areas in Los Angeles County.[7] The Sanitation Districts are not legally authorized to manage stormwater from sources outside of their facilities, nor do the Sanitation Districts own or operate regional stormwater infrastructure. However, at the request of some cities and the Los Angeles County Department of Public Works, the Sanitation Districts currently accept dry weather diversions (DWDs) at 10 coastal locations in the cities of Long Beach, Hermosa Beach, Redondo Beach, and Manhattan Beach under the Industrial Waste Program. Many of these dry weather diversions are operated by the Los Angeles County Department of Public Works. Additionally, most of the Sanitation Districts' facilities are required to comply with the Statewide General Industrial Stormwater Permit and the Statewide General Construction Permit.

The Sanitation Districts could potentially play an increased role in managing dry weather urban runoff through an expansion of the number of dry weather diversions, subject to capacity limitations in the wastewater collection system and treatment facilities, and with adequate assurances that all applicable regulatory and infrastructure requirements could continue to be met (e.g., numeric effluent limitations in permits, recycled water program requirements, equitable cost recovery, and prevention of sanitary sewer overflows). Some stakeholders have also called for an increased role by the Sanitation Districts in managing stormwater, which potentially could be pursued. However, stormwater management is not one of the Sanitation Districts' areas of expertise, the Sanitation Districts do not own any stormwater management infrastructure, nor does staff have expertise in managing stormwater. Pursuing a larger role for the Sanitation Districts would first require a broad discussion with the Sanitation Districts' Boards of Directors and resolution with them of complex legal, policy, infrastructure and financial issues. Moreover, changes to the County Sanitation District Act would be necessary to provide authority for the Sanitation Districts to manage stormwater (beyond acceptance of dry weather diversions), and fees or other funding would be needed to pay for new stormwater-related activities.

Another approach for incorporation of a sanitation agency into management of stormwater was developed in Orange County and involved adoption of special legislation. Sanitation districts statewide are created under Health and Safety Code Sections 4600 through 6127, known as the County Sanitation District Act. Section 4730.66, which was enacted in 2002, applies only to the Orange County Sanitation District and grants that district supplemental powers of 1) diversion of urban runoff from drainage courses within the district, 2) the treatment of urban runoff, 3) the return of the water to the drainage courses, and 4) the beneficial use of the water. This code section also grants the Orange County Sanitation District the ability to exercise any of its powers otherwise granted to carry out the urban runoff program. However, to date the Orange County Sanitation District has only accepted dry weather diversions into its system, similar to the Sanitation Districts of Los Angeles County and the City of Los Angeles, and has not activated the broader powers described above.

Perspectives of the Regional Water Board

Both the members of the Los Angeles Regional Water Quality Control Board and their staff are interested stakeholders in the development of a viable funding program for stormwater quality management in Los Angeles County.

7 In Los Angeles County, wastewater treatment services are also provided by the Cities of Los Angeles and Burbank, Las Virgenes Municipal Water District, and the County Consolidated Sewer Maintenance District. In addition, all of the 88 cities and Los Angeles County own thousands of miles of satellite sewers that are connected to the aforementioned regional municipal wastewater treatment systems. Also, it should be noted that, unlike many parts of the United States, sanitary sewers and municipal separate storm sewers (MS4) are separate infrastructure systems and are not interconnected nor managed in a coordinated fashion (i.e., there are no combined sewer systems).

The Regional Water Board appears to recognize that compliance with the new area-wide MS4 permit for the Coastal Watersheds of Los Angeles County (excluding those discharges originating from the City of Long Beach) will be very expensive, and they had hoped that a stormwater fee would be adopted. Since the County Board of Supervisors decided to not move forward with a fee, the Regional Water Board has emphasized the differences in costs between the current planning stage and the future implementation stage. They have noted the potential availability of grant funds and have suggested that if stormwater could be monetized, the State Revolving Fund could be a source of construction money. They appear to assume that municipalities will somehow be able to pay for the very high costs associated with constructing treatment controls to meet water quality standards within the relatively short time frames provided in most TMDL implementation schedules. The Regional Water Board's Executive Officer has indicated that the Board is working with the County and that the fee is still a possibility.

As indicated by the Chair of the Regional Water Board during the March 15, 2013 County Board of Supervisors hearing on the proposed Clean Water, Clean Beaches Initiative, the Regional Water Board considers the high cost of complying with TMDLs and meeting water quality standards as just another requirement with which municipalities will have to deal. This perspective is reinforced by two fiscal resources standard conditions within the permit. One specifies, "Each Permittee shall conduct a fiscal analysis of the annual capital and operation and maintenance expenditures necessary to implement the requirements of this Order." The other requires that "Each Permittee shall also enumerate and describe in its Annual Report the source(s) of funds used in the past year, and proposed for the coming year, to meet necessary expenditures on the Permittee's stormwater management program."

Issues Surrounding Basin Plan Updates

The Water Quality Control Plan (the "Basin Plan") is the key regulatory document governing water quality in each hydrographic region statewide, much like a city's general plan. It contains the beneficial uses, the water quality objectives, monitoring requirements and policies for protecting groundwater and surface waters. Many in the municipal and business communities believe that the Basin Plan, which was first adopted in 1974, is outdated and was never originally intended to address stormwater, especially through numeric limits and TMDLs. They give the analogy that cities could not survive with general plans that have not been updated in forty years. However, the environmental community is concerned that attempts to update the Basin Plan will result in an unwinding of the requirements, in what they see as "regulatory backsliding." It is clear that the Basin Plan was designed to meet the environmental challenges of the 1970s, prior to the 1990 inclusion of municipal stormwater permits in federal regulations and the present requirements for Integrated Water Management Planning, including the capture, treatment, and reuse of stormwater. Currently, the Regional Water Boards have demonstrated neither the intent nor the funds to sufficiently update the Basin Plans.

The Basin Plan's water quality standards were intended to be applied to point-source runoff from factories and discharges from wastewater treatment plants. Except for the inclusion of TMDLs, the only major update to the region's Basin Plan was in 1994, and it did not address the episodic and variable nature of stormwater, even though the Clean Water Act had been amended in 1987 to address municipal stormwater discharges and the regulations had been updated in 1990. Municipal and business community stakeholders have long argued that the Basin Plan fails to address modern water quality issues, including incorporating new data and science, dealing appropriately with legacy issues, or the diffuse sources of stormwater pollution. Stakeholders have also expressed concern that the traditional system of issuing NPDES permits to dischargers and monitoring those dischargers is not well equipped to handle complicated issues that involve land use, diffuse pollution sources, and complex scientific inquiry.[8]

Past litigation involving the Los Angeles Basin Plan demonstrated the volatile nature of considering Basin Plan Updates. California's Porter-Cologne Water Quality Control Act requires the boards to enact standards that "attain the highest water quality which is reasonable," and the water boards must consider several factors when they set standards, such as existing and probable future beneficial uses of water, environmental characteristics of watersheds, water quality conditions that could be reasonably achieved, and economic considerations. In 2004, as the Los Angeles Regional Water Board was conducting its triennial review of the Basin Plan, many cities and the Building Industry Association (BIA) asked the Board to review water quality standards in relation to the State's stormwater regulations. The cities and BIA argued that new standards should be developed during the triennial review process and applied in stormwater permits.

The Regional Water Board did not review the standards, arguing they were adequate because the Board had considered reasonableness and other factors when they were first adopted in the 1970s. The State Water Board refused to hear a petition from the regulated community and litigation was pursued (Cities of Arcadia, et.al. vs. Los Angeles Water Board).

8 Little Hoover Commission, Clear Structure, Clean Water: Improving Performance and Outcomes at the State Water Boards, January 2009, Page 27.

The lawsuit estimated that the cities needed several billion dollars to comply with numeric limits on trash, metals, bacteria, and other water quality requirements in the Basin Plan.

In 2008, the Superior Court concluded, "during the creation of the original Basin Plan and subsequent revisions there is no substantial evidence in the record to show that the Board has ever analyzed the 13241/13000 factors as they relate to stormwater."[9] The Court then ordered the Board to review the water quality standards as applied to stormwater. The judge later allowed the standards to stand while the Board conducted its review. The State appealed the lower court's decision and the Third Appellate Court reversed the ruling, essentially giving deference to the Regional Water Board. The water quality standards in the Basin Plan have yet to be substantially modified to reflect the variable and episodic nature of stormwater.

The State's Little Hoover Commission, in its 2009 report, "Clearer Structure, Clean Water, Improving Performance and Outcomes at the State Water Boards," studied the issue of Basin Plan litigation and updates, and concluded that:

> "The lack of data and science mean that the core regulatory document for each region – the basin plan – often is decades out of date. As basin plans guide virtually all [water quality] regulations in each region, this undermines the legitimacy of the state's regulatory efforts. Basin plans list the uses of water bodies and the limits on contaminants in each of the water bodies to support those uses. Despite this, the state has not committed the resources to update them: Less than 3 percent of the boards' nearly 1,600 employees are dedicated to updating basin plans. The boards' funding structure, which relies mostly on fees to support specific permitting programs and almost no General Fund dollars, leaves little money available for this critical task." (Page vi)

Potential Impacts of Recent Opinion of the United States Court of Appeals for the Ninth Circuit

The NRDC and the Los Angeles Waterkeeper recently sued the County of Los Angeles and LACFCD in federal court over numerous water quality exceedances in the region's water bodies. The court case did not focus on pollution levels, but, rather, on who was responsible for the pollution. The litigation was based in part on monitoring results collected by the LACFCD at "mass emission stations" within the region's streams and rivers. The water at these monitoring stations is a combination of water flowing from city and LACFCD storm drains, other NPDES permitted discharges, unpermitted discharges, and natural sources.

A lower federal court ruled that the LACFCD was entirely responsible for the pollution and exempted the Cities. The LACFCD requested tolling agreements from the Cities in order to avoid triggering immediate litigation with the municipalities while the LACFCD appealed the decision. The U.S. Supreme Court granted a review of the case in 2012.

On remand from the U.S. Supreme Court, the appellate court panel held that pollution exceedances detected at monitoring stations of the County of Los Angeles and the LACFCD in the Los Angeles River and the San Gabriel River were sufficient to establish the County defendants' liability as a matter of law for violations of the terms of the MS4 Permit. The County requested the Supreme Court review the appellate court's ruling. The Supreme Court declined.

The Ninth Circuit Court of Appeals filed an Opinion on August 8, 2013 that will not directly impact stormwater funding options, but it could result in significantly increased monitoring costs, which, in turn, could accelerate the need to secure a sizeable and dependable source of funding for stormwater quality management.

It is reasonable to presume that the Ninth Circuit Opinion will eventually trigger a new round of litigation by the NRDC (or other individuals or groups) against the County, the LACFCD, and the Cities, as water quality monitoring data are submitted in compliance with the new MS4 permit.

---

9 Ibid, Page 28

Significant Issues/Stakeholder Concerns Raised during the Protest Period/Protest Hearings

The Clean Water, Clean Beaches Measure was closely followed by various organized stakeholders, who met with County staff and the County Board of Supervisors to discuss issues and concerns. Stakeholders included the public schools, the County Office of Education, community colleges, the environmental community, Biz Fed, the, Valley Industry and Commerce Association (VICA), the Building Industry Association, municipalities, and others.

Summary of Issues and Concerns

The following stakeholder concerns are summarized from the Board's protest hearing and subsequent meetings with stakeholders. The stakeholders commenting are: Public (P), Business Community (BC), Public Schools (PS), Environmental Community (EC), and the Municipal Community (MC). Additional discussion of the issues follows this summary.

1. $54 fee per average single family residence too high (P, BC)
2. Should be vote of the electorate and not a vote of parcel owners (P, BC)
3. Implementation costs were unclear/No definitive project list/Timing issues (P, BC)
4. Cities with existing stormwater fees should be exempted (MC)
5. Fiscal impact of the fee on public education (P, PS, MC)
6. Lack of a sunset clause (P, BC)
7. Appeals process (P, BC)
8. Fee reduction program for onsite capture/treatment (BC)
9. Lower administrative fees (BC)
10. Contiguous parcels under common ownership (BC, MC)
11. Oversight board membership (BC)
12. Maintenance of effort by the cities/county (BC)
13. Ensure property owners can pass through tax to tenants (BC)
14. Specific revisions to the project criteria (BC)
15. Basin Plan requires comprehensive update (BC, MC)
16. There needs to be a plan to "monetize" or convert the value of captured stormwater to drinking water (BC)
17. Concerns over Regional Water Board fines/ third party litigation/TMDL Consent Decree (MC)
18. Lack of Regional Water Board engagement (P, BC, MC)
19. Education of Elected Officials and the Public (BC, MC, EC)
20. Equitable distribution of fees for projects among jurisdictions (MC)
21. The possibility of fee assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel (MC)
22. Impervious percentage assumptions not taking into account differences in municipal development codes (MC)
23. Lack of consideration of parcels preserved as open space (MC)

Potential Organization Support for New Policies and/or Fees

One of the critical issues Los Angeles County permittees face with respect to gaining approval of a stormwater fee is the ability to promote approval of a ballot measure. Municipalities will only be able to educate voters – not promote a vote of approval. One or more community-based political efforts to pass a fee will be necessary. One group that has already been created is the Coalition for Our Water Future. This group, founded in 2013, is a broad coalition of community, business, and conservation leaders working to ensure Los Angeles County residents and businesses can count on a future with a clean, safe, and reliable local water supply and an end to polluted beaches, rivers, creeks, channels, and lakes. The Coalition has formed 501c(3) and 501c(4) non-profit organizations with separate Boards of Directors. These organizations are focused on policy development, research, alliance building, education, and outreach for a better water future for the region. The 501c(3) will focus on education and advocacy, while the 501c(4) organization will be able to participate in political campaigns. The Coalition's purpose is to build public support for a reliable funding source for water quality programs – one that provides for project design, construction, and operation and maintenance across the county. The group asserts that while the need for these projects is great, so is the need for public education and engagement of civic leaders to produce a regional solution.

VIII. Discussion of Issues and Concerns

The Work Group wanted to determine what changes stakeholders and the Cities suggested for the program, to understand what issues could result from those proposed changes, and determine whether the changes would be viable. One major question is whether changes can be made to the LACFCD's proposed program to address stakeholder and City concerns. The following discussion of issues and concerns is the Work Group's compilation of comments received by the public, stakeholders, and the cities.

Proposed Fee was too High

Several commenters from the public and the business community suggested that the proposed base fee was too high. Other comments noted the bad timing of the fee, citing the weak economic recovery and the high unemployment rate in many local communities. There were also concerns expressed by the business community over high fees for commercial, industrial, and apartment properties.

Vote of the Electorate vs. Vote of the Parcel Owners

A question of widespread interest was whether parcel owners should vote on the fee in a mailed ballot, or whether the fee should be voted on by the general electorate. Proposition 218 applies and either the parcel owner vote or general electorate vote can be scheduled. A general electorate vote would require a super-majority or 2/3rds of the electorate to pass the proposed fee as a special purpose tax. A property parcel owner vote would require a simple majority (50% plus 1) of the returned ballots. This is a critical question and raises a series of related questions:

1. Would the option be available for the Board of Supervisors (BOS) to schedule the parcel owner vote?
2. What other options would be available, and how viable are they?
3. What is the likelihood that the general electorate would support a special tax (2/3rds vote required)?
4. Is there a period of time after which the results of the March 2013 BOS protest hearing would be considered "stale?"
5. What is the best way to address the fact that some cities have pre-existing fees and may not support an additional fee?
6. What is the best way to address the fact that some cities support the fee, while other cities do not?
7. What type of support is needed by the BOS from the cities and the other stakeholders to move forward with an election?

The Board of Supervisors appeared to move away from the parcel owner vote. The Board may still schedule a general electorate vote in the November 2014 or November 2016 general election. However, according to the County Chief Executive Officer, the Board will be required to appropriate up to $10 million to cover the costs of the election. The latest public opinion survey conducted in January of 2013 by the LACFCD indicated that support among registered

voters was 48%, which is far lower than the 66% necessary for passage. County Counsel expressed that the notice of public hearing made in March 2013, in which parcel owners were notified about the proposed fees, would not need to be repeated for a November 2014 election, but may need to be repeated if the election were to be held in 2016.

The Managers believe that a key consideration in moving forward would be giving the Cities flexibility to "opt in" or "opt out" on the election and the program. This concept may be necessary to address the concerns expressed by the Cities that already have fees in place or wish to pursue other means to finance water quality projects. Based on County Counsel's opinion, amending the Flood Control District Act may be necessary to allow for this flexibility. Based on statements made by Board members during the public hearings, it would be helpful if Cities supported the fee or the election process. In addition, the other stakeholders would need to be engaged and supportive.

Cities with Existing Fees Should be Exempted

The City of Santa Clarita made a compelling argument that their city had already adopted a fee to deal with stormwater. In addition to Santa Clarita, the City of Santa Monica has adopted a pair of stormwater fees and the City of Rancho Palos Verdes has a Storm Drain Users' Fee. The existence of these fees raises the question of whether a new regional fee would be considered "double taxation" in these cases. There needs to be an option to allow individual Cities to "opt out" of the regional fee. The NPDES permit and TMDL program requirements would still need to be met, such that these communities would need to decide if their existing local fees were sufficient to implement the new requirements.

The Implementation Costs Were Unclear/ No Definitive Project List/ Timing Issues

One of the issues raised in the public hearings was that the municipalities had not provided specific projects and costs that they anticipated would be necessary to comply with the new regulations. The County of Los Angeles supplied a list of projects in unincorporated areas that would cost $225 million over the next five years. The LACFCD collected project information that some cities had prepared, but had difficulty collecting project information from all cities. Some of the projects were considered by commenters to be generic and lacking specificity. The current NPDES permit requires Cities that are preparing WMPs or EWMPs to outline specific projects that are being proposed, and prepare more detailed cost estimates. This issue will be clarified in the next 12- to 18-month planning period. The Work Group believes that Cities are more likely to support a funding measure upon completion of these plans, after specific projects are be identified and annual projected expenditures estimated. Businesses and the general public would also be more likely to support (or to not oppose) a fee measure where they have a better understanding of the program and the costs. The lack of specific projects for many of the Cities raises a series of other questions that require review:

1. What are the funding timing needs of the Cities and the County?
2. Is consideration of the fee premature, since most Cities are currently preparing their stormwater quality plans (WMPs or EWMPs)?
3. Should the fee effort be suspended in order to allow communities to develop lists of water quality improvements and to develop more precise budgets?
4. Should the prepared cities move forward on the regional fee or is it more desirable to move forward as a group?

Fiscal Impact of Fee on Public Education

The public school districts (K-12) and the community colleges opposed the fee on the grounds of adverse financial impacts to public education. The State has partially reversed the major reductions in public education expenditures made as a result of the economic recession, however, most school districts are reporting that they anticipate it will take six more years to return to pre-recession funding levels. The City Managers met with representatives from the Los Angeles Unified School District and the County Office of Education to better understand their concerns with the initiative. The total amount of the school districts' share of the LACFCD's proposed fee was $15 million countywide, and districts would have to pay for the fee from their general education funds. The LACFCD has begun discussing mitigation measures for the schools during the fee development process. This discussion includes providing allowances for the school districts to provide in-kind services, such as curriculum activities related to pollution, to offset their fee obligations.

Lack of a Sunset Clause

Some commenters pointed out that the proposed fee lacked a "Sunset Clause." The LACFCD staff proposed alternatives, including a 30-year sunset clause and a "dusk" clause, which would greatly reduce the fee at a specified date. The dusk clause recognizes that there needs to be a minimum funding level for providing on-going operation and maintenance funds to the cities for stormwater BMPs, once the major construction projects have been completed.

Appeals Process

Some commenters expressed concern that there was not an appeals process for property where there was more than a 10% variance from impervious factors for the average of that land use.

Fee Reductions Needed for Onsite Capture/ Treatment

The development community requested a 100% credit program for existing and future development that captured and treated stormwater on-site. The LACFCD staff had presented alternative credit scenarios and recommended increasing the credit allowance to 80% from 25%.

Contiguous Par cels Under Common Ownership

The issue was raised about how best to assess the fee to contiguous parcels under common ownership. The Draft Ordinance includes an allowance to treat contiguous parcels under same ownership as one in fee calculation, resulting in a lower fee.

Lower Administrative Allowance

It was suggested that the funds for administering the program be reduced from 10% to 5%. LAFCD staff recommended lowering the administrative allowance for cities and WAGs.

Oversight Board Membership

The business community expressed concerns that the Oversight Board should consist of members that also had business experience to help to oversee and monitor the program's expenses. In later discussions with Biz Fed, LACFCD staff agreed to recommend that an oversight board member from the business community be added.

Maintenance of Effort by the Cities/County

The business community suggested that the ordinance should require maintenance of effort (MOE) by the County and the cities. This would not allow local government to supplant existing expenditures with the new revenues. In general, cities and the County were opposed to an MOE provision in the program. Such a provision would hurt cities that have allocated significant resources to stormwater programs over the past few years, often with funds diverted from other programs, while benefiting those who have not invested in stormwater programs.

Ensure Property Owners can Pass Through the Fee to Tenants

The Apartment Owner's Association asked for the ability to pass the fee through to their tenants in rent-controlled areas. However, rent control is typically covered by local land use ordinances. This "pass through" request would need to be reviewed by individual cities with rent control ordinances.

Specific Revisions to the Project Criteria

The LACFCD worked with a stakeholder group to develop a project ranking system or project criteria list. There were four suggestions on the draft Project Criteria list, including: making sure that reduction of pollution load would be the highest benefit on multi-benefit projects; establishing cost-benefit thresholds for pollution reduction; ranking projects with the most pollution reduction and the lowest cost highest; and assuring that funds should not be used to achieve social benefits other than pollution reduction.

Regional Water Board Fines/Third Party Litigation/TMDL Consent Decree

The Board of Supervisors and several cities expressed concern about a general lack of understanding of how stormwater regulations are enforced through the Regional Water Board and through third-party litigation. There is also very limited public knowledge regarding how the region is regulated under a federal Consent Decree. Further, there is a

perception that the Regional Water Board has not taken enforcement actions against "bad actors." The Work Group also found there is little common knowledge of the third-party litigation. The Work Group noted that the LACFCD, the County, and the cities would need to improve their communication and make a direct connection to the business community and other constituents on the stormwater program requirements and the funding issues.

Regional Water Board Engagement

There were general comments that the Regional Water Board needs to be more involved in working with the LACFCD, the County, and the cities in increasing public awareness of the serious nature of stormwater pollution problems in the region and in being responsive to program expenses and the lack of funding. Shortly after the March 2013 BOS meeting, the Executive Director and individual members of the Regional Water Board began an outreach effort to the cities.

IX. Evolving Opportunities

Although there were many significant issues and concerns with the LACFCD funding initiative, there are also evolving opportunities to at least partially address funding of stormwater improvements. Most of these opportunities require action at the regional, state, and federal level. They vary greatly in the amounts of money that could be available and in the time before money might be available.

<u>The Meaning of Griffith v. Pajaro Valley Water Management Agency: A Fee for "Water Service" for Purposes of the Proposition 218 Election Exception Includes Fees for Stormwater Capture and Reuse Projects</u>

On October 15, 2013, the Court of Appeals of California, Sixth Appellate District, affirmed the trial court's decision in Griffith v. Pajaro Valley Water Management Agency, a Proposition 218 challenge to the agency's groundwater augmentation fees. The court determined that the groundwater augmentation charge that funded, among other projects, stormwater diversion to a groundwater basin for later use is considered a fee for "water service" and therefore exempt from the Proposition 218 election.

The district's fee was levied to fund management, operations and capital costs primarily of a water recycling project, a water pipeline, and a wet-weather water capture project. The water district's Harkins Slough project diverts excess wet weather flows to recharge a groundwater basin, from which landowners pump water for various uses. The Griffith case is the first published appellate guidance on several issues related to Proposition 218's procedural and substantive mandates regarding water, sewer, refuse and other property-related fees and the Sixth District's explanation of its own holding in Howard Jarvis Taxpayers' Association v. City of Salinas regarding storm drainage fees.

Funding of stormwater programs has been affected by the Salinas decision, where the Sixth Appellate Court held in 2001 that a storm drainage fee was not to be treated like traditional water or sewer utility fees for purposes of the election requirements of Proposition 218. Proposition 218 requires a "two-step" process for the adoption of property-related fees. First, the fee must be adopted pursuant to a noticed public hearing where it must survive a majority protest of the property owners subject to the fee. Second, every fee, with the exception of fees for "sewer, water, or refuse collection services," must be ratified pursuant to an election either by a majority of the property owners subject to the fee or by 2/3 of the general electorate. The agency imposing the fee may choose either election.

In Griffith, however, the Sixth District explained that its Salinas decision must be interpreted narrowly to mean only that storm drainage cannot be considered part of "water service." In other words, "a system or program that monitors stormwater for pollutants, carries it away [from property], and discharges it into the nearby creeks, river and ocean" is not what the "average voter" would envision as "water service," or "the supply of water for personal, household, and commercial use." The Court held that, on the other hand, the district's service, which included the project to divert stormwater for re-use in a groundwater basin, is "water service" for purposes of Proposition 218 and for the exception from the election requirement.

The Court relied on the definition of "water" in the Proposition 218 Omnibus Implementation Act of 1997, which the Legislature passed to clarify the requirements of Proposition 218. The Act defines water as "any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water," which the Court interpreted broadly enough to cover more than the pipes and infrastructure delivering water to a property. (See Gov. Code, § 53750 (m).) It concluded, "The entity who produces, stores, supplies, treats, or distributes water necessarily provides water service."

The decision also provides guidance for the calculation of a property-related fee and how the proceeds of the fee may be used. The Court affirmed the use of a cost of service approach to setting rates. It accepted the district's position that its groundwater service management, which included identifying and determining future supplemental projects is water service. The Court also confirmed that customers may be grouped into classes with comparable service costs and rates set by class rather than parcel to parcel. The Court also found that the fact that all groundwater users benefit from and pay for the Agency's service does not mean the service is a general benefit, which must be funded by a "tax" as opposed to a property fee.

Based upon the Court's holding, it follows that a property fee imposed to pay for stormwater capture projects intended to supplement water supply is a fee for "water service" exempt from the election requirement. AB 2403 has been introduced by Assembly Members Rendon and Mullin to codify the Griffith decision by amending the definition of "water" in Section 53750 of the Government Code. The language of this amendment is under review by several organizations, including the League of California Cities and the Howard Jarvis Taxpayers Association.

However, Griffith does not address other stormwater services needs outside of the capture and use of stormwater. There are several options, including an amendment to the State's Constitution that would define stormwater as a traditional utility much like water and sewer utilities. The League of California Cities in March of 2010 officially adopted a policy to amend Proposition 218 to provide this clarification. The proposed amendment would require public notice and continue the protest hearing process. Another option includes making the validation procedure available for stormwater to reduce the time to challenge stormwater fees adopted by cities and counties. The validation procedure would create certainty for stormwater project funding "

Although a fee for stormwater capture and reuse would not be subject to the election requirement, any fee for storm drainage and monitoring for pollutants is still subject to the election requirement.

Monetization of Captured Stormwater

It is unclear if State law permits the "monetization" of captured stormwater. The concept is simple; water captured and infiltrated could be purchased by a local water agency or company, creating a value back to the municipality, school district or local government that installed the stormwater capture device on public property, like a park or school playground. However, the implementation of this concept is not simple. One implementation question revolves around the intermittent nature of stormwater. Without consistent annual flows, would an agency need to meter captured stormwater in order to claim it as a credit? Section 7075, Division Four, Chapter Six of the Water Code discusses the reclamation of water, its reuse and mingling of water in streams. Streams are further defined by Section 1200 as both surface and groundwater streams. It is unclear if the water code allows for an agency to assert ownership of captured stormwater. The water rights issues involved are complex and will require additional technical and legal clarification. The necessary research could be undertaken by a permanent Steering Committee if one is formed.

To establish certainty over ownership of such water and establish further that any captured stormwater is not subject to the appropriation permitting jurisdiction of the State Water Resources Control Board, legislation should be introduced to exempt water captured by a public agency from Water Code Section 1201. Similar legislation was successful in 2012. Assembly Member Solorio introduced AB1750, titled the Rainwater Capture Act, which exempts from the Board's permitting jurisdiction any rainwater captured by a property owner on his or her property. The Act was codified as Water Code Sections, 10570-10574.

Additionally, following the Griffith v. Pajaro Valley Water Management Agency decision, legislation could also seek to implement the Court's broad interpretation of "water service" for purposes of Proposition 218. As the Court held in Griffith, the election exemption for water service extends to a fee that funds, in part, the capture of water for groundwater replenishment. Further, the Court explained that when it distinguished "water" service from "sewer" service, it explained only that "water" does not encompass the drainage of water for discharging. Stormwater capture for re-use or replenishment of groundwater for re-pumping by a public agency does not constitute discharge.

Drought Relief Legislation

On March 1, 2014, Governor Jerry Brown signed into law a $687 million drought relief package that had been unveiled by the Governor and legislative leaders on February 19, 2014. The package combines elements of the administration's California Water Action Plan with new relief aid and water efficiency legislation written by Senator Darrell Steinberg. It includes $549 million in unspent funds from previously approved water and disaster preparation bonds to provide construction grants for "shovel-ready" water conservation, recycling, and stormwater capture projects. However, the "shovel-ready" requirement could limit the number of projects from municipal stormwater agencies since most lack funding to pre-design projects in preparation for grant funding.

Water Bond 2014

The State Legislature and the Governor have considered placing a water bond before the electorate since 2010. However, significant criticism over the size of the bond (originally set at $11.1 billion), the amount of earmarked projects ($2 billion), and the lack of public support has twice caused postponement of the ballot vote. The League reports that the Legislature could delay the water bond again or significantly amend it by July of 2014.

The Assembly's Water Bond Working Group, chaired by Assembly Member Anthony Rendon (Chair of the Assembly Water, Parks, and Wildlife Committee), developed an encouraging set of principles, which include the following:

1. Increase regional self-reliance and diversification for water supply, and reduce reliance on water imported from other watersheds, using Integrated Regional Water Management as the instrument for achieving regional self-reliance;
2. Promote development of new water technology to support greater water conservation and water reuse; and
3. Expand California water storage options, including surface storage, groundwater cleanup, and stormwater capture.

In addition, the League of California Cities recently adopted a resolution calling upon the Governor and the Legislature to work with the League in providing adequate funding and to prioritize water bonds to assist local government in water conservation, groundwater recharge and reuse of stormwater and urban runoff programs. (See Appendix C.)

Thus far, nine bond proposals have been introduced this session. The three bills considered most likely to proceed – AB 1331, authored by Assembly Member Rendon, AB 2686, authored by Assembly Member Perea, and SB 848, authored by Senator Wolk – specifically address stormwater. These bills reflect significant concern over the State's continued and persistent drought and the need to assist local government in water sustainability programs. As of May 8, 2014, AB 1331 was set for $8.0 billion and specifically provides $250 million for grants and loans for multi-benefit stormwater management projects. As of May 1, 2014, AB 2686 was set for $10.6 billion and also specifically provides $250 million for stormwater management projects. In addition, it contains other sections with the potential to provide funding to programs to improve surface water quality, provide for stormwater capture and reuse projects, and water conservation programs. As of February 20, 2014, SB 848 was set at $6.825 billion and specifically provides $500 million for stormwater or dry weather runoff capture and reuse projects. As with all bond programs, it is critical at the drafting stage that local governments engage in providing input and direction to the Legislature on the critical funding needs.

Increased Public Concern About Water Supply

A Public Policy Institute of California (PPIC) statewide survey described in the March 2014 issue of Californians & Their Government demonstrates that a large percentage of Californians recognize that water supply is a problem across the state.

A record number of residents, 55% of those surveyed, believe California's water supply is a "big problem" in their region, and an additional 20% say it is "somewhat of a problem." The percentage of Californians naming water and drought as the most important issue facing California has grown from 2% in March 2013 to 15% in March 2014.

In the Los Angeles Region, 51% of those surveyed characterized water supply as a "big problem." An additional 17% say it is "somewhat of a problem." Only 28% said it was not much of a problem," leaving 3% who said they did not know.

The concern with water supply appears to have increased the probability that a water bond measure could be approved during the 2014 fall election. The PPIC asked survey respondents if they would vote yes or no on an $11.1 billion bond measure on the November 2014 ballot to pay for state water projects. Sixty percent of adult Californians and 50% of likely voters said they would vote yes. This is a significant increase in support from March 2013, when 44% of adults and 42% of likely voters said they would vote for the bond. When asked how they would vote if the bond were for a lower amount, 69% of all adults and 59% of likely voters said they would vote yes. This could mean that the legislature may be able to craft an alternative water bond bill that would provide money for stormwater quality management and be acceptable to the voters.

Collaboration with Water Districts

The Water Replenishment District of Southern California (WRD) has studied opportunities for stormwater capture in their service area based on several factors, including the geology of the basin. The municipal and private pumpers, along with WRD and the Central Basin MWD, are currently pursuing amendments to the water storage agreements that would create incentives for pumping rights holders to invest in capital facilities to capture and conserve stormwater. The water could be owned by the entity that captured and stored it. Hurdles to overcome include quantifying the amount of stormwater captured and ensuring that projects are located in areas of the basin that are capable of storing water. The WRD collaborated with Los Angeles County Department of Public Works on a study to increase the capacity of the Montebello Forebay, such that it would function more as a reservoir. These storage concepts and stormwater capture projects, in collaboration with federal, state and local agencies could be replicated in other areas of the County.

Ground Water Storage Agreements – The Case of the Central Basin Water Storage Agreement

Another potential funding opportunity developed during the drafting of this report that could have a significant positive impact on the communities located in Southeast Los Angeles County, increasing the economic viability of projects that capture and recharge stormwater in the Central Basin area (Southeast Los Angeles County). The Los Angeles Superior Court on December 18, 2013 approved a new water storage plan for the 27 communities located in the Central Basin. The model for this storage agreement could be used in other regions. The Court is currently reviewing a similar water storage plan in the West Basin area (Southwest Los Angeles County).

Prior to this storage amendment, cities could capture and recharge the groundwater aquifer, but they had no ability to get credit for this stored water. The lack of a storage plan hindered the economic viability of stormwater capture and recharge projects. This regional water storage agreement had been in negotiations for over a decade and in litigation for the last five years. The water storage agreement includes a Disadvantaged Communities Incentive Program, where funds can be applied to projects that capture stormwater for recharge. Qualifying communities that would benefit need not own water rights. It should be noted that capture and recharge projects will need to be located in areas that can take advantage of favorable soil conditions and other factors, so not all of the communities will benefit.

The Los Angeles Regional Water Quality Control Board commented that the new storage amendment "will encourage the development of groundwater recharge projects by allowing project proponents to capture the economic benefit and improved water supply reliability from storage of water in the Basins." The Board went on to note that "ground water recharge projects not only enhance the available water supply, but often have the dual purpose of enhancing surface and ground water quality" (letter from Sam Unger dated December 13, 2013). The Regional Water Board encourages or requires the retention of stormwater through many of its permits and programs. The MS4 NPDES permit encourages the formation of watershed groups to develop regional stormwater retention and infiltration projects. Water agreements are complex throughout the region. However, cities without water storage agreements should consider similar amendments to provide economic incentives for capture and infiltration projects.

Climate Action Plan Update/Potential for Water Conservation Funding

The connection between AB 32, the Global Warming Solutions Act of 2006, and funding for stormwater and urban runoff programs is not readily apparent. However, AB 32 is a comprehensive approach to reducing emissions that impacts several sectors of California's economy, including water use efficiency and water conservation. AB 32 requires the reduction of greenhouse gas (GHG) emissions to 1990 levels by 2020. It identifies the goal of reducing GHG levels by 50% by 2020 and 80% by 2050. Local governments are more familiar with SB 375, implementing legislation geared towards the reduction of vehicle miles traveled through land use and transportation programs. However, a water capture program could be developed as part of a carbon avoidance strategy focusing on reducing the need to pump water into the Los Angeles Basin. This would greatly reduce the carbon emissions associated with the generation of electricity needed to power the pumps currently used to bring water into the basin.

The State Department of Water Resources (DWR) adopted a GHG Reduction Plan in May of 2012, since the GHG emissions generated by the State Water Project are significant. DWR estimated that its total GHG emissions in 1990 were nearly 3.5 million metric tons, roughly the equivalent of a coal-fired power plant or 680,000 passenger cars. Moving water in California is the single largest source of electrical consumption.

DWR's plan is the first phase in the department's Climate Action Plan and establishes aggressive goals to meet AB 32. DWR stated that its plan complements efforts by the department to continually increase water use efficiency and water conservation statewide. The DWR Climate Action Plan does not reduce the need for local governments to increase water use efficiency and reduce GHG emissions associated with local water use activities.

AB 32 requires the California Air Resources Board (CARB) to adopt an AB 32 Scoping Plan and to update the plan in five-year cycles. The first plan was adopted in 2008 and is currently undergoing a required update. The plan focuses on six key areas: water, natural resources, waste and recycling, clean energy, transportation, and land use. The Scoping Plan includes GHG reduction goals for infrastructure and water systems, aligning the State's longer-term GHG reduction strategies with other State priorities. CARB is will be in the update process throughout 2014, including a public hearing to consider the Final Scoping Plan Update and Environmental Assessment.

Another critical component of AB 32 is the adoption of the "cap-and-trade" program by the California Air Resources Board in 2011, which is payment by various economic sectors to offset their GHG emissions. CARB administers the program through an auction, which results in revenue generation from GHG emissions credits. The revenue generated from the auctions is significant; the first auction resulted in $289 million in November of 2012. Revenue estimates for future GHG auctions vary between $600 million to $3 billion annually. Revenues generated from the program are allocated into two "buckets," with auction revenues from the energy sector designated for clean energy programs and revenues from the industrial and transportation sectors used to further the State's other GHG goals. Legislation signed in September of 2013 requires that 25% of the revenues generated from industrial and transportation sectors benefit the States' disadvantaged communities

The State adopted the Cap-And-Trade Auction Proceeds Investment Plan in May of 2013. The plan covers the three fiscal years from 2013-14 through 2015-16. Program funding will be implemented by the Legislature in the annual budget appropriation process. The Investment Plan establishes eligible investments, including reducing "GHG emissions associated with water use and supply." Investment priorities include water system and use efficiency, such as energy efficiency in water pumping/conveyance.

The Governor's May 2013 budget proposed borrowing $500 million from the fund, while State agencies tasked with implementing the GHG reduction plans begin designing their programs. The Administration's proposal is to begin investments of auction proceeds in the FY 2014-15 budget year, which will allow the CARB to complete the Scoping Plan Update. Project implementation guidelines will allow State agencies to pass auction revenues through to local entities, or conduct solicitations (e.g. grants, pilot projects, research).

Our communities need to engage in the update of the AB 32 Scoping Plan to ensure that water conservation, and the capture and reuse of stormwater and urban runoff are specifically cited as priorities. The County and the Cities also need to engage DWR and the State Water Resources Board to develop funding programs relying on the cap-and-trade revenues to assist local government in funding stormwater and urban runoff capture and water conservation plans. Another concept would to be to use some of the cap-and-trade funds for grant program similar to the Carl Moyer Program. A parallel competitive grant program could be established to help fund a water capture program that would reduce dependence on imported water while reducing stormwater and non-stormwater flows that transport pollutants to the receiving waters. The new program would allow residents and businesses to apply for water conservation and reuse funds geared towards implementing increased water supply. The Carl Moyer program has been very successful and assists residents and businesses with purchasing new equipment and vehicles while phasing out older and more polluting engines.

Future Transportation Bonds

Future transportation bonds may provide an opportunity to fund water quality improvements associated with transportation. Transportation officials in Los Angeles County reportedly are planning for a bond measure in the fall of 2014 or in 2016 to either raise the County's sales tax by half a cent to 9.5% or extend Measure R's half-cent beyond its current 2039 expiration date. In either case, the measure could include an Environmental Cleanup Allocation Program similar to the program in the Orange County Transportation Authority's Measure M2, passed by Orange County voters in 2006. That program was designed to help improve overall water quality in Orange County from transportation-generated pollution. Measure M2 will generate approximately $300 million over 30 years to control transportation-generated water pollution. (See Appendix _____.) Such a program could be very useful because surface transportation projects generate significant amounts of several pollutants that impair local waterbodies.

Partner with Other Agencies

Multiple opportunities may be available by partnering with other agencies that are also concerned with water quality to develop strategies and seek grants. For those jurisdictions discharging to Santa Monica Bay there may be a significant opportunity to partner with the Santa Monica Bay Restoration Commission to seek grant funding for critical water quality impairment projects. One of the Commission's priority issues is water quality. The 2013 update to the Bay Restoration Plan has three water quality goals:

- Improve water quality through treatment or elimination of pollutant discharges;
- Improve water quality through pollution prevention and source control; and
- Address potential impacts of emerging contaminants

All of these goals are important, but the one that could be most important to Permittees while long-term financing of stormwater programs is developed is the goal to "improve water quality through pollution prevention and source control." This approach is the most cost-effective long-term method of achieving compliance with water quality standards.

Other Opportunities for State Involvement

Several municipalities mentioned a similar "double standard" when dealing with State facilities, other than Caltrans. The City of Malibu cited examples where newly constructed parking lots by the Santa Monica Rivers and Mountains Conservancy drain into sensitive ecological areas with no use of low impact development or green infrastructure techniques to filter parking lot runoff. Similar to public school improvements, cities have no planning control over improvements made to State facilities or on State owned lands. It is incumbent upon the Governor and the legislature to provide administrative and legislative guidance to State agencies requiring that these agencies implement LID and green infrastructure techniques that are required of local governments and the private sector.

The Gateway Cities Council of Governments is completing a Transportation Water Quality Strategic Plan in cooperation with Caltrans. Caltrans is regulated under a Statewide NPDES permit, which is similar to the MS4 Permits issued by Regional Water Boards, and has also been subject to enforcement through citizen lawsuits. Part of the strategic plan addresses freeways and highways controlled by the State. A key component of the plan addresses the water quality impacts of State owned facilities and establishes a framework for collaboration between Caltrans and adjacent local governments in joint planning and construction of water quality improvements. The strategic plan also provides a planning framework to coordinate improvements with federal transportation facilities. These joint-planning programs could serve as a model and be expanded region-wide.

Opportunities for Federal Action

National Association of Clean Water Agencies (NACWA)

NACWA, the Water Environment Federation (WEF) and the Water Environment Research Foundation (WERF) released The Water Resources Utility of the Future: A Blueprint for Action earlier this year. The Blueprint contained several policy recommendations for Congressional action, including Congressional action to develop, clarify and expand tax credit, incentive and market-based programs to encourage clean water agencies and their private sector partners to engage in Utility of the Future (UOTF)-related activities, especially in energy conservation and production, water reuse, resource recovery, and green infrastructure.

Several municipalities mentioned that federal facilities and lands appear not to be held to the same water quality and planning standards as local government and the private sector. For example, a "Zero" Trash TMDL was adopted on the East Fork of the San Gabriel River in the Angeles National Forest by the Regional Water Board in 1999. The US Forest Service has had difficulty implementing the requirements, due to lack of resources and the Regional Water Board has faced difficulties in enforcing the TMDL.

The Los Angeles Times reported in September 30, 2012 that thousands of picnickers and gold prospectors park every weekend along the road facing the East Fork, causing littering and other problems. "U.S. Forest Service rangers try in vain to curtail the abuses but are hopelessly outnumbered." The Regional Water Board adopted a similar Trash TMDL for the Los Angeles River in 2001 and has been actively monitoring the progress and enforcing this regulation upon Los Angeles County and the 40 cities in the watershed. To date the Regional Water Board has not accepted the argument of lack of municipal resources for not meeting the TMDL's requirements, despite local government revenues having faced the steepest decline since the 1930's.

The National Park Service, as part of a comprehensive review of the San Gabriel River watershed, recommended that Congress adopt legislation that would designate the area as National Recreational Area, which would allow the NPS and the US Forest Service to work together. Congresswoman Judy Chu introduced H.R. 4200 in the 111th Congress to implement the NPS recommendations, with the hope of bringing more federal resources to bear on protecting and improving the environment. The bill died in the House of Representatives. However, this example illustrates the difficulty of the interface between the local government and federal properties and lands when it comes to local water quality programs. There needs to be improved federal awareness, urgency and funding to water quality issues. Local officials will also need to step up their efforts to educate and partner with Federal officials on water quality issues facing their communities.

SUPPORT PAGES

(Under Development)

Exhibits

Exhibit 1 – Projection of Local Revenues Under the Measure

Exhibit 2 – Projection of WAG Revenues Under the Measure

Exhibit 3 – WMP/EWMP Groups and Individual Cities (August 19 , 2013)

Appendices

Appendix A – The TMDL Program

Appendix B - Water Quality Enforcement Actions Undertaken by the State Water Resources Control Board and the Regional Water Quality Control Board 01/01/2000-04/30/2013

Appendix C – League of California Cities Resolution

Appendix D – Clean Water, Clean Beaches Measure

Appendix E - K-12 & Community College Bond Measures in Los Angeles County

References

Statement of Proceedings – Board of Supervisors Meeting of March 12, 2013

"County to revise proposed tax," Los Angeles Times, March 13, 2013

Clean Water, Clean Beaches Website

Prepared for
California Contract Cities Association and The League of California Cities,
Los Angeles Division City Managers Committees

REPORT

AGENDA ITEM NO. 2

DATE: August 7, 2014

TO: Energy and Environment Committee (EEC)

FROM: Lijin Sun, Senior Regional Planner, Compliance and Performance Assessment, sunl@scag.ca.gov, (213) 236-1882

SUBJECT: A Sustainable Solid Waste Management Vision for Los Angeles County

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
For Information Only – No Action Required.

EXECUTIVE SUMMARY:
Pat Proano, Assistant Deputy Director, Los Angeles County Department of Public Works, will provide a presentation on the development of a countywide solid waste management plan as mandated by the California Integrated Waste Management Act of 1989. The 15-year plan is being developed with an emphasis on integrated waste management and will include updated strategies, policies, and guidelines to address the solid waste disposal needs of Los Angeles County in a comprehensive and environmentally sustainable manner.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaboration and cooperative environment to produce forward thinking regional plans.

BACKGROUND:
The California Integrated Waste Management Act of 1989 (also known as Assembly Bill 939) requires each county to prepare a countywide siting element that describes how the county and the cities within the county plan to manage the disposal of their solid waste for a 15-year planning period.

The Los Angeles County Department of Public Works ("Public Works") is updating the existing countywide integrated waste management plan, known as Los Angeles County Countywide Siting Element (CSE). The CSE is a long-term planning document that describes how Los Angeles County and the cities within the county plan to manage the disposal of their solid waste. The existing CSE was approved in 1998 and is being revised to offer goals, policies, and strategies through which current and future solid waste management infrastructure needs within the county can be met in a comprehensive and environmentally sustainable manner. Additionally, the revision will reflect updates, including waste generation forecasts based on population and economic growth, and remaining disposal capacities on landfill expansions and closures that have taken place since 1998.

The Los Angeles County Department of Public Works is preparing an environmental assessment of the revisions in the CSE pursuant to the California Environmental Quality Act (CEQA). On June 16, 2014, the Notice of Preparation ("NOP") of a Draft Environmental Impact Report was issued to the State

Clearinghouse, responsible agencies, and interested individuals for review through July 28, 2014. The purpose of the NOP is to solicit public comments as to the scope and content of the environmental assessment.

FISCAL IMPACT:
None.

ATTACHMENT:
PowerPoint Presentation: “Sustainable Waste Management Future”.

Sustainable Waste Management Future

Energy and Environment Committee, Southern California Association of Governments

August 7, 2014

A Trash Solution for a Green Evolution

PUBLIC WORKS

1

Overview

- **Long Term Strategies**
  - Countywide Siting Element (CSE)
  - Sustainable Waste Management Future
- **Next Steps**

A Trash Solution for a Green Evolution

PUBLIC WORKS

2

Role of DPW

- Advise the Board on Waste Management Issues
- Implement Waste Reduction Programs
- Disposal Capacity Planning and Permitting of Solid Waste Facilities
- Coordinate trash collection for one million Unincorporated County Area Residents

A Trash Solution for a Green Evolution

PUBLIC WORKS

3

State-Mandated Solid Waste Management Planning Documents

Countywide Integrated Waste Management Plan
(Planning Documents, adopted 1999)

- **Jurisdictions (88 cities & unincorporated)**
  - Household Hazardous Waste Element (HHWE)
  - Non-disposal Facility Element (NDFE)
  - Source Reduction & Recycling Element (SRRE)
- **Countywide**
  - Countywide Siting Element (CSE)
  - Countywide Summary Plan (CSP) (incl. updates on jurisdictional SRREs)

Notes:
- Blue: Disposal Capacity related
- Green: Waste Diversion related
- Annual Reports Submitted to CalRecycle
- Updated as Needed
- 5-Year Review of CSE and CSP required by law

A Trash Solution for a Green Evolution

PUBLIC WORKS

4

Solid Waste Quantities in LA County

Generation		Diversion		Disposal
	=		+	
• **22** million tons per year (equivalent to filling the Rose Bowl 88 times)		• **13** million tons per year		• **9** million tons per year
• **4,300** lbs per person per year		• **2,600** lbs per person per year		• **1,700** lbs per person per year

A Trash Solution for a Green Evolution

PUBLIC WORKS

5

Countywide Siting Element

- Removal of Elsmere Canyon and Blind Canyon from the list of potential landfill sites
- Closure of Puente Hills Landfill
- Potential Expansion of Chiquita and Scholl Canyon Landfills
- Potential conversion technology sites
- Updated the goals and policies

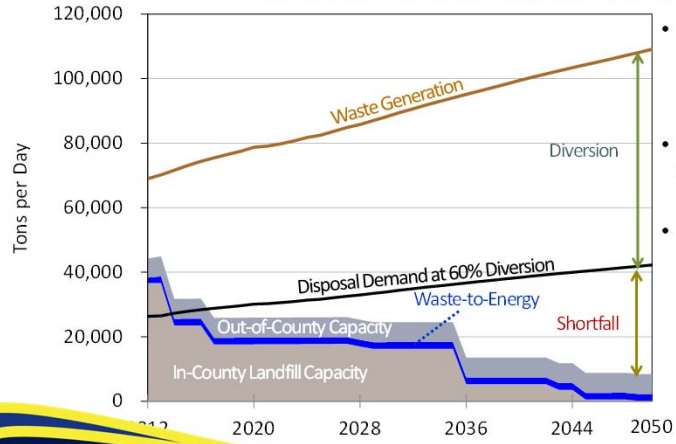
A Trash Solution for a Green Evolution

PUBLIC WORKS

6

Siting Element: Status-Quo

Reliance on existing disposal capacity alone is insufficient to meet long-term needs.



- No increases in diversion rate (remains at 60%)
- No increases in out-of-County capacity
- No conversion technology facilities (only waste-to-energy)

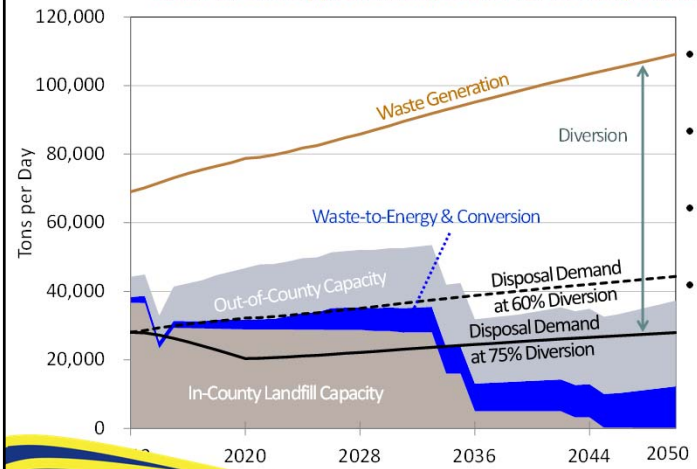
A Trash Solution for a Green Evolution

PUBLIC WORKS

7

Siting Element: Sustainable Strategy

Multi-faceted approach will provide for the long-term needs.



- Increase diversion to 75%
- In-County landfill expansions
- Conversion technology is operational
- Waste-by-rail is operational

A Trash Solution for a Green Evolution

PUBLIC WORKS

8

California's 75-Percent "Recycling" Goal AB 341

- Adopted October 6, 2011.
- A State policy goal that no less than 75-percent of solid waste generated be source reduced, recycled, or composted by 2020.
- Require a business that generates more than 4 cubic yards of commercial solid waste per week or is a multifamily residential dwelling of 5 units or more to arrange for recycling services, on and after July 1, 2012.

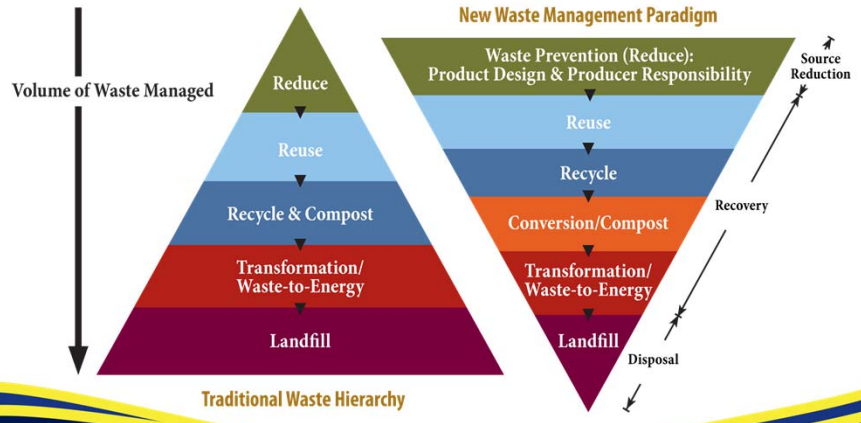
A Trash Solution for a Green Evolution

PUBLIC WORKS

9

New Waste Management Paradigm

"A model for a sustainable waste management future"



A Trash Solution for a Green Evolution

PUBLIC WORKS

10

Sustainable Waste Management Future Policy for unincorporated Los Angeles County

Sustainable Waste Management Future Policy:

"A design principle that goes beyond recycling to focus on reducing wastes and reusing products and then recycling, composting, and recovering energy from the rest."

Adopted a motion introduced by Supervisors Michael Antonovich and Don Knabe to:

- Establish an interdepartmental working group
- Submit the Roadmap by October 21, 2014.

A Trash Solution for a Green Evolution

PUBLIC WORKS

11

Four Sustainable Waste Management Strategies

Strategy 1: Quality Programs and Services

Strategy 2: Measuring Results

Strategy 3: Facilities and Infrastructure

Strategy 4: Outreach and Education

A Trash Solution for a Green Evolution

PUBLIC WORKS

12

Strategy 1:
Quality Programs and Services

- Institutionalize Waste Prevention and Source Reduction
- Advocate for Extended Producer and Manufacturer Responsibility
- Make sustainability easy and trashing difficult
  - More public recycling receptacles
- Maximize diversion of C&D Debris
- Recover Organics, including Food Waste, to the highest and best uses

A Trash Solution for a Green Evolution

PUBLIC WORKS

13

Strategy 2:
Measuring Results

- Evaluate and measure success of existing programs
- Discover and develop new programs
- Conduct regular Waste characterization assessments
- Ensure sustainable Funding and alignment of incentives with program goals

A Trash Solution for a Green Evolution

PUBLIC WORKS

14

Strategy 3:
Facilities and Infrastructure

- Develop Conversion Technologies and Integrated Materials Recovery Facilities
- Emergency Management – Debris Management and C&D processing
- Organics processing infrastructure
- Local Green Business and Market Development

A Trash Solution for a Green Evolution

PUBLIC WORKS

15

Strategy 4:
Outreach and Education

- Communication Action Plan
- Stakeholder engagement and empowerment
  - Partnerships with various organizations
- Leadership in sustainability

A Trash Solution for a Green Evolution

PUBLIC WORKS

16

Priority Focus Area: Conversion Technologies

What are Conversion Technologies?

- Processes capable of converting post-recycled residual solid waste into useful products and chemicals, green fuels, and renewable energy
- May be thermal, chemical or biological, but are <u>not incinerators</u>

OWS Anaerobic Digestion Facility, Munster, Germany

- Conversion is not alchemy or nuclear science - just chemistry, biology and physics - that means everything that goes in comes out somewhere in the process (as energy, product, or byproduct/emission)

A Trash Solution for a Green Evolution

PUBLIC WORKS

Types of Conversion Technologies

Thermal

- **Pyrolysis**
- **Gasification**
- **Thermal Depolymerization**

Chemical

- **Acid Hydrolysis**
- **Cracking**

Biological

- **Anaerobic Digestion**
- **Aerobic Digestion**
- **Fermentation**

Mechanical

- **Autoclaving**

A Trash Solution for a Green Evolution

PUBLIC WORKS

18

Benefits of Conversion Technologies

Environmental Benefits

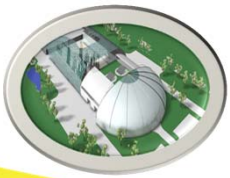
- Reduced air emissions
- Increased landfill diversion
- Increased recycling and material recovery

Economic Benefits

- Production of energy and biofuels
- Green collar job creation (construction and operation jobs)

Community Benefits

- Reduced truck traffic through communities
- Local options for waste management



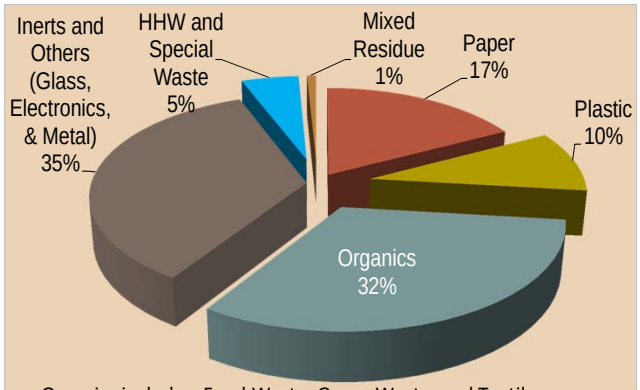
A Trash Solution for a Green Evolution

PUBLIC WORKS

19

Priority Focus Area: Organics Management

- **Separate collection**
  - Commercial Sector
  - Large Generators
- **Infrastructure**
  - Anaerobic Digestion
  - Composting
  - Conversion Technologies
- **Education**



Organics includes: Food Waste, Green Waste, and Textiles

A Trash Solution for a Green Evolution

PUBLIC WORKS

20

Priority Focus Area:
Extended Producer Responsibility

- Major priority for the County working with California Product Stewardship Council (CPSC)
- Key EPR issues for 2014
  - Carpet
  - Paint
  - Pharmaceuticals
  - Batteries
  - Sharps

A Trash Solution for a Green Evolution

PUBLIC WORKS

21

Priority Focus Area:
Enhance the Construction and Demolition Debris Recycling Ordinance

- Started in 2005 to meet state requirements to divert 50% of C&D debris from landfills
- Revising ordinance to raise diversion rate to 70%
- Offer cities to contract with the County on providing C&D services
- Including County Projects in the ordinance

Environmental Programs Division 22

Next Steps:
Sustainable Waste Management Future Plan

County Motion Adopted
[April 2014]

Road Map
[October 2014]

Implementation Plan & Phase 1
[2014-2016]

A Trash Solution for a Green Evolution

PUBLIC WORKS

23

Next Steps

- Release Preliminary Draft Siting Element and Draft EIR for comments (early 2015)
- Adoption by cities and County Board of Supervisors (early 2016)
- Approval by CalRecycle (late 2016)

A Trash Solution for a Green Evolution

PUBLIC WORKS

24

Thank you

www.CleanLA.com
1 (888) CLEAN LA

Pat Proano P.E., M.P.A
Assistant Deputy Director
County of Los Angeles
Department of Public Works
Environmental Programs Division
pproano@dpw.lacounty.gov

A Trash Solution for a Green Evolution

PUBLIC WORKS

25

This Page Intentionally Left Blank

REPORT

AGENDA ITEM NO. 3

DATE: August 7, 2014

TO: Energy and Environment Committee (EEC)

FROM: Lijin Sun, Senior Regional Planner, (213) 236-1882, sunl@scag.ca.gov

SUBJECT: Draft Addendum No. 2 to the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) Program Environmental Impact Report (PEIR)

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
For Information Only – No Action Required.

EXECUTIVE SUMMARY:
As a follow-up item to the June 5, 2014 EEC meeting, SCAG staff has completed a programmatic environmental assessment of the changes to the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) Project List documented in the proposed Amendment No. 2 pursuant to California Environmental Quality Act (CEQA). SCAG finds that the projects identified in 2012-2035 RTP/SCS Amendment No. 2 are programmatically consistent with the analysis, mitigation measures, and Findings of Fact contained in the 2012-2035 RTP/SCS Program Environmental Impact Report (PEIR) and that adoption of the proposed modifications would not result in either new significant environmental impacts or substantial increase in the severity of previously identified significant impacts in the 2012-2035 RTP/SCS PEIR. Thus, SCAG has prepared a Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR in accordance with the provisions of CEQA. On September 11, 2014, Draft 2012-2035 RTP/SCS Amendment No. 2 will be scheduled for recommended approval by the Transportation Committee (TC) and final approval by the RC, and the associated Addendum No. 2 will be presented to the EEC for action to recommend approval by the Regional Council on the same day.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaboration and cooperative environment to produce forward thinking regional plans.

BACKGROUND:
SCAG is the six-county region's designated metropolitan planning organization pursuant to federal law, and the region's designated transportation planning agency pursuant to state law. As such, SCAG is responsible for developing and maintaining the RTP/SCS in cooperation with the State (Caltrans), the CTCs, public transit operators, and local jurisdictions, as well as other partners and stakeholders, including other public agencies; business; and environmental and community groups.

At its April 4, 2012 meeting, the RC adopted the 2012-2035 RTP/SCS and certified the associated PEIR. Subsequently, on June 6, 2013, the RC approved the Addendum No. 1 to the 2012-2035 RTP/SCS PEIR associated with Amendment No. 1 to the 2012-2035 RTP/SCS, which was adopted by the RC on the same day.

Since that time, staff has received requests from several CTCs to amend the 2012–2035 RTP/SCS to reflect additions or changes to project scopes, costs, and/or schedule for a number of transportation projects, as well as the addition of some new projects. To address these requests, 2012–2035 RTP/SCS Amendment No. 2 is being proposed.

At its June 5, 2014 meeting, the TC considered and approved the release of Draft Amendment No. 2 to the 2012-2035 RTP/SCS for a 30-day public review and comment period. On the same day, at the EEC meeting, SCAG staff reported that the programmatic environmental assessment of the proposed changes to the 2012-2035 RTP/SCS Project List documented in proposed Amendment No. 2 pursuant to CEQA was completed and that the appropriate type of CEQA documentation for Draft Amendment No. 2 would be an Addendum. Therefore, SCAG staff prepared the Draft Addendum No. 2 to the 2012 RTP/SCS PEIR, in accordance with the provisions of CEQA.

On July 1, 2014, Draft Amendment No. 2 to the 2012-2035 RTP/SCS was released for a 30-day public review and comment period through July 31, 2014 (accessible at http://rtpscs.scag.ca.gov/Pages/Amendment-2.aspx).

BASIS FOR A PEIR ADDENDUM:
When an EIR has been certified and the project is modified or otherwise changed after certification, additional review may be necessary pursuant to the CEQA. The key considerations is determining the need and appropriate type of additional CEQA review are outlined in Section 21166 of the Public Resources Code and CEQA Guidelines Section 15162, 15163 and 15164. In general, an Addendum is allowed when there are not substantial changes to the project or new information that would require major revisions to the EIR. Substantial changes are defined as those which "will require major revisions of the previous EIR…due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects." An Addendum is not required to be circulated for public review.

PROGRAMMATIC ENVIRONMENTAL ASSESSMENT:
SCAG staff conducted a programmatic environmental assessment of the changes to the 2012-2035 RTP/SCS Project List documented in proposed Amendment No. 2 pursuant to CEQA. SCAG finds that the projects identified in 2012-2035 RTP/SCS Amendment No. 2 are programmatically consistent with the analysis, mitigation measures, and Findings of Fact contained in the 2012-2035 RTP/SCS PEIR and that adoption of the proposed modifications would not result in either new significant environmental impacts or substantial increase in the severity of previously identified significant impacts in the 2012-2035 RTP/SCS PEIR. Therefore, it is determined that a subsequent or supplemental PEIR is not required and that the Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR fulfills the requirements of CEQA.

SCHEDULE:
On September 11, 2014, proposed Amendment No. 2 to the 2012-2035 RTP/SCS will be scheduled for recommended approval by the TC and final approval by the RC. On the same day, the associated Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR will be presented to the EEC for recommendation to the RC for approval.

FISCAL IMPACT:
Work associated with this item is included in the current Fiscal Year 2014-15 Overall Work Program (15-020.SCG00161.04: Regulatory Compliance).

ATTACHMENT:
Draft Addendum No. 2 to the Program Environmental Impact Report for the 2012-2035 RTP/SCS

REGIONAL TRANSPORTATION PLAN
2012–2035 RTP
SUSTAINABLE COMMUNITIES STRATEGY
Towards a Sustainable Future

Southern California Association of Governments

Draft Addendum No. 2 to the

Program Environmental Impact Report

for the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy

State Clearinghouse (SCH) No.: 2011051018

Introduction

Southern California Association of Governments (SCAG) proposes to amend the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS or Plan). The RTP is a long-range vision for regional transportation investments. Using growth forecasts and economic trends, the RTP considers the role of transportation relative to economic factors, environmental issues and quality-of-life goals, and provides an opportunity to identify transportation strategies today that address mobility needs for the future. The RTP is updated every four years to reflect changes in economic trends, state and federal requirements, progress made on projects, and adjustments for population and jobs. The SCS, a new element of the RTP pursuant to Senate Bill (SB) 375, integrates land use, transportation strategies, and transportation investments within the Plan.

The 2012-2035 RTP/SCS Project List (hereafter referred to as "Project List") contains thousands of individual transportation projects that aim to improve the region's mobility and air quality, and revitalize the economy and includes, but is not limited to, highway improvements such as mixed flow lanes, interchanges, ramps, high occupancy vehicle (HOV) lanes, toll lanes, and arterials; transit improvements such as bus, bus rapid transit (BRT) and various rail upgrades; high speed regional transport (HSRT); and goods movement strategies. Although the 2012-2035 RTP/SCS has a long-term time horizon under which projects are planned and proposed to be implemented, federal and state mandates ensure that the Plan is both flexible and responsive in the near term. Therefore, the 2012-2035 RTP/SCS is regarded as both a long-term regional transportation blueprint and as a dynamic planning tool subject to ongoing refinement and modification.

As the Lead Agency under the California Environmental Quality Act (CEQA, Cal. Pub. Res. Code Section 21000 et seq.), SCAG prepared the Final RTP/SCS Program EIR (PEIR) for the 2012-2035 RTP/SCS to evaluate the potential environmental impacts associated with implementation of the 2012-2035 RTP/SCS and to identify practical and feasible mitigation measures.

As is appropriate for a program EIR, the 2012-2035 RTP/SCS PEIR focuses on a region-wide assessment of existing conditions and potential impacts as well as broad policy alternatives and program-wide mitigation measures (CEQA Guidelines Section 15168(b)(4)). Pursuant to Section 15152 of the CEQA Guidelines, subsequent environmental analyses for separate, but related, future projects may tier off the analysis contained in the 2012-2035 RTP/SCS PEIR. The CEQA Guidelines do not require a Program EIR to specifically list all subsequent activities that may be within its scope. For large scale planning approvals (such as the RTP/SCS), where site-specific EIRs or negative declarations will subsequently be prepared for specific projects broadly identified within a Program EIR, the site-specific analysis can be deferred until the project level environmental document is prepared (Sections 15168 and 15152), provided deferral does not prevent adequate identification of significant effects of the planning approval at hand.

The 2012-2035 RTP/SCS PEIR was certified on April 4, 2012, and the associated Plan was adopted on the same day (SCH No. 2011051018). Since the adoption of the 2012-2035 RTP/SCS, SCAG has received requests from several county transportation commissions to amend the Plan to reflect additions or changes to project scopes, costs, and/or schedule for a number of transportation projects. To address these requests, SCAG prepared Amendment No. 1 to the 2012-2035 RTP/SCS (referred to herein as "2012-2035 RTP/SCS Amendment No. 1") and conducted a programmatic environmental assessment of the changes to the 2012-2035 RTP/SCS Project List documented in the 2012-2035

RTP/SCS Amendment No. 1 pursuant to CEQA. It was found that adoption of the modifications to the 2012-2035 RTP/SCS Project List documented in the 2012-2035 RTP/SCS Amendment No. 1 would not result in either new significant environmental effects or substantial increase in the severity of previously identified significant effects and that the modifications would be consistent with the analysis, mitigation measures, alternatives, and Findings of Fact contained in the 2012-2035 RTP/SCS PEIR. Therefore, it was determined that a Subsequent or Supplemental PEIR would not be required and that an addendum to the 2012-2035 RTP/SCS PEIR would fulfill the requirements of CEQA. On June 6, 2013, Addendum No. 1 to the 2012-2035 RTP/SCS PEIR was approved, and the associated 2012-2035 RTP/SCS Amendment No. 1 was adopted on the same day.

Since that time, SCAG has received additional requests from several county transportation commissions to amend the 2012-2035 RTP/SCS to reflect additions or changes to project scopes, costs, and/or schedule for a number of transportation projects, as well as the addition of some new transportation projects contained therein (proposed Amendment No. 2 to the 2012-2035 RTP/SCS, referred to herein as "2012-2035 RTP/SCS Amendment No. 2").

This Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR has been prepared by SCAG to assess potential environmental impacts of the proposed updates and revisions to the 2012-2035 RTP/SCS Project List included in the 2012-2035 RTP/SCS Amendment No. 2. This document is prepared as an addendum to the previously certified 2012-2035 RTP/SCS PEIR in April 2012 (SCH No. 2011051018).

In sum, the 2012-2035 RTP/SCS PEIR serves as an informational document to inform decision-makers and the public of the potential environmental consequences of approving the proposed Plan by analyzing the projects and programs on a broad regional scale, not at a site-specific level of analysis. Site specific analysis will occur as each project is defined and goes through individual project-level environmental review.

Basis for the Addendum

When an EIR has been certified and the project is modified or otherwise changed after certification, additional CEQA review may be necessary. The key considerations in determining the need for the appropriate type of additional CEQA review are outlined in Section 21166 of the Public Resources Code (CEQA) and CEQA Guidelines Sections 15162, 15163 and 15164.

Specifically, CEQA Guidelines Section 15162(a) provides that a Subsequent EIR is not required unless the following occurs:

(1) Substantial changes are proposed in the project which will require major revisions the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence, at the time the previous EIR was certified as complete, shows any of the following:

a. The project will have one or more significant effects not discussed in the previous EIR;

b. Significant effects previously examined will be substantially more severe than shown in the previous EIR;

c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or

d. Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

An Addendum to an EIR may be prepared by the Lead Agency that prepared the original EIR if some changes or additions are necessary, but none of the conditions have occurred requiring preparation of a Subsequent EIR (Section 15164(a)). An Addendum must include a brief explanation of the agency's decision not to prepare a Subsequent EIR and be supported by substantial evidence in the record as a whole (Section 15164(e)). The Addendum to the EIR need not be circulated for public review but it may be included in or attached to the Final EIR (Section 15164(c)). The decision-making body must consider the Addendum to the EIR prior to making a decision on the project (15164(d)).

An addendum to the 2012-2035 RTP/SCS PEIR is appropriate to address the proposed changes in the 2012-2035 RTP/SCS Amendment No. 2 because the proposed updates and revisions do not meet the conditions of Section 15162(a) for preparation of a subsequent EIR. Neither the proposed new projects or changes to existing projects would result in 1) substantial changes to the 2012-2035 RTP/SCS which will require major revisions of the 2012-2035 RTP/SCS PEIR; 2) substantial changes to the circumstances under which the 2012-2035 RTP/SCS is being undertaken which will require major revisions in the 2012 PEIR; or 3) new information of substantial importance showing significant effects not previously examined.

While the proposed changes to the 2012-2035 RTP/SCS Project List documented in the 2012-2035 RTP/SCS Amendment No. 2 may arguably represent "new information of substantial importance …" at the local project-level, these changes are not substantial at the regional program-level as analyzed in the 2012-2035 RTP/SCS PEIR. More specifically, the proposed changes to the 2012-2035 RTP/SCS Project List documented in the 2012-2035 RTP/SCS Amendment No. 2 would not result in one or more significant effects (at the regional level) not discussed in the 2012-2035 RTP/SCS PEIR, nor result in a substantial increase in the severity of previously identified significant effects disclosed in the 2012-2035 RTP/SCS PEIR. Moreover, no changes to the mitigation measures or alternatives contained in the 2012-2035 RTP/SCS PEIR are necessary or being proposed that could trigger additional review regarding such measures. Furthermore, as discussed in the 2012-2035 RTP/SCS PEIR, the level of detail for individual projects on the RTP/SCS Project List is generally insufficient to be able to analyze local effects. Such analysis is more appropriately undertaken in Tier 2, project-specific environmental documents prepared by the individual CEQA lead agencies proposing each project.

SCAG has assessed potential environmental effects of the proposed changes to the 2012-2035 RTP/SCS Project List, contained in the 2012-2035 RTP/SCS Amendment No. 2, at the regional program-level, and finds that the additional and modified projects contained in Amendment No. 2 are consistent with the region-wide environmental impacts analysis, mitigation measures or alternatives, and Findings of Fact discussed in the previously certified 2012-2035 RTP/SCS PEIR, and do not result in any of the conditions described in CEQA Guidelines Section 15162(a)(1)(2)(3). For these reasons, SCAG has elected to prepare an addendum to the 2012-2035 RTP/SCS PEIR rather than a Subsequent or Supplemental EIR, and this Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR is prepared in accordance with CEQA Guidelines Section 15164.

Purpose and Scope of the Addendum to the PEIR

SCAG has prepared this Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR to demonstrate that the proposed changes to the 2012-2035 RTP/SCS Project List, contained in the 2012-2035 RTP/SCS Amendment No. 2, satisfies the requirements contained in Section 15164 of the CEQA Guidelines for the use of an Addendum to an EIR. The proposed changes to the Project List do not require the preparation of a Subsequent or Supplemental EIR pursuant to Sections 15162 and 15163, respectively, of the CEQA Guidelines due to the absence of new or substantially more adverse significant impacts than those analyzed in the certified EIR.

This Draft Addendum No. 2 to the 2012-2035 RTP/SCS PEIR neither controls nor determines the ultimate decision for approval of the 2012-2035 RTP/SCS Amendment No. 2 and the proposed changes to the 2012-2035 RTP/SCS Project List contained therein. The information presented in this Draft Addendum to the 2012-2035 RTP/SCS PEIR will be considered by SCAG's decision making body, the Regional Council, prior to making a decision on the 2012-2035 RTP/SCS Amendment No. 2.

Project Description

The project changes identified in the 2012-2035 RTP/SCS Amendment No. 2 can be broadly categorized as follows:

- Project is new and is not currently included in the 2012-2035 RTP/SCS Project List
- Project currently exists in the 2012-2035 RTP/SCS Project List, but:
    - has a revised description,
    - has a revised schedule,
    - has a change in total cost, or
    - includes a combination of the above changes
- Duplicate project removed or project combined with another project in the 2012–2035 RTP/SCS Project List

The majority of project changes occur to short-range projects. In addition to these short-range changes, the addition of six (6) new projects and an additional 16 project changes are considered as part of the 2012-2035 RTP/SCS Amendment No. 2.

Specific details of all project changes are identified in the 2012-2035 RTP/SCS Amendment No. 2, incorporated herein by reference, and can be accessed at http://rtpscs.scag.ca.gov/Pages/Amendment-2.aspx.

Environmental Analysis

The changes described above to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 would not result in a substantial change to the region-wide impacts programmatically analyzed in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR broadly identifies a number of region-wide significant impacts that would result from the numerous transportation policies and projects encompassed by the 2012-2035 RTP/SCS.

The 2012-2035 RTP/SCS PEIR presents analysis at the programmatic level of various types of projects, including both modifications to the existing system as well as new systems such as new highway and transit facilities, goods movement roadway facilities, rail corridors, flyovers, interchanges, and High-Speed Rail.

Although the new projects identified in the 2012-2035 RTP/SCS Amendment No. 2 were not identified in the 2012-2035 RTP/SCS PEIR, SCAG has assessed these additional projects at the programmatic level and finds that they are consistent with the scope, goals, and policies contained in the 2012-2035 RTP/SCS and with the analysis and conclusions presented in the previously certified 2012-2035 RTP/SCS PEIR. Further, each project will be fully assessed at the project-level by the implementing agency in accordance with CEQA, NEPA, and all applicable regulations.

No changes to the mitigation measures or alternatives contained in the 2012-2035 RTP/SCS PEIR are necessary or proposed. SCAG has determined that the changes and additions identified above would result in impacts that would fall within the range of impacts already identified in the previously certified 2012-2035 RTP/SCS PEIR. Therefore, no substantial physical impacts to the environment beyond those already anticipated and documented in the 2012-2035 RTP/SCS PEIR are anticipated to result from the changes and additions identified in the 2012-2035 RTP/SCS Amendment No. 2.

The environmental analysis provided in this Draft Addendum describes the information that was considered in evaluating the questions contained in the Environmental Checklist of the State CEQA Guidelines, Appendix G. Potential region-wide environmental impacts from the proposed project changes, documented in the 2012-2035 RTP/SCS Amendment No. 2, as compared to those already identified in the 2012-2035 RTP/SCS PEIR are summarized in Table 1-1, *Summary of Impacts from Proposed Project Changes Identified in the 2012-2035 RTP/SCS Amendment No. 2.*

TABLE 1-1: SUMMARY OF IMPACTS FROM PROPOSED PROJECT CHANGES IDENTIFIED IN THE 2012-2035 RTP/SCS AMENDMENT NO. 2

Impact	Compared to the Certified 2012-2035 RTP/SCS PEIR
Aesthetics and View	Same; no new impacts
Air Quality	Same; no new impacts
Biological Resources	Same; no new impacts
Cultural Resources	Same; no new impacts
Geology, Soils, and Mineral Resources	Same; no new impacts
Greenhouse Gas Emissions	Same; no new impacts
Hazardous Materials	Same; no new impacts
Land Use and Agricultural Resources	Same; no new impacts
Noise	Same; no new impacts
Population, Housing, and Employment	Same; no new impacts
Public Services and Utilities	Same; no new impacts
Transportation, Traffic, and Security	Same; no new impacts
Water Resources	Same; no new impacts
Comparison of Alternatives	Same; no new impacts
Long-Term Effects	Same; no new impacts

Aesthetics and Views

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to aesthetics and views beyond those already described in the previously certified 2012-2035 RTP/SCS PEIR. Potential significant impacts anticipated in the 2012-2035 RTP/SCS PEIR would be the substantial degradation of the existing visual character or quality of the site and its surroundings, adverse effects on a scenic vista, damage to scenic resources, creating a new source of substantial light affecting day or nighttime views, and affecting shadow-sensitive uses that would be shaded by a project-related structure for more than three hours in the winter or for more than four hours during the summer (2012-2035 RTP/SCS PEIR pp. 3.1-8 – 3.1-18).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List, contained in the Amendment No. 2, would not result in any new significant impacts to aesthetics and views, or a substantial increase in the severity of impacts to aesthetics and views beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Air Quality

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to air quality beyond those already identified in the previously certified 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR identified significant and unavoidable impacts to regional air quality, cancer risk increases, and short-term air emissions from implementation of the RTP/SCS (2012-2035 RTP/SCS PEIR pp. 3.2-21 – 3.2-41). Nevertheless, both the 2012-2035 RTP/SCS and Amendment No. 2 meet the regional emissions and other tests set forth by the federal Transportation Conformity regulations, demonstrating the integrity of the State Implementation Plans prepared pursuant to the federal Clean Air Act for the non-attainment and maintenance areas in the SCAG region. The updated conformity analysis can be found in section 5, Transportation Conformity, of the 2012-2035 RTP/SCS Amendment No. 2 and is incorporated herein by reference.

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant air quality impacts or a substantial increase in the severity of air quality impacts beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Biological Resources

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to biological resources beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR concluded that significant impacts expected with the implementation of the RTP/SCS includes the disturbance and removal of natural vegetation that may be utilized by sensitive species, habitat fragmentation and associated decrease in habitat quality, litter, trampling, light pollution and road noise, displacement of riparian and wetland habitat, siltation, loss of prime farmlands, grazing lands, open space and recreation lands (2012-2035 RTP/SCS PEIR pp. 3.3-39 – 3.3-59).

Detailed project-level analysis, including project level mitigation measures, will be conducted by each implementing agency for each individual project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, the incorporation of the proposed changes to the Project List would not result in any new significant impacts to biological resources, or a substantial increase in the severity of impacts to biological resources beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Cultural Resources

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to cultural resources beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR determined that the development of new transportation facilities may affect archaeological and paleontological resources, primarily through the disturbance of buried resources. Additionally, the development of new transportation facilities may affect historic architectural resources (structures 50 years or older), either through direct affects to buildings within the proposed project area, or through indirect affects to the area surrounding a resource if it creates a visually incompatible structure adjacent to a historic structure (2012-2035 RTP/SCS PEIR pp. 3.4-18 - 3.4-27).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, the incorporation of the proposed changes to the Project List would not result in any new significant impacts to cultural resources, or a substantial increase in the severity of impacts to cultural resources beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Geology, Soils, and Mineral Resources

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to geology, soils, and mineral resources beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR identified that damage to transportation infrastructure can result from geologic and seismic activity, such as surface rupture, ground shaking, subsidence, liquefaction, soil expansion and land-sliding. In addition work associated with implementation of the 2012-2035 RTP/SCS could cause impacts such as soil erosion, ground instability and loss of mineral resources. However, incorporation of mitigation measures identified in the 2012-2035 RTP/SCS PEIR would alleviate significant impacts associated with geological safety and mineral loss (2012-2035 RTP/SCS PEIR pp. 3.5-14 – 3.5-23).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, the incorporation of the proposed changes to the Project List would not result in any new significant impacts to geology, soils, and mineral resources, or a substantial increase in the severity of impacts to geology, soils, and mineral resources beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Greenhouse Gas Emissions

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to greenhouse gas emissions beyond those already identified in the 2012-2035 RTP/SCS PEIR. Though lead agencies retain the discretion to determine thresholds of significance of GHG emissions, the 2012-2035 RTP/SCS PEIR identifies three thresholds of significance: increase in GHG emissions compared to existing conditions, conflict with SB 375 GHG emission reduction targets, and conflict with other applicable GHG reduction plans. Both the 2012-2035 RTP/SCS and proposed Amendment No. 2 achieve and exceed the SB375 per capita GHG reduction targets for the SCAG region.

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant greenhouse gas emissions impacts or a substantial increase in the severity of greenhouse gas emissions impacts beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Hazardous Materials

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to hazardous materials beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR concluded that the RTP/SCS would improve the movement of goods, including hazardous materials, throughout the region. The potential significant impacts include potential hazards created due to the disturbance of contaminated property during implementation of the 2012-2035 RTP/SCS and risk of accidental releases due to an increase in the transportation of hazardous materials and the potential for such releases to reach schools within one-quarter mile of transportation facilities affected by the 2012-2035 RTP/SCS (2012-2035 RTP/SCS PEIR pp. 3.7-8 – 3.7-18).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant impacts to hazardous materials, or a substantial increase in the severity of impacts to hazardous materials beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Land Use and Agricultural Resources

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to land use and agricultural resources beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR analyzed potential impacts of the 2012-2035 RTP/SCS on land use consistency and compatibility. The 2012-2035 RTP/SCS PEIR concluded that the RTP/SCS would affect land use patterns and the consumption of agricultural land and forest resources. Expected significant impacts include substantial land use density growth in areas adjacent to transit, separation of residences from community facilities and services and impacts on vacant natural lands (2012-2035 RTP/SCS PEIR pp. 3.8-11 – 3.8-27).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant impacts to land use and agricultural resources, or a substantial increase in the severity of impacts to land use and agricultural resources beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Noise

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to noise beyond those already identified in the 2012-2035 RTP/SCS PEIR. The projects could potentially cause temporary or permanent increases in ambient noise levels and expose noise-sensitive land uses to noise increases in excess of acceptable levels. However, the assessment in the 2012-2035 RTP/SCS PEIR Noise Chapter adequately evaluates these impacts across the SCAG region at the programmatic level and includes mitigation measures to be implemented at the project level (2012-2035 RTP/SCS PEIR pp. 3.9-13 – 3.9-26). Impacts from the proposed projects identified in this Amendment would be expected to fall within the range of impacts previously identified in the 2012-2035 RTP/SCS PEIR.

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant noise impacts or a substantial increase in the severity of noise impacts beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Population, Housing and Employment

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to population, housing, and employment beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR analyzed potential impacts to population growth and current residential and business land uses that could occur upon implementation of the 2012-2035 RTP/SCS. The 2012-2035 RTP/SCS PEIR concluded that the Plan would result in significant impacts, including substantial induced population growth in areas adjacent to transit, displacement of existing businesses and homes, separation of residences from community facilities and services, and impacts on vacant natural lands. Also indirectly, population distribution is expected to occur due to the transportation investments and land use policies identified in the 2012-2035 RTP/SCS (2012-2035 RTP/SCS PEIR pp. 3.10-6 – 3.10-13).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Therefore, incorporation of the proposed changes to the Project List would not result in any new significant impacts to population, housing, and employment, or a substantial increase in the severity of impacts to population, housing, and employment beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Public Services and Utilities

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to public services and utilities beyond those already identified in the 2012-2035 RTP/SCS PEIR. Anticipated significant cumulative impacts include demand for more police, fire, emergency personnel and facilities; demand for more school facilities and teachers; demand for additional solid waste services, and increased potential of encountering and severing utility lines during implementation of the 2012-2035 RTP/SCS (2012-2035 RTP/SCS PEIR pp. 3.11-45 – 3.11-56).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant impacts to public services and utilities, or a substantial increase in the severity of impacts to public services and utilities beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Transportation, Traffic and Security

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to transportation, traffic, and security beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR utilized data from the Regional Travel Demand Model to present a regional analysis for the impacts of the 2012-2035 RTP/SCS on transportation. The 2012-2035 RTP/SCS PEIR identifies the following significant impacts from implementation of the 2012-2035 RTP/SCS: increased Vehicle Miles Traveled (VMT); greater average daily Vehicle Hours of Delay (VHD) for heavy-duty truck trips; increased percentage of work opportunities within a 45 minute travel time; and lower system-wide fatality accident rate and injury accident rate in the SCAG region (2012-2035 RTP/SCS PEIR pp. 3.12-23 – 3.12-45).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Therefore, incorporation of the proposed changes to the Project List would not result in any new significant region-wide impacts to transportation, traffic, and security, or a substantial increase in the severity of region-wide impacts to transportation, traffic, and security beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Water Resources

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are not expected to cause any new or a substantial increase in the severity of significant impacts to water resources beyond those already identified in the 2012-2035 RTP/SCS PEIR. The 2012-2035 RTP/SCS PEIR identified degradation of surface water quality, potential reduction of groundwater infiltration; increased flooding hazards; and potentially increase demand for water supply and associated infrastructure (2012-2035 RTP/SCS PEIR pp. 3.13-25 – 3.13-48).

Detailed project level analysis, including project level mitigation measures, will be conducted by the implementing agency of each project.

The analysis in the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of impacts that could result from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the program level. Thus, incorporation of the proposed changes to the Project List would not result in any new significant impacts to water resources, or a substantial increase in the severity of impacts to water resources beyond those programmatically addressed in the 2012-2035 RTP/SCS PEIR.

Comparison of Alternatives

The proposed changes to the Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 would not significantly change the comparison of alternatives in the 2012-2035 RTP/SCS PEIR. Potential impacts from the proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are anticipated to be within the scope of the programmatic-level comparison among the alternatives already considered in the 2012-2035 RTP/SCS PEIR: 1) No Project; 2) Modified 2008 RTP Alternative; and 3) Envision 2 Alternative.

The Alternatives Chapter of the previously certified 2012-2035 RTP/SCS PEIR adequately addresses the range of alternatives to the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) at the programmatic level. Incorporation of the proposed projects identified in the 2012-2035 RTP/SCS Amendment No. 2 would not require comparison of any new alternatives or alternatives which are considerably different from or inconsistent with those already analyzed in the 2012-2035 RTP/SCS PEIR. Therefore, no further comparison is required at the programmatic level.

Long Term Effects

The proposed changes to the 2012-2035 RTP/SCS Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 would not significantly change the scope of the discussion presented in the long-term effects chapter of the 2012-2035 RTP/SCS PEIR, which includes an assessment of programmatic level unavoidable impacts, irreversible impacts, growth inducing impacts, and cumulative impacts (2012-2035 RTP/SCS PEIR pp. 5-1 – 5-4). Unavoidable and irreversible impacts from inclusion of the proposed changes to the Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 are reasonably covered by the unavoidable and irreversible impacts previously discussed in the certified 2012-2035 RTP/SCS PEIR.

At the programmatic level, any region-wide growth inducing impacts from the proposed projects (as revised by the 2012-2035 RTP/SCS Amendments No. 2) are expected to be approximately equivalent to those previously disclosed in the 2012-2035 RTP/SCS PEIR (2012-2035 RTP/SCS PEIR pp. 5-1 – 5-4). Overall, the proposed changes to the Project List presented in the 2012-2035 RTP/SCS Amendment No. 2 are within the scope of the broad, programmatic-level region-wide impacts identified and disclosed in the 2012-2035 RTP/SCS PEIR. Thus, the 2012-2035 RTP/SCS Amendment No. 2 would not be expected to result in any new long-term impacts that have not been analyzed in the previous 2012-2035 RTP/SCS PEIR, or any long-term impacts that are considerably different from or inconsistent with those already analyzed in the previous 2012-2035 RTP/SCS PEIR.

Findings

After completing a programmatic environmental assessment of the proposed changes described herein to the Project List, SCAG finds that the proposed changes identified in the 2012-2035 RTP/SCS Amendment No. 2 would not result in either new significant environmental effects or a substantial increase in the severity of any previously identified significant effect. The proposed changes are not substantial changes on a regional level as those have already been adequately and appropriately analyzed in the 2012-2035 RTP/SCS PEIR. The proposed changes to the Project List do not require revisions to the programmatic, region-wide analysis presented in the previously certified 2012-2035 RTP/SCS PEIR.

Further, SCAG finds that the proposed changes to the Project List identified in the 2012-2035 RTP/SCS Amendment No. 2 require any new mitigation measures or alternatives previously unidentified in the 2012-2035 RTP/SCS PEIR, or significantly affect mitigation measures or alternatives already disclosed in the 2012-2035 RTP/SCS PEIR. As such, SCAG has assessed the proposed changes to the Project List included in 2012-2035 RTP/SCS Amendment No. 2 at the programmatic level, and finds that inclusion of the proposed changes would be within the range of, and consistent with the findings of impacts analysis, mitigation measures, and alternatives contained in the 2012-2035 RTP/SCS PEIR, as well as the Findings of Fact and Statement of Overriding Considerations made in connection with the 2012-2035 RTP/SCS. Therefore, a Subsequent or Supplemental EIR is not required, and SCAG concludes that this Draft Addendum to the previously certified 2012-2035 RTP/SCS PEIR fulfills the requirements of CEQA.

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

818 West 7th Street, 12th Floor, Los Angeles, CA 90017
Phone: (213) 236-1800 • Fax: (213) 236-1825 • www.scag.ca.gov

For more information about the 2012–2035 RTP/SCS, please visit the SCAG interactive RTP site–the iRTP–at **http://scagrtp.net**.

REGIONAL OFFICES

Imperial County
1405 North Imperial Avenue
Suite 1
El Centro, CA 92243
Phone: (760) 353-7800
Fax: (760) 353-1877

Orange County
OCTA Building
600 South Main Street
Suite 906
Orange, CA 92863
Phone: (714) 542-3687
Fax: (714) 560-5089

Riverside County
3403 10th Street
Suite 805
Riverside, CA 92501
Phone: (951) 784-1513
Fax: (951) 784-3925

San Bernardino County
Santa Fe Depot
1170 West 3rd Street
Suite 140
San Bernardino, CA 92410
Phone: (909) 806-3556
Fax: (909) 806-3572

Ventura County
950 County Square Drive
Suite 101
Ventura, CA 93003
Phone: (805) 642-2800
Fax: (805) 642-2260

please recycle 2428.2013.05.13

AGENDA ITEM NO. 4

REPORT

DATE: August 7, 2014

TO: Energy and Environment Committee (EEC)

FROM: Rongsheng Luo, Program Manager, (213) 236-1994, luo@scag.ca.gov

SUBJECT: Draft Conformity Analysis for 2015 Federal Transportation Improvement Program (FTIP) and 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) Amendment No. 2

EXECUTIVE DIRECTOR'S APPROVAL: Hasan Ikhrata

RECOMMENDED ACTION:
For Information Only – No Action Required.

EXECUTIVE SUMMARY:
The Draft 2015 FTIP and Draft Amendment No. 2 to the 2012-2035 RTP/SCS including the associated conformity analysis were released for a 30-day public review which concluded on July 31, 2014. Staff will present an update on the Draft Conformity Analysis and any conformity-specific comment(s) received. On September 11, 2014, the final conformity analysis will be presented to the EEC for action to recommend approval by the Regional Council (RC) on the same day.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaboration and cooperative environment to produce forward thinking regional plans.

BACKGROUND:
At EEC's last meeting on June 5, staff provided EEC with a status update on the development of the Draft 2015 FTIP and the Draft Amendment No. 2 to the 2012–2035 RTP/SCS including the associated conformity analysis.

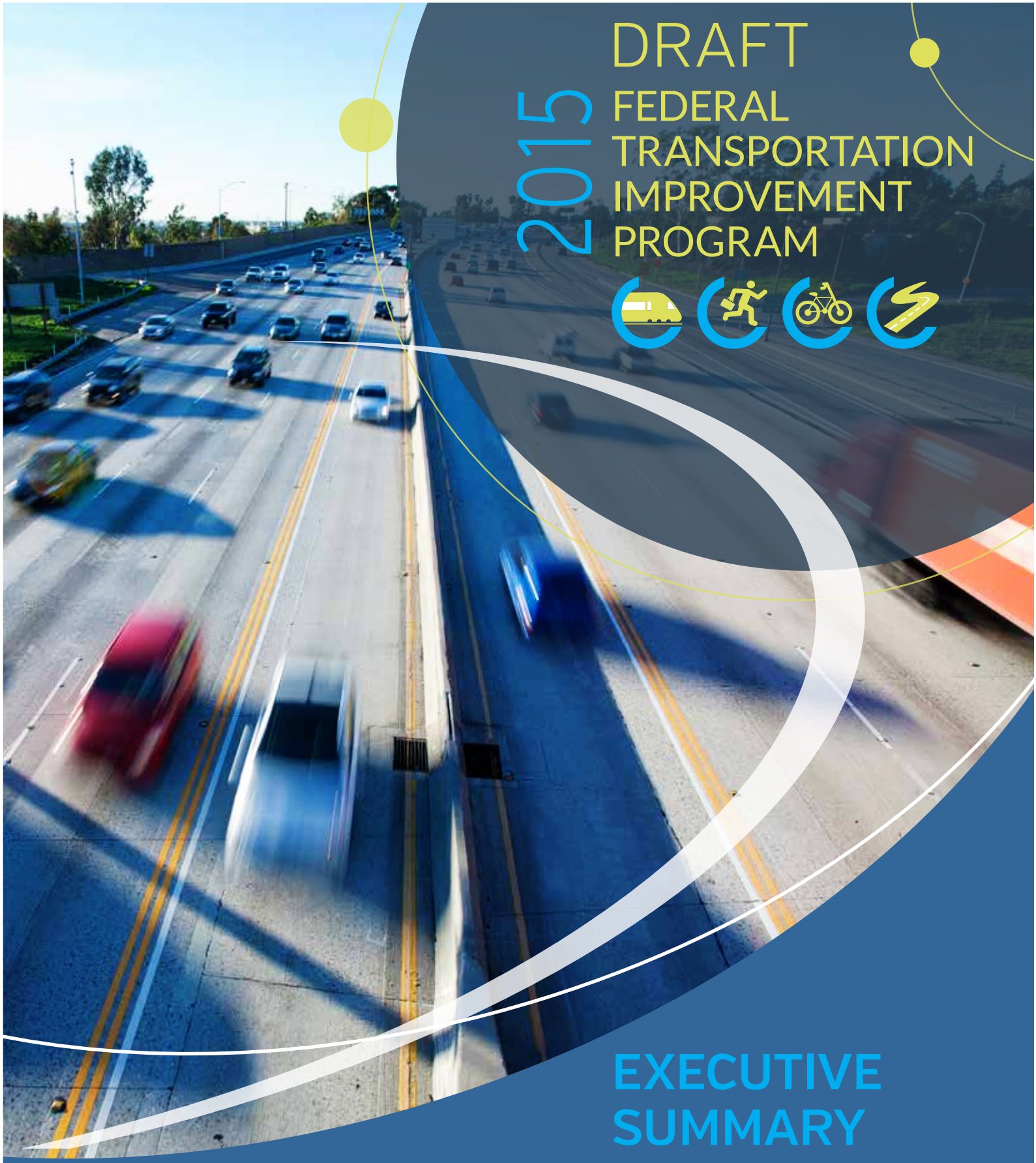
Subsequently, staff completed the Draft Conformity Analysis demonstrating that the Draft 2015 FTIP and the Draft RTP/SCS Amendment No. 2 meet all conformity requirements. Specifically, the Draft 2015 FTIP and the Draft RTP/SCS Amendment pass all the five required conformity tests: consistency with the adopted 2012-2035 RTP/SCS; regional emissions analysis; timely implementation of transportation control measures; financial constraint; and interagency consultation and public involvement.

The Draft Conformity Analysis was released for a 30-day public review on July 1, 2014 as part of the Draft 2015 FTIP and the Draft RTP/SCS Amendment documents. The public review period concluded on July 31, 2014. During the public review period, two (2) public hearings were held on July 10 and July 24, 2014 respectively at the SCAG's Los Angeles office with video-conferencing available from the SCAG regional offices. The Draft Conformity Analysis was also posted on the SCAG website, noticed in numerous newspapers, and distributed to libraries throughout the region as part of the Draft 2015 FTIP and the Draft RTP/SCS Amendment documents.

Staff is documenting, reviewing, and responding to all comments received including comments specific to the Draft Conformity Analysis. The Final Conformity Analysis will address and incorporate conformity-specific comment(s) as appropriate, and is scheduled to be presented to EEC for action to recommend approval by the Regional Council on September 11, 2014.

FISCAL IMPACT:
Work associated with this item is included in the current Fiscal Year 2014/15 Overall Work Program (15-025.SCG00164: Air Quality Planning and Conformity).

ATTACHMENTS:
1. Draft 2015 Federal Transportation Improvement Program (FTIP) Executive Summary
2. Draft Amendment No. 2 to 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) Transportation Conformity Chapter



DRAFT 2015 FEDERAL TRANSPORTATION IMPROVEMENT PROGRAM

EXECUTIVE SUMMARY Volume I of III

FY 2014/15–2019/20
July 2014

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Our VISION

An international and regional planning forum trusted for its leadership and inclusiveness in developing plans and policies for a sustainable Southern California.

Our MISSION

Under the guidance of the Regional Council and in collaboration with our partners, our mission is to facilitate a forum to develop and foster the realization of regional plans that improve the quality of life for Southern Californians.

Funding: The preparation of this document was financed in part through funds from the Federal Highway Administration and Federal Transit Administration in accordance with the provisions under the Metropolitan Planning Program as set forth in Section 104(f) of Title 23 of the U.S. Code. Additional financial assistance was provided by the California Department of Transportation.

REGIONAL COUNCIL MEMBERS

OFFICERS

President: Carl Morehouse, San Buenaventura
First Vice President: Cheryl Viegas-Walker, El Centro
Second Vice President: Michele Martinez, Santa Ana
Immediate Past President: Greg Pettis, Cathedral City

MEMBERS

Imperial County: Jack Terrazas, Imperial County | Cheryl Viegas-Walker, El Centro

Los Angeles County: Mike Antonovich, Los Angeles County | Mark Ridley-Thomas, Los Angeles County | Dante Acosta, Santa Clarita | Bruce Barrows, Cerritos | Bob Blumenfield, Los Angeles | Mike Bonin, Los Angeles | Joe Buscaino, Los Angeles | Gilbert Cedillo, City of Los Angeles | Margaret Clark, Rosemead | Jonathan Curtis, La Cañada Flintridge | Gene Daniels, Paramount | Mitchell Englander, Los Angeles | Margaret E. Finlay, Duarte | Roy Francis, La Habra Heights | Felipe Fuentes, Los Angeles | Eric Garcetti, Los Angeles | James Gazeley, Lomita | Mario Guerra, Downey | Carol Herrera, Diamond Bar | Steven Hofbauer, Palmdale | José Huizar, Los Angeles | James Johnson, Long Beach | Paul Koretz, Los Angeles | Paul Krekorian, Los Angeles | Tom LaBonge, Los Angeles | Nury Martinez, Los Angeles | Dan Medina, Gardena | Barbara Messina, Alhambra | Judy Mitchell, Rolling Hills Estates | Gene Murabito, Glendora | Steven Neal, Long Beach | Pam O'Connor, Santa Monica | Mitch O'Farrell, Los Angeles | Bernard Parks, Los Angeles | Sam Pedroza, Claremont | Curren D. Price, Jr., Los Angeles | Ali Saleh, Bell | Jess Talamantes, Burbank | Herb J. Wesson, Jr., Los Angeles

Orange County: Shawn Nelson, Orange County | Art Brown, Buena Park | Steven Choi, Irvine | Leslie Daigle, Newport Beach | Jim Katapodis, Huntington Beach | Michele Martinez, Santa Ana | Kathryn McCullough, Lake Forest | Leroy Mills, Cypress | Mike Munzing, Aliso Viejo | Brett Murdock, Brea | Kris Murray, Anaheim | John Nielsen, Tustin | Tri Ta, Westminster

Riverside County: Jeff Stone, Riverside County | Rusty Bailey, Riverside | Jeff DeGrandpre, Eastvale | Jim Hyatt, Calimesa | Greg Pettis, Cathedral City | Ron Roberts, Temecula | Julio Rodriguez, Perris | Karen Spiegel, Corona | Michael Wilson, Indio

San Bernardino County: Gary Ovitt, San Bernardino County | Paul Eaton, Montclair | Ed Graham, Chino Hills | Bill Jahn, Big Bear Lake | Larry McCallon, Highland | Ryan McEachron, Victorville | Frank Navarro, Colton | Deborah Robertson, Rialto

Ventura County: Linda Parks, Ventura County | Glen Becerra, Simi Valley | Carl Morehouse, San Buenaventura | Carmen Ramirez, Oxnard

Tribal Government Representative: Andrew Masiel, Sr., Pechanga Band of Luiseño Indians

Orange County Transportation Authority: Matthew Harper, Huntington Beach

Riverside County Transportation Commission: Adam Rush, Eastvale

San Bernardino Associated Governments: Alan Wapner, Ontario

Ventura County Transportation Commission: Keith Millhouse, Moorpark

Transportation Corridors Agency: Lisa Bartlett, Dana Point

THIS PAGE INTENTIONALLY LEFT BLANK.

DRAFT 2015

FEDERAL TRANSPORTATION IMPROVEMENT PROGRAM (FTIP)

(FISCAL YEAR 2014/15-2019/20)

EXECUTIVE SUMMARY

(Volume I of III)

July 2014

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

THIS PAGE INTENTIONALLY LEFT BLANK.

TABLE OF CONTENTS

	PAGE
Introduction	1
Program Summary	2
Transportation Conformity	8

THIS PAGE INTENTIONALLY LEFT BLANK.

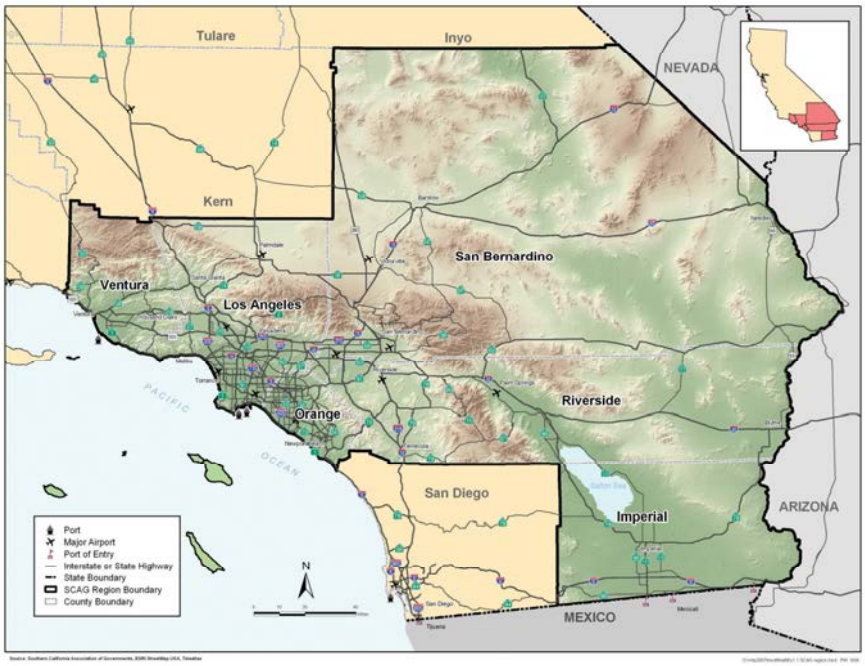
EXECUTIVE SUMMARY

INTRODUCTION

The Federal Transportation Improvement Program (FTIP) is a multimodal list of capital improvement projects to be implemented over a six year period. The SCAG 2015 FTIP is a capital listing of all transportation projects proposed over Fiscal Years (FY) 2014/15 – 2019/20 for the SCAG region. As the Metropolitan Planning Organization (MPO) for the region, SCAG is responsible for developing the FTIP for submittal to the California Department of Transportation (Caltrans) and the federal funding agencies. The 2015 FTIP for the SCAG region has been developed in partnership between the six County Transportation Commissions (CTCs) of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura as well as Caltrans Districts 7, 8, 11, and 12. This listing identifies specific funding sources and fund amounts for each project. It is prioritized to implement the region's overall strategy for providing mobility and improving both the efficiency and safety of the transportation system, while supporting efforts to attain federal and state air quality standards for the region by reducing transportation related air pollution. Projects in the FTIP include highway improvements, transit, rail and bus facilities, high occupancy vehicle (HOV) lanes, signal synchronization, intersection improvements, freeway ramps, and non-motorized projects.

The FTIP must include all federally funded transportation projects in the region, as well as all regionally significant transportation projects for which approval from federal funding agencies is required, regardless of funding source. The projects in this 2015 FTIP have been found to be consistent with SCAG's approved 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012-2035 RTP/SCS). The FTIP is developed to incrementally implement the programs and projects in the RTP.

SCAG Region



PROGRAM SUMMARY

The 2015 FTIP includes approximately 2200 projects and programs totaling $31.8 billion over the next six years. The following charts and tables demonstrate how these funds are distributed based on funding source, program, and county.

Figure 1 is a summary of fund sources categorized as federal, state, and local sources. Figure 1 and its accompanying pie chart illustrate that 24 percent of the total is from federal funds, 14 percent is from state funds, and 62 percent is from local funds.

Summary of 2015 FTIP by Funding Source

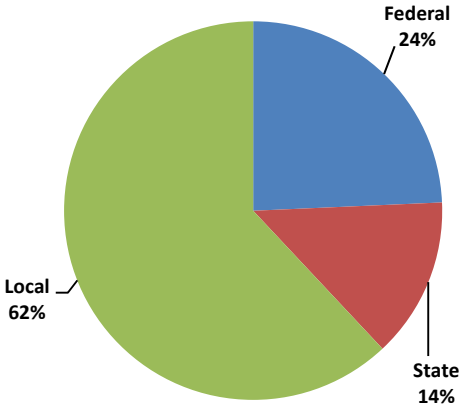


Figure 1 Summary of 2015 FTIP by Funding Source (in 000's)				
	Federal	***State***	***Local***	***Total***
2014/15	$1,357,919	$1,813,403	$3,599,974	$6,771,296
2015/16	$1,481,401	$1,030,142	$4,016,979	$6,528,522
2016/17	$1,103,511	$849,868	$3,071,274	$5,024,653
2017/18	$1,275,417	$425,221	$3,868,566	$5,569,204
2018/19	$1,822,951	$216,135	$2,546,073	$4,585,159
2019/20	$694,114	$20,438	$2,615,961	$3,330,513
Total	$7,735,313	$4,355,207	$19,718,827	$31,809,347
% of Total	24%	14%	62%	100%

Figure 2 summarizes the funds programmed in the local highways, state highways and transit (including rail) programs. Figure 2 and its accompanying pie chart illustrate that 39 percent of the total $31.8 billion in the 2015 FTIP is programmed in the State Highway Program, 23 percent in the Local Highway Program, and 38 percent in the Transit (including rail) program. For further information, please refer to the Financial Plan section of the Technical Appendix (Volume II of the 2015 FTIP).

Summary of 2015 FTIP by Program

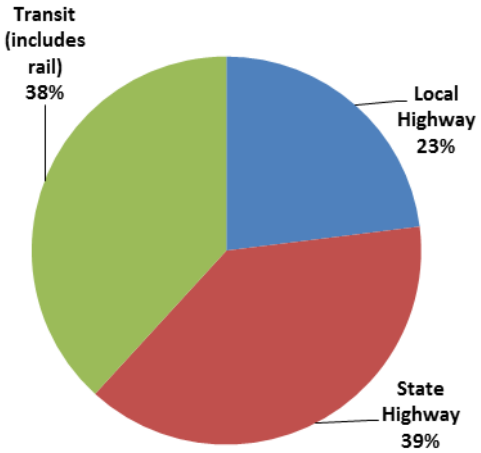
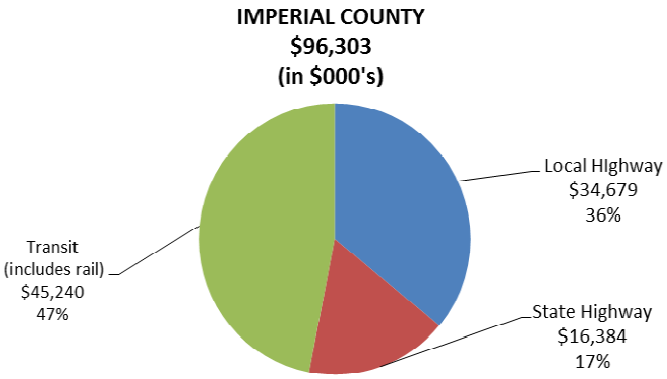
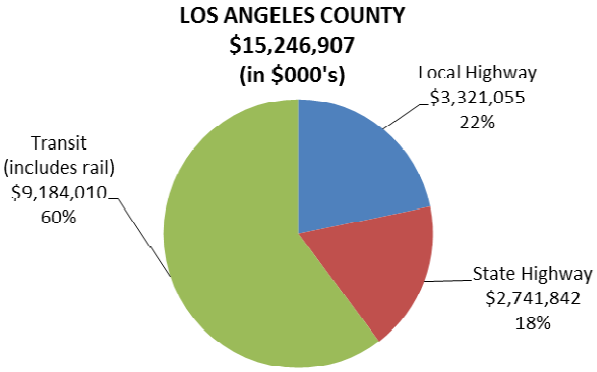


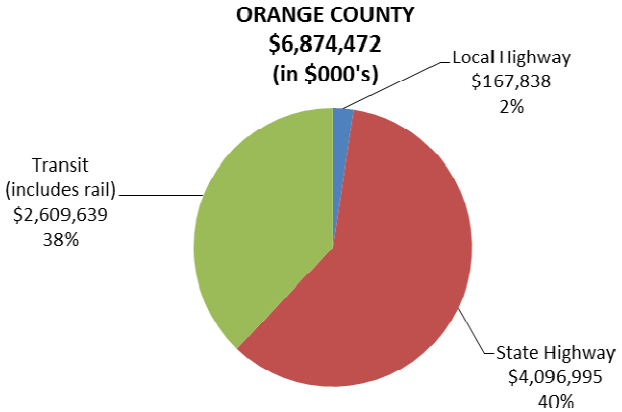
Figure 2
Summary of 2015 FTIP by All Programs
(in 000's)

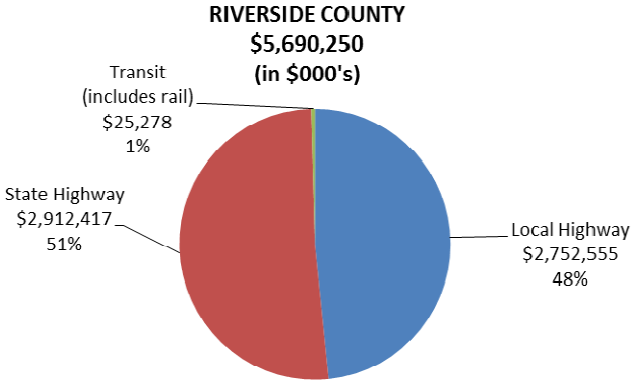
	Local Highway	*State Highway*	*Transit (includes rail)*	*Total*
2014/15	$ 1,608,869	$ 2,604,753	$ 2,557,674	$ 6,771,296
2015/16	$ 1,199,455	$ 2,878,787	$ 2,450,280	$ 6,528,522
2016/17	$ 1,385,759	$ 1,622,551	$ 2,016,343	$ 5,024,653
2017/18	$ 1,240,836	$ 2,260,124	$ 2,068,244	$ 5,569,204
2018/19	$ 1,458,244	$ 1,247,962	$ 1,878,953	$ 4,585,159
2019/20	$ 429,079	$ 1,716,066	$ 1,185,368	$ 3,330,513
Total	$ 7,322,242	$ 12,330,243	$ 12,156,862	$ 31,809,347
% of Total	23%	39%	38%	100%

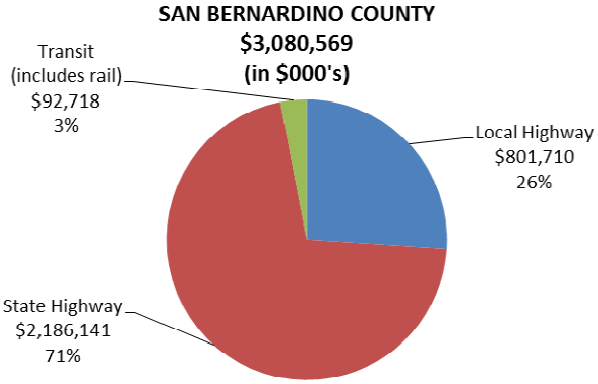
The six pie charts below summarize the funds programmed in the 2015 FTIP for each county in the SCAG region for State Highway, Local Highway, and Transit (including rail) Programs.

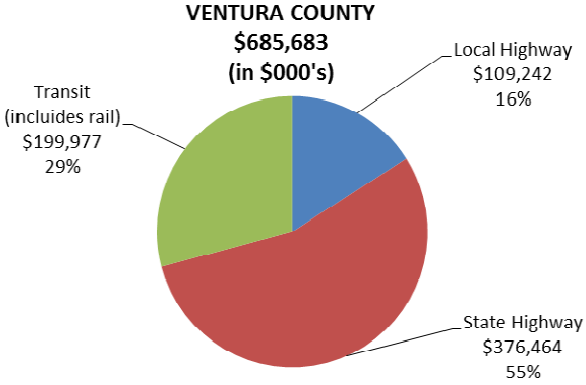




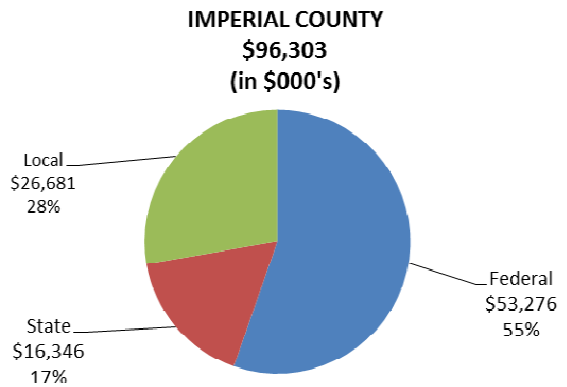


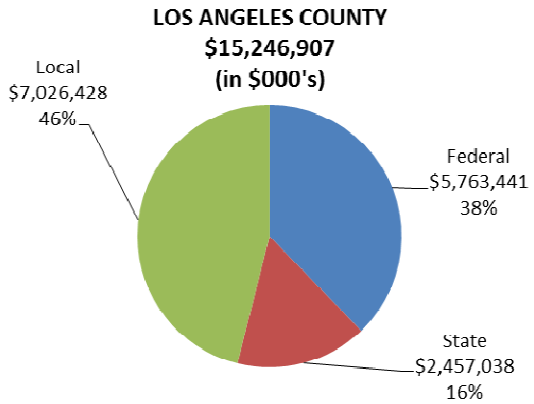


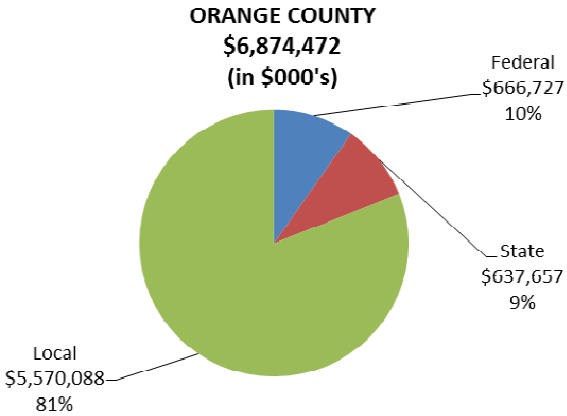


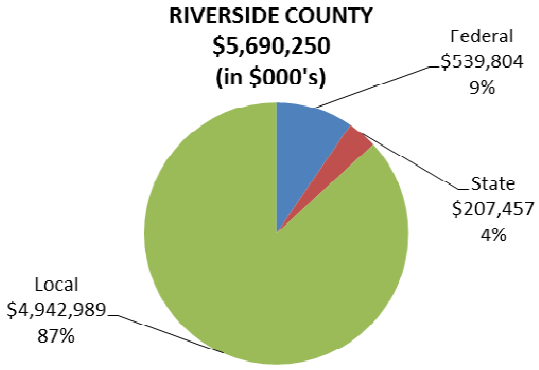


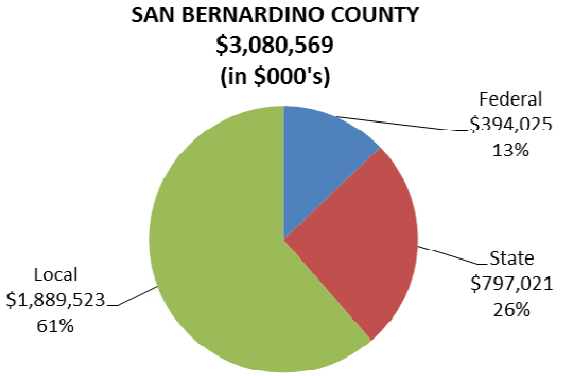
The six pie charts below summarize the funds programmed in the 2015 FTIP for each county in the SCAG region by Federal, state, and local fund sources.

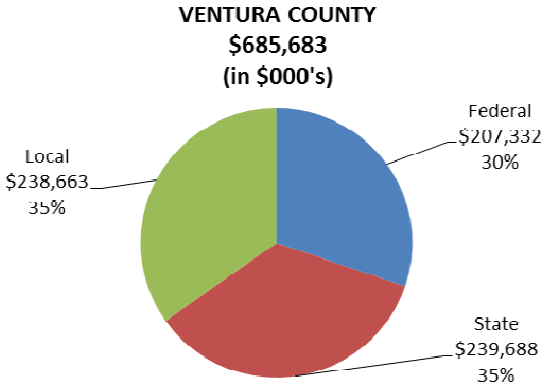












Environmental Justice

The Final 2012-2035 RTP/SCS, approved by the SCAG Regional Council on April 4, 2012 (and approved by FHWA/FTA with regard to transportation conformity on June 4, 2012), included a comprehensive environmental justice analysis. The 2015 FTIP is consistent with the policies, programs, and projects included in the 2012-2035 RTP/SCS, as amended by the proposed 2012-2035 RTP/SCS Amendment No. 2, and as such the environmental justice analysis included as part of the 2012-2035 RTP/SCS appropriately serves as the analysis for the transportation investments in the 2015 FTIP.

A key component of the 2012-2035 RTP/SCS development process was to further implement SCAG's Public Participation Plan, which involved outreach to achieve meaningful public engagement with minority and low-income populations, and included seeking input from our environmental justice stakeholders. As part of the environmental justice analysis for the 2012-2035 RTP/SCS, SCAG identified several performance measures to analyze existing social and environmental equity in the region and to address the impacts of the 2012–2035 RTP/SCS on various environmental justice population groups. These performance measures included impacts related to tax burdens, share of transportation system usage, jobs-housing imbalance or mismatch, potential gentrification and displacement, air quality, health, noise, and rail related impacts. For additional information regarding these and other environment justice performance measures and the detailed environmental justice analysis, please see http://rtpscs.scag.ca.gov/Documents/2012/final/SR/2012fRTP_EnvironmentalJustice.pdf .

Additionally, SCAG recently updated its Public Participation Plan, adopted on April 3, 2014, which addresses Title VI Requirements and Guidelines for Federal Transit Administration Recipients (FTA Circular 4702.1B; Effective October 1, 2012), including enhanced strategies for engaging minority and limited English proficient populations in SCAG's transportation planning and programming processes, as well as Environmental Justice Policy Guidance for Federal Transit Administration Recipients (FTA Circular 4703.1; Effective August 15, 2012).

Interagency Consultation and Public Participation

As stated earlier in this document, the 2015 FTIP complies with applicable federal and state requirements for interagency consultation and public involvement by following the strategies described in SCAG's Public Participation Plan (PPP) (for more information on SCAG's PPP please visit http://scag.ca.gov/Documents/PPP2014_Adopted-FINAL.pdf). In accordance with the PPP, SCAG's Transportation Conformity Working Group serves as a forum for interagency consultation.

On July 1, 2014 the Draft 2015 FTIP will be released for a 30-day public review period. In addition, during the public review period, two (2) public hearings will be held on the Draft 2015 FTIP on July 10th and 24th, 2014 at SCAG's Los Angeles office with video-conferencing available from SCAG Regional offices, located in Imperial, Orange, Riverside, San Bernardino, and Ventura Counties. These public hearings will be noticed in numerous newspapers throughout the region. The notices will be published in English, Spanish, Korean, Chinese, and Vietnamese languages (copies of these notices will be included in Section V of the Final Technical Appendix). The Draft 2015 FTIP is posted on the SCAG website and distributed to libraries throughout the region.

Likewise, the Guidelines for the 2015 FTIP went through a similar public review process. SCAG, in cooperation with the CTCs, TCWG, and other local, state and federal partners, completed its update of the 2015 FTIP Guidelines. The draft Guidelines were presented to the SCAG Transportation Committee for release on September 12, 2013. SCAG received comments during the review period from local, state and federal agencies as well as other interested parties, and revised the document as necessary. The Final Guidelines for the 2015 FTIP were approved by the SCAG Regional Council on October 3, 2013. For additional information on the 2015 FTIP Guidelines, please visit http://ftip.scag.ca.gov/Documents/Final2015FTIPGuidelines.pdf.

Economic Impacts of 2015 FTIP Program Expenditures
The FTIP's Investment Plan in terms of Economic Growth and Job Creation

The FTIP program budget includes spending on a mix of transportation projects – state highway, local highway, and transit – that are planned in six Southern California counties over a six- year time period beginning in 2014/2015 and ending in 2019/2020. Economic and job impacts were calculated using REMI, a regional impact model that estimates economic and employment gains arising from transportation and infrastructure investments.

FTIP expenditures are categorized by function into three broad industries: construction, transit operations, and architectural and engineering services. Highway operations and maintenance expenditures are included with construction given their similarity. Due to differences in economic impacts arising from different kinds of transportation spending, FTIP transportation project expenditure data is sorted by category, such as construction services, operations and maintenance for transit operations, and architectural and engineering services. Right-of-way acquisition costs are excluded since these represent a transfer of assets and are generally considered to have no economic impact. Each category of spending was modeled separately and their impacts summed. Employment estimates are measured on a job-count basis for employment gains and are reported on an annual basis, i.e., the number of jobs generated in each year respectively.

Over the six-year period, the FTIP program will generate an annual average of approximately 95,000 jobs in the six-county SCAG region. The total employment impact of the 2015 FTIP transportation program is shown in Figure 3.

Figure 3 - Jobs Creation

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average
SCAG	129295	120029	94064	95752	75996	52924	94677
Los Angeles	71009	53375	41898	36560	28183	14166	40865
Orange County	32838	39334	26587	25511	27799	19899	28661
San Bernardino County	10178	9889	7965	8596	5180	9764	8595
Riverside County	11755	13927	15265	22991	12493	8524	14159
Ventura County	3138	3104	2035	1760	2229	520	2131
Imperial County	375	400	314	336	112	51	265

In addition, the rest of the state of California will benefit from spillover impacts of an additional 6,900 jobs per year on average, and an additional 35,000 jobs per year on average will accrue to other states throughout the U.S.

These impacts are primarily related to the construction and maintenance-related benefits of the 2015 FTIP, or the economic and job creation impacts of the direct investment in transportation infrastructure. In addition, there are longer term economic impacts because of the relative efficiency of the regional transportation system. SCAG's 2012-2035 RTP/SCS included an analysis of economic impacts arising from efficiency gains in terms of worker and business economic productivity and goods movement that will beneficially impact Southern California, the state, and the nation in terms of economic development, competitive advantage, and overall economic competitiveness in the global economy. Projects that reduce congestion may help firms produce at lower cost, or allow those firms to reach larger markets or hire more capable employees. An economy with a well-functioning transportation system can be a more attractive place for firms to do business, enhancing the economic competitiveness of the SCAG region.
As Southern California slowly recovers from the Great Recession, these "transportation network efficiency" benefits become all the more important to in terms of attracting and retaining employers in the Southern California region. Economic analysis of the 2012-2035 SCAG RTP/SCS estimated that, when fully implemented, the network efficiency benefits of the RTP/SCS could result in 354,000 jobs per year on average. Transportation modeling of the 2015 FTIP shows overall increased network efficiency on the order of approximately 10%, suggesting increased network efficiency benefits over and above the 354,000 associated with the 2012 RTP.

TRANSPORTATION CONFORMITY

The FTIP must undergo the following criteria requirements to be in compliance: it must be consistent with the 2012-2035 RTP/SCS; it must meet regional emissions tests; it must meet timely implementation of TCMs; it must go through inter-agency consultation and public involvement; and it must be financially constraint.

CONFORMITY DETERMINATIONS FOR THE DRAFT 2015 FTIP

The 2015 FTIP meets all federal transportation conformity requirements and meets the five tests required under the U.S. DOT Metropolitan Planning Regulations and EPA's Transportation Conformity Regulations. SCAG has made the following conformity findings for the 2015 FTIP under the required federal tests.

- ✓ **Consistency with 2012-2035 RTP/SCS Test**
  Finding: SCAG's 2015 FTIP (project listing) is consistent with the 2012-2035 RTP/SCS as amended (policies, programs, and projects).

- ✓ **Regional Emissions Tests**
  These findings are based on the regional emissions test analyses shown in Tables 21 - 48 in Section II of the Technical Appendix.

  Finding: The regional emissions analyses for the 2015 FTIP is an update to the regional emissions analyses for the 2013 FTIP as previously amended and are identical to the regional emissions analyses for the Amendment No. 2 to the 2012-2035 RTP/SCS.

Finding: The 2015 FTIP regional emissions analysis for 1997 and 2006 $PM_{2.5}$ and its precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in the South Coast Air Basin (SCAB).

Finding: The 2015 FTIP regional emissions for 2008 ozone precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years for the Morongo Band of Mission Indians (Morongo), Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation (Pechanga), SCAB excluding Morongo and Pechanga, South Central Coast Air Basin ([SCCAB], Ventura County portion), Western Mojave Desert Air Basin ([MDAB], Los Angeles County Antelope Valley portion and San Bernardino County western portion of MDAB), and the Salton Sea Air Basin ([SSAB], Riverside County Coachella Valley and Imperial County portions).

Finding: The 2015 FTIP regional emissions for NO_2 meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in the SCAB.

Finding: The 2015 FTIP regional emissions for CO meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in SCAB.

Finding: The 2015 FTIP regional emissions for PM_{10} and its precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in SCAB and the SSAB (Riverside County Coachella Valley portion).

Finding: The 2015 FTIP regional emissions for PM_{10} meet the interim emission test (build/no-build test) for all milestone, attainment and planning horizon years for the MDAB (San Bernardino County portion excluding Searles Valley portion) and Searles Valley portion of San Bernardino County) and for the SSAB (Imperial County portion).

Finding: The 2015 FTIP regional emissions analysis for 2006 $PM_{2.5}$ and its precursors meet the interim emission test (build/no-build test) for all milestone, attainment and planning horizon years for the SSAB (urbanized area of Imperial County portion).

✓ Timely Implementation of TCM Test

Finding: The TCM project categories listed in the 1994/1997/2003/2007/2012 Ozone SIPs for the SCAB area were given funding priority, are expected to be implemented on schedule, and, in the case of any delays, any obstacles to implementation have been or are being overcome.

Finding: The TCM strategies listed in the 1994 (as amended in 1995) Ozone SIP for the SCCAB (Ventura County) were given funding priority, are expected to be implemented on schedule, and, in the case of any delays, any obstacles to implementation have been or are being overcome.

✓ Inter-agency Consultation and Public Involvement Test

Finding: The 2015 FTIP complies with all federal and state requirements for interagency consultation and public involvement by following the strategies described in SCAG's Public Participation Plan (PPP) (for more information on SCAG's PPP, please visit http://scag.ca.gov/publicparticipationplan/). In accordance with the PPP, SCAG's Transportation Conformity Working Group serves as a forum for interagency consultation.

The 2015 FTIP was discussed with the Transportation Conformity Working Group (TCWG), which includes representatives from the federal, state, and local air quality and transportation agencies, on multiple occasions (September 24, 2013; October 22, 2013; December 3, 2013; January 28, 2014; February 25, 2014; March 25, 2014; April 22, 2014; and May 27, 2014). The draft conformity analysis for the 2015 FTIP is scheduled to be released for a 30-day public review by July 1, 2014 and two public hearings are scheduled to be held on July 10 and July 24, 2014 at the SCAG's Los Angeles office with video-conferencing available from the County Regional Offices. The 2015 FTIP will be posted on the SCAG website, noticed in numerous newspapers, and distributed to libraries throughout the region. All conformity-specific comments, as well as other comments on the 2015 FTIP, will be documented and responded to as appropriate.

✓ Financial Constraint Test

Finding: The 2015 FTIP is fiscally constrained since it complies with federal financial constraint requirements under 23 U.S. Code Section 134(h) and 23 CFR Section 450.324(e) and is consistent with the Financial Plan contained in the 2012-2035 RTP/SCS. SCAG's 2015 FTIP demonstrates financial constraint in the financial plan by identifying all transportation revenues including local, state, and federal sources available to meet the region's programming totals.

2015 FEDERAL TRANSPORTATION IMPROVEMENT PROGRAM

MAIN OFFICE
818 West 7th Street, 12th Floor
Los Angeles, CA 90017
Phone: (213) 236-1800
Fax: (213) 236-1825

IMPERIAL COUNTY REGIONAL OFFICE
1405 North Imperial Avenue, Suite 1
El Centro, CA 92243
Phone: (760) 353-7800
Fax: (760) 353-1877

ORANGE COUNTY REGIONAL OFFICE
OCTA Building
600 South Main Street, 9th Floor
Orange, CA 92863
Phone: (714) 542-3687
Fax: (714) 560-5089

RIVERSIDE COUNTY REGIONAL OFFICE
3403 10th Street, Suite 805
Riverside, CA 92501
Phone: (951) 784-1513
Fax: (951) 784-3925

SAN BERNARDINO COUNTY REGIONAL OFFICE
Santa Fe Depot
1170 West 3rd Street, Suite 140
San Bernardino, CA 92418
Phone: (909) 806-3556
Fax: (909) 806-3572

VENTURA COUNTY REGIONAL OFFICE
950 County Square Drive, Suite 101
Ventura, CA 93003
Phone: (805) 642-2800
Fax: (805) 642-2260

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

please recycle 2544 2014.05.12

Transportation Conformity

Transportation conformity is required under the Federal Clean Air Act to ensure that federally-supported highway and transit project activities conform to the purpose of the State Implementation Plan (SIP). Conformity to the purpose of the SIP means that transportation activities will not cause new air quality violations, worsen existing violations, or delay timely attainment of the relevant National Ambient Air Quality Standards. Conformity applies to non-attainment and maintenance areas for the following transportation-related criteria pollutants: ozone, particulate matter ($PM_{2.5}$ and PM_{10}), carbon monoxide (CO), and nitrogen dioxide (NO_2).

Under the U.S. DOT metropolitan planning regulations and EPA's transportation conformity regulations, the Draft Amendment No. 2 to the 2012–2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) need to pass five tests: consistency with the adopted 2012–2035 RTP/SCS, regional emissions analysis, timely implementation of transportation control measures (TCMs), financial constraint, and interagency consultation and public involvement.

The findings of the conformity determination for the Draft Amendment No. 2 to the 2012–2035 RTP/SCS are presented below. Details of the regional emissions analysis follow the findings.

Conformity Findings

SCAG's transportation conformity findings for the Draft Amendment No. 2 to the 2012–2035 RTP/SCS are as follows:

- Consistency with 2012–2035 RTP/SCS Test
  Inclusion of the amended projects in the 2012–2035 RTP/SCS would not change any other policies, programs or projects in the federally approved 2012–2035 RTP/SCS.
  - Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS are consistent with the federally approved 2012–2035 RTP/SCS as previously amended and meet all federal and state requirements and regulations.
- Regional Emissions Tests
  - Finding: The regional emissions analyses for the Draft Amendment No. 2 to the 2012–2035 RTP/SCS update the regional emissions analyses for the federally approved 2012–2035 RTP/SCS as previously amended and are identical to the regional emissions analyses for the Draft 2015 FTIP.
  - Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions analysis for 1997 and 2006 $PM_{2.5}$ and its precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in the South Coast Air Basin (SCAB).
  - Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions for 2008 ozone precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years for the Morongo Band of Mission Indians (Morongo), Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation (Pechanga), SCAB excluding Morongo and Pechanga, South Central Coast Air Basin ([SCCAB], Ventura County portion), Western Mojave Desert Air Basin ([MDAB], Los Angeles County Antelope Valley portion and San Bernardino County western portion of MDAB), and the Salton Sea Air Basin ([SSAB], Riverside County Coachella Valley and Imperial County portions).
  - Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions for NO_2 meet all applicable

emission budget tests for all milestone, attainment, and planning horizon years in the SCAB.

- Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions for CO meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in SCAB.
- Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions for PM_{10} and its precursors meet all applicable emission budget tests for all milestone, attainment, and planning horizon years in SCAB and the SSAB (Riverside County Coachella Valley portion).
- Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions for PM_{10} meet the interim emission test (build/no-build test) for all milestone, attainment and planning horizon years for the MDAB (San Bernardino County portion excluding Searles Valley portion) and Searles Valley portion of San Bernardino County) and for the SSAB (Imperial County portion).
- Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS regional emissions analysis for 2006 $PM_{2.5}$ and its precursors meet the interim emission test (build/no-build test) for all milestone, attainment and planning horizon years for the SSAB (urbanized area of Imperial County portion).

- Timely Implementation of TCMs Test

  The Draft Amendment No. 2 to the 2012–2035 RTP/SCS does not revise or otherwise alter the scope, schedule, funding priority, or implementation of any TCM.

  - Finding: The TCM project categories listed in the 1994/1997/2003/2007/2012 Ozone SIPs for the SCAB area were given funding priority, are expected to be implemented on schedule, and, in the case of any delays, any obstacles to implementation have been or are being overcome.
  - Finding: The TCM strategies listed in the 1994 (as amended in 1995) Ozone SIP for the SCCAB (Ventura County) were given funding priority, are expected to be implemented on schedule, and, in the case of any delays, any obstacles to implementation have been or are being overcome.

- Financial Constraint Test
  - Finding: All projects listed in the Draft Amendment No. 2 to the 2012–2035 RTP/SCS are financially constrained for all fiscal years. Fiscal constraint is analyzed in the Fiscal Impact chapter of this report.

- Interagency Consultation and Public Involvement Test
  - Finding: The Draft Amendment No. 2 to the 2012–2035 RTP/SCS comply with all federal requirements for interagency consultation and public involvement. The amendment was discussed at the Transportation Conformity Working Group (TCWG), which includes representatives from the federal, state, and local air quality and transportation agencies, on several occasions (September 24, 2013; January 28, 2014; and May 27, 2014). The draft conformity analysis is scheduled to be released for a 30-day public review by July 1, 2014 and two public hearings are scheduled to be held in July 2014 at the SCAG's Los Angeles office with video-conferencing available from the County Regional Offices. The Draft Amendment document will be posted on the SCAG website, noticed in numerous newspapers, and distributed to libraries throughout the region. All conformity-specific comments will be documented and responded to.

Regional Emissions Analysis

The following tables summarize the required regional emission analyses for each of the non-attainment and maintenance areas within SCAG's jurisdiction. For those areas which require budget tests, the emissions values in the tables below utilize the rounding convention used by California Air Resources Board to set the budgets (i.e., any fraction rounded up to the nearest ton), and are the basis of the conformity findings for these areas. For paved road dust ($PM_{2.5}$ and PM_{10}), SCAG uses the approved AP-42 method with VMT by facility type for all applicable milestone, attainment and planning horizon years.

South Central Coast Air Basin – Ventura County Portion

Table 1. 2008 8-Hour Ozone (Summer Planning Emissions [tons/day])

Pollutant		2014	2021	2030	2035
ROG	Budget	13	13	13	13
	Plan	8	5	4	4
	Budget – Plan	**5**	**8**	**9**	**9**
NOx	Budget	19	19	19	19
	Plan	15	8	6	6
	Budget – Plan	**4**	**11**	**13**	**13**

South Coast Air Basin

Table 2. 2008 8-Hour Ozone (Summer Planning Emissions [tons/day])

Pollutant		Nonattainment Area	2014	2017	2018	2020	2021	2023	2032	2035
ROG	Budget	SCAB	136	119	119	108	108	99	99	99
	Plan	Morongo	0.4	0.4[a]	0.3	0.3	0.3	0.3	0.3	0.3
		Pechanga	0.0	0.0[a]	0.0	0.0	0.0	0.0	0.0	0.0
		SCAB excluding Morongo and Pechanga	129.3	104.9[a]	96.7	86.8	83.9	77.8	67.1	61.7
		Sum	129.7	105.3	97.1	87.2	84.2	78.1	67.4	62.0
		SCAB	130	106	98	88	85	79	68	63
	Budget – Plan		**6**	**13**	**21**	**20**	**23**	**20**	**31**	**36**
NOx	Budget	SCAB	277	224	224	185	185	140	140	140
	Plan	Morongo	1.8	1.5[a]	1.5	1.3	1.2	1.0	1.0	1.0
		Pechanga	0.0	0.0[a]	0.0	0.0	0.0	0.0	0.0	0.0
		SCAB excluding Morongo and Pechanga	259.0	205.5	187.6	160.8	148.3	124.9	109.9	106.4
		Sum	260.8	207.0	189.1	162.1	149.5	126.0	110.9	107.4
		SCAB	261	208	190	163	150	126	111	108
	Budget – Plan		**16**	**16**	**34**	**22**	**35**	**14**	**29**	**32**

[a] *2017 interpolated between 2014 and 2018*

Table 3. 1997 and 2006 $PM_{2.5}$ (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
ROG	Budget	132	132	132	132
	Plan	127	85	68	61
	Budget – Plan	**5**	**47**	**64**	**71**
NOx	Budget	290	290	290	290
	Plan	282	175	121	115
	Budget – Plan	**8**	**115**	**169**	**175**
$PM_{2.5}$	Budget	35	35	35	35
	Plan	21	14	12	12
	Budget – Plan	**14**	**21**	**23**	**23**

Table 4. PM_{10} (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
ROG	Budget	182	110	81	81
	Plan[a]	127	80	54	47
	Budget – Plan	**55**	**40**	**27**	**34**
NOx	Budget	372	180	116	116
	Plan[a]	282	171	106	100
	Budget – Plan	**90**	**9**	**10**	**16**
PM_{10}	Budget	159	164	175	175
	Plan	83	85	93	94
	Budget – Plan	**76**	**79**	**82**	**81**

a Including baseline adjustments provided by ARB in May 2014.

Table 5. CO (Winter Emissions [tons/day])

Pollutant		2015	2020	2030	2035
CO	Budget	2,137	2,137	2,137	2,137
	Plan	1,053	696	510	461
	Budget – Plan	**1,804**	**1,441**	**1,627**	**1,676**

Table 6. NO_2 (Winter Emissions [tons/day])

Pollutant		2014	2020	2030	2035
NO_2	Budget	680	680	680	680
	Plan	277	172	118	113
	Budget – Plan	**403**	**508**	**562**	**567**

Western Mojave Desert Air Basin – Los Angeles County (Antelope Valley Portion) and San Bernardino County (Western Portion of MDAB)

Table 7. 2008 8-Hour Ozone (Summer Planning Emissions [tons/day])

Pollutant		2014	2020	2027	2035
ROG	Budget	22	22	22	22
	Plan	9	6	6	6
	Budget – Plan	**13**	**16**	**16**	**16**
NOx	Budget	77	77	77	77
	Plan	29	19	16	18
	Budget – Plan	**48**	**58**	**61**	**59**

Mojave Desert Air Basin – San Bernardino County Portion Excluding Searles Valley

Table 8. PM10 (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
PM_{10}	No Build	9.6	10.5	13.6	15.1
	Build	8.9	9.5	12.4	13.6
	No Build – Build	**0.7**	**1.0**	**1.2**	**1.5**

Mojave Desert Air Basin – Searles Valley portion of San Bernardino County

Table 9. PM10 (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
PM_{10}	No Build	0.0	0.0	0.0	0.0
	Build	0.0	0.0	0.0	0.0
	No Build – Build	**0.0**	**0.0**	**0.0**	**0.0**

Salton Sea Air Basin – Riverside County Coachella Valley Portion

Table 10. 2008 8-Hour Ozone (Summer Planning Emissions [tons/day])

Pollutant		2014	2020	2027	2035
ROG	Budget	7	7	7	7
	Plan	4	3	3	3
	Budget – Plan	**3**	**4**	**4**	**4**
NOx	Budget	26	26	26	26
	Plan	15	10	8	9
	Budget – Plan	**11**	**16**	**18**	**17**

Table 11. PM10 (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
PM_{10}	Budget[a]	10.9	10.9	10.9	10.9
	Plan	5.0	5.6	6.8	7.0
	Budget – Plan	**5.9**	**5.3**	**4.1**	**3.9**

[a] *Budget set to one decimal place by 2003 Coachella SIP.*

Salton Sea Air Basin – Imperial County Portion

Table 12. 2008 Ozone (Summer Planning Emissions [tons/day])

Pollutant		2015	2020	2030	2035
ROG	Budget	7	7	7	7
	Plan	3	3	3	3
	Budget – Plan	**4**	**4**	**4**	**4**
NOx	Budget	17	17	17	17
	Plan	9	7	7	7
	Budget – Plan	**8**	**10**	**10**	**10**

Table 13. 2006 PM2.5 (24-Hour Emissions [tons/day])

Pollutant		2014	2020	2030	2035
NOx	No Build	4.7	3.2	3.0	3.2
	Build	4.6	3.1	2.9	3.1
	No Build – Build	0.1	0.1	0.1	0.1
$PM_{2.5}$	No Build	0.2	0.2	0.3	0.3
	Build	0.2	0.2	0.3	0.3
	No Build – Build	**0.0**	**0.0**	**0.0**	**0.0**

Table 14. PM10 (24-HOUR Emissions [tons/day])

Pollutant		2014	2020	2030	2035
PM_{10}	No Build	1.6	1.7	2.0	2.2
	Build	1.1	1.4	1.7	1.8
	No Build – Build	**0.5**	**0.3**	**0.3**	**0.4**

This Page Intentionally Left Blank

AGENDA ITEM NO. 5

REPORT

DATE: August 7, 2014

TO: Community, Economic and Human Development (CEHD) Committee
Energy and Environment Committee (EEC)

FROM: Simon Choi, Chief of Research and Forecasting; 213-236-1849; choi@scag.ca.gov

SUBJECT: 25th Annual SCAG/USC Demographic Workshop held June 9, 2014 - Summary Report

EXECUTIVE DIRECTOR'S APPROVAL: Hasan Ikhrata

RECOMMENDED ACTION:
For Information Only – No Action Required.

EXECUTIVE SUMMARY:
SCAG staff will provide a summary report of the 25th Annual Demographic Workshop with the University of Southern California (USC) held on June 9, 2014 at the USC Davidson Conference Center.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan; Goal 4: Develop, Maintain and Promote the Utilization of State of the Art Models, Information Systems and Communication Technologies; Objective b: Develop, maintain and enhance data and information to support planning and decision making in a timely and effective manner.

BACKGROUND:
SCAG and the USC Sol Price School of Public Policy co-hosted the 25th Annual Demographic Workshop: "Demographics of Poverty and Progress after the Recession" held on June 9, 2014 at the Davidson Continuing Education Conference Center at USC.

The luncheon keynote speaker was Professor Raphael W. Bostic of USC, a former Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development. His keynote speech was on "Poverty and Progress", and addressed three questions: "Where are we now? What has been accomplished? and What are our next steps?"

The first panel presented on (1) "California's Population and the Future" by Dr. Walter Schwarm, Research Program Specialist for the Demographic Research Unit of the California Department of Finance (DOF); (2) "Tracking -- and Modeling -- Nativity In State and Sub-state Population Projections for California" by Mr. John Pitkin, President of Analysis and Forecasting, Inc.; and (3) "The New Generational Future of Los Angeles" by Dr. Dowell Myers, Professor of Policy, Planning, and Demography for Sol Price School of Public Policy at USC.

The second panel featured "New Methods for Calculating Poverty," presented by Dr. Sarah Bohn, Research Fellow for Public Policy Institute for California (PPIC), and "Poverty Trends and Links to Demographic and Economic Change," presented by Dr. Frank Wen, Manager of Research and Analysis at SCAG.

The third panel highlighted strategies to address poverty, specifically "The Role of Education and Training – What Else is Needed?" presented by Mr. Stephen Levy, Director and Senior Economist of Center for Continuing Study for the California Economy; and the "Poverty Concentration in the Inland Empire and Possible Solutions" by Dr. John Husing, Chief Economist of the Inland Empire Economic Partnership (IEEP).

Afternoon roundtable discussions provided participants with new information about diverse demographic topics such as the (1) American Community Survey of the US Census Bureau; (2) Data Resources of the DOF Demographic Research Unit; (3) Migration of Population Forecasts; (4) School Forecasting and Operations; (5) Income Inequality Trends from a Regional Housing Policy Standpoint; and (6) Birth Trends in Los Angeles County and Potential Health Impacts.

This year's workshop included 130 participants from 30 different government agencies, non-profit organizations and universities in California. SCAG Regional Council and Policy Committee members who attended are as follows: Mayor Pam O'Connor of Santa Monica, Mayor Ray Musser of Upland, Mayor Debbie Franklin of Banning, Mayor Pro Tem Margaret Clark of Rosemead, and Council Member Sandra Genis of Costa Mesa. Representatives from the San Diego Association of Governments (SANDAG), Sacramento Area Council of Governments (SACOG), and Santa Barbara County Association of Governments also attended the workshop.

The program, presentation materials, photo gallery, and the press release are posted on the SCAG website at http://www.scag.ca.gov/calendar/Pages/DemographicWorkshop.aspx.

FISCAL IMPACT:
Work associated with this item was included in FY 2013-14 Budget under 800.SCG00160.04

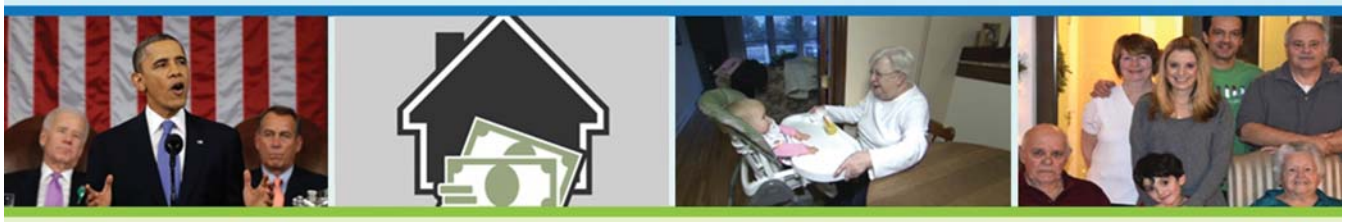
ATTACHMENT:
Summary of 25th Annual SCAG/USC Demographic Workshop (June 9, 2014)

Summary of the 25th Annual SCAG-USC Demographic Workshop (June 9, 2014):

DEMOGRAPHICS OF POVERTY AND PROGRESS AFTER THE RECESSION

Simon Choi, Chief of Research and Forecasting
Frank Wen, Manager of Research and Analysis

Community, Economic & Human Development (CEHD) Committee,
Energy and Environment Committee (EEC),
August 7, 2014

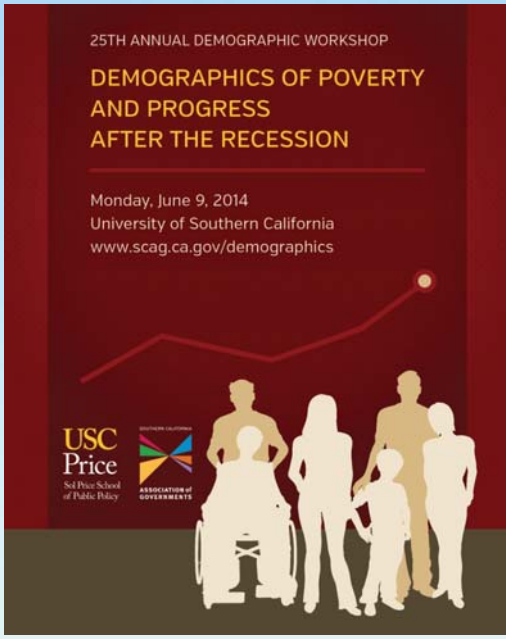


SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

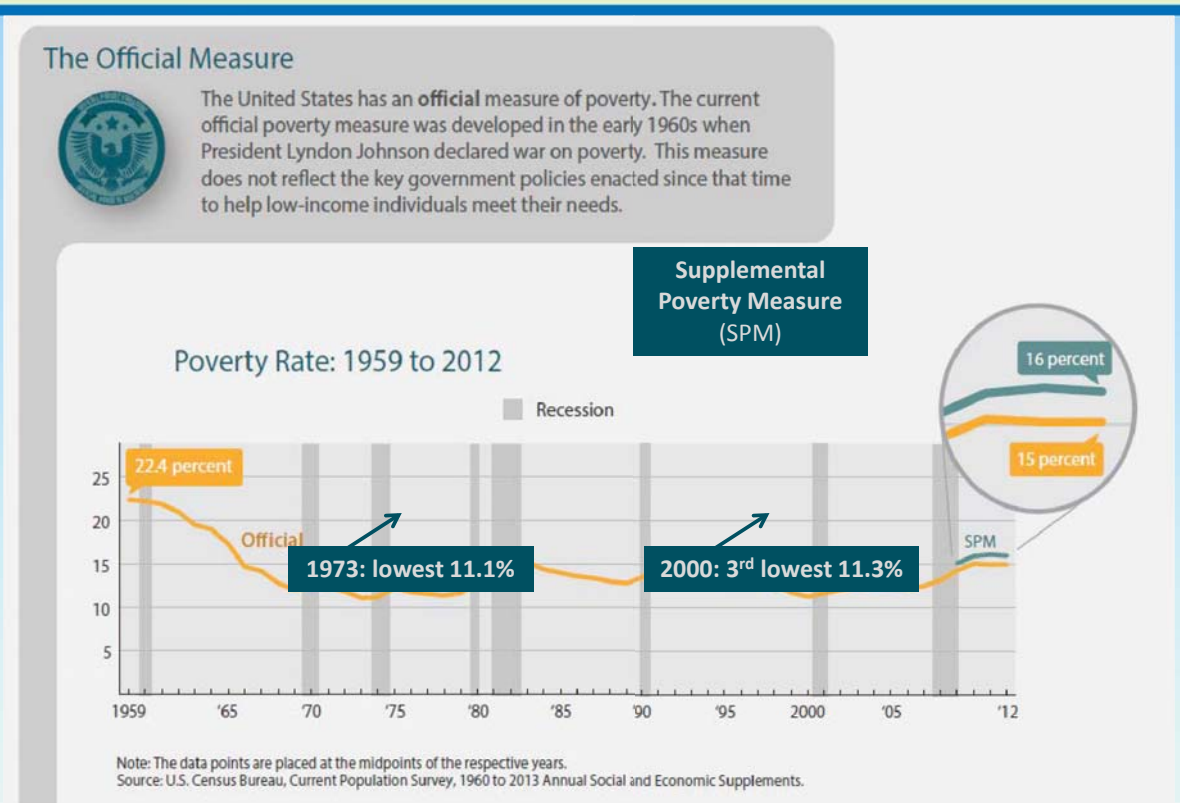
1

Findings from the 25th Annual Demographic Workshop

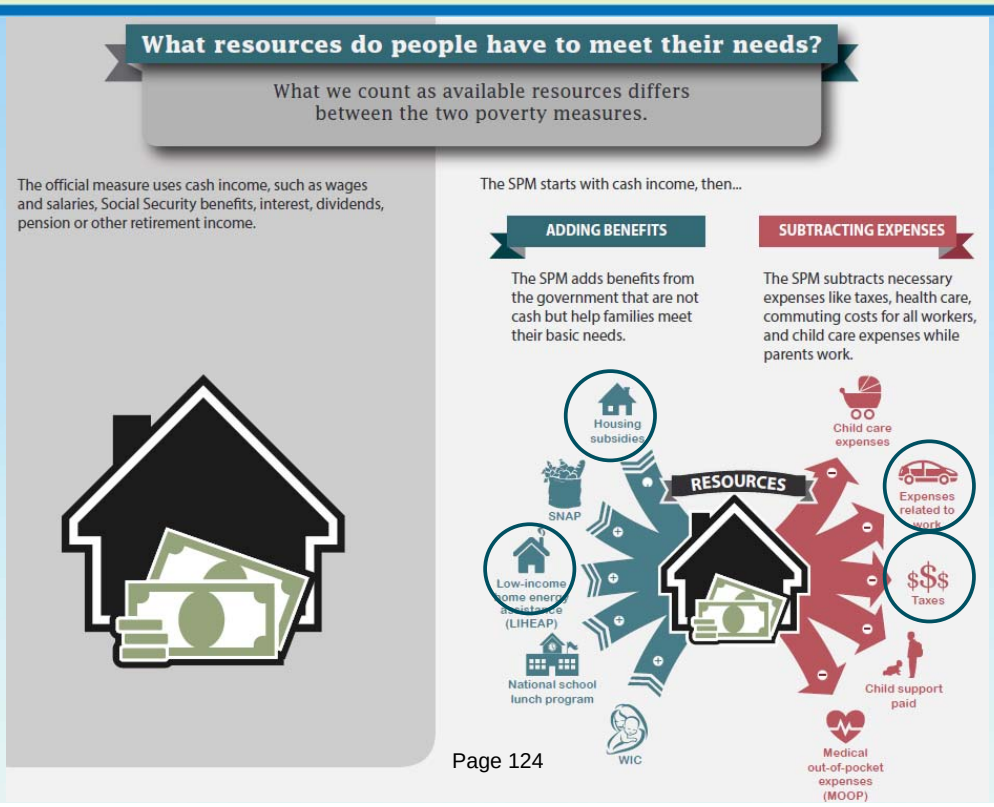
1. Supplemental Poverty Measures (SPM)
   - Broader policy options
2. Demographic trends (Prof. Myers' research)
   - Slow population growth
     - Less children
     - Less immigrants
   - Aging
     - Longevity
3. Future challenges/opportunities along with key strategies to fight the war on poverty



Bureau of the Census Measurement of Poverty



Explicit and Interconnected Policy Options to Fight Poverty from SPM

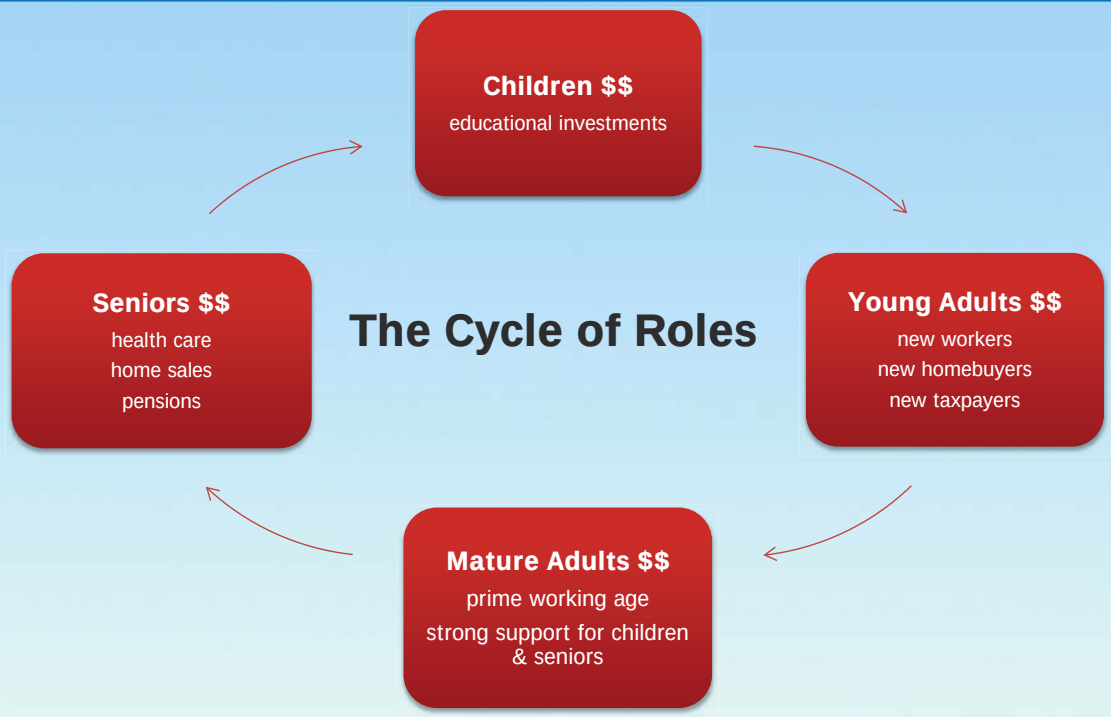


10 Major Demographic Changes

1. Continued low population growth
2. Declining number of children
3. Annual flow of new immigrants is plunging
4. Foreign born is peaked or declining
5. Long settled foreign born
6. Rise of immigrants second generation
7. Slower racial and ethnic changes
8. A soaring senior ratio- population aging
9. The home grown (growth from native Californians) revolution
10. Rising index of Children's importance

Source: Dowell Myers, "The New Generation Future of Los Angeles," 25th Annual Demographic Workshop, June 9, 2014.

The Intergenerational Partnership



Source: Dowell Myers, "The New Generation Future of Los Angeles," 25th Annual Demographic Workshop, June 9, 2014.

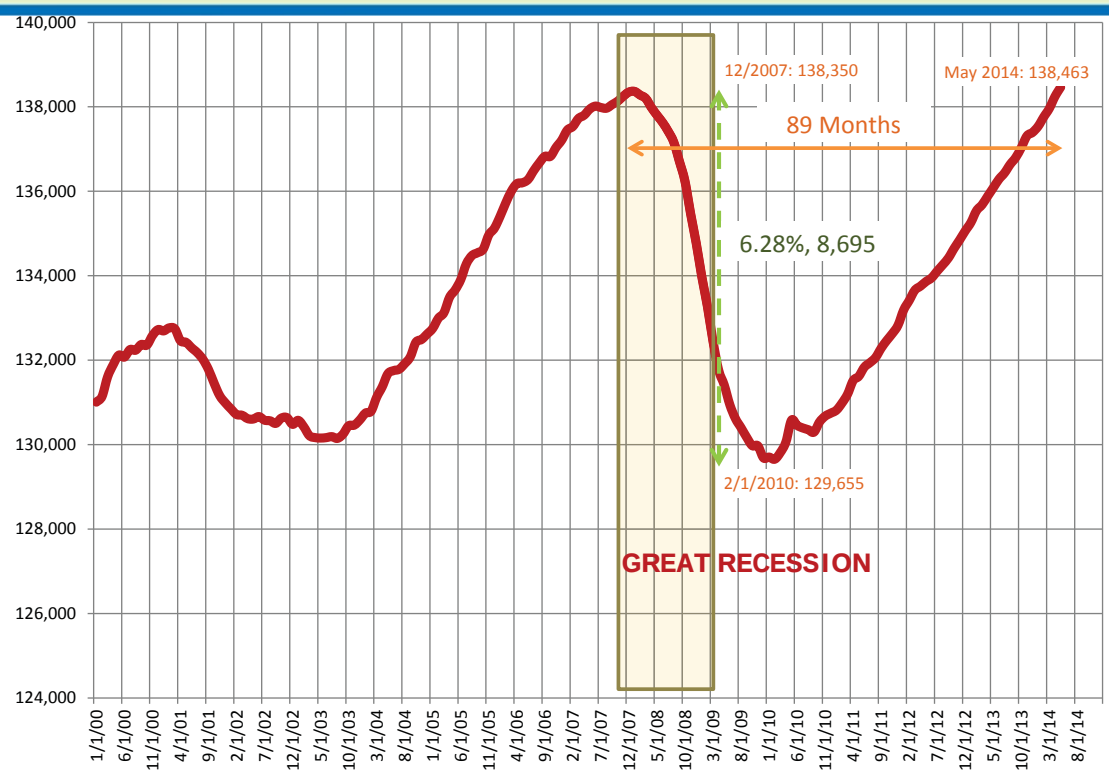
Top 5 Solutions to Cut Poverty Proposed by President Obama in State of the Union Address

1. Creating good jobs
2. Raising wages
3. Training the next generation of workers
4. Investing in children
5. Strengthening families

Challenges and Implications

1. Job growth and the quality of job growth
2. Education/labor force training
3. Globalization
   - Outsourcing in health care, R & D
   - Immigration
4. Income Distribution
   - Labor market dysfunction
   - Wages
5. Family and household structure
   - Married couple household
   - Single person household
   - Multi-generation household?
6. Aging population
   - Baby Boomers – 10,000 everyday turning 65+ for the next 20 years
   - Impacts on economic growth
   - Challenges on government budget and program at all levels

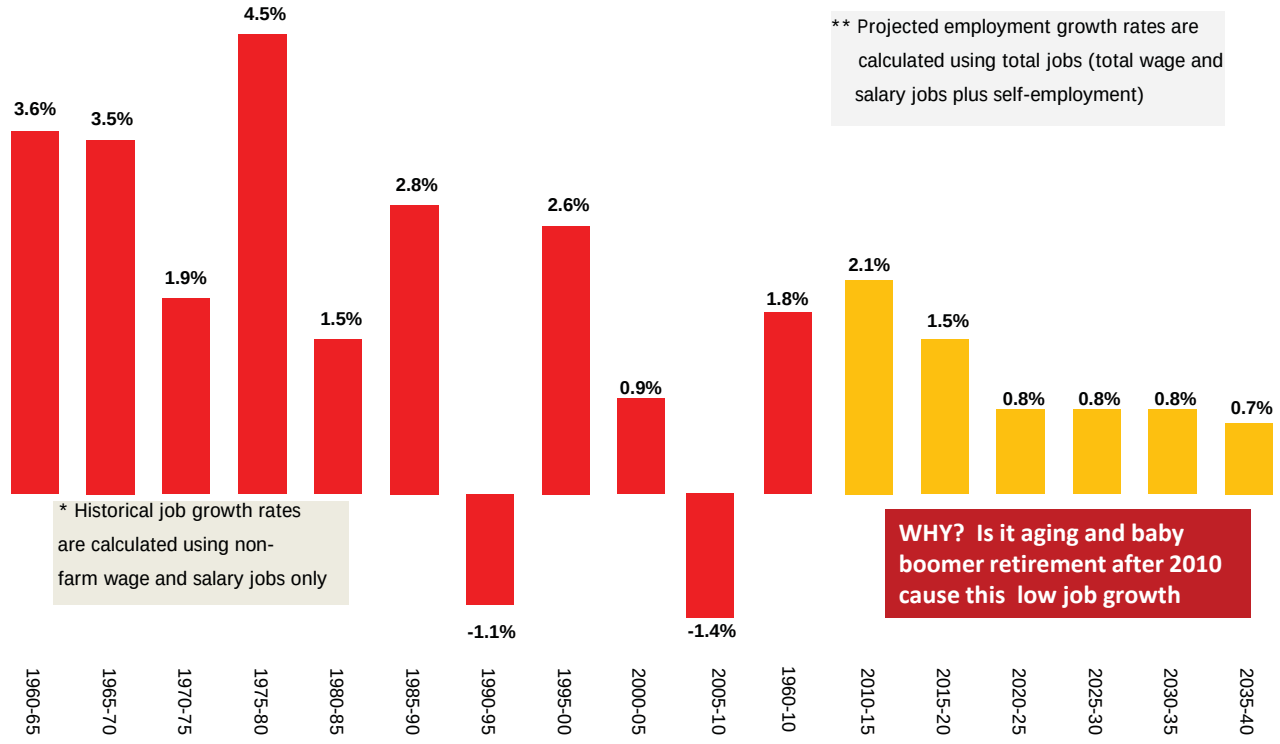
We Finally Came Back, but Level of Job Growth May Post Challenges in the Future?



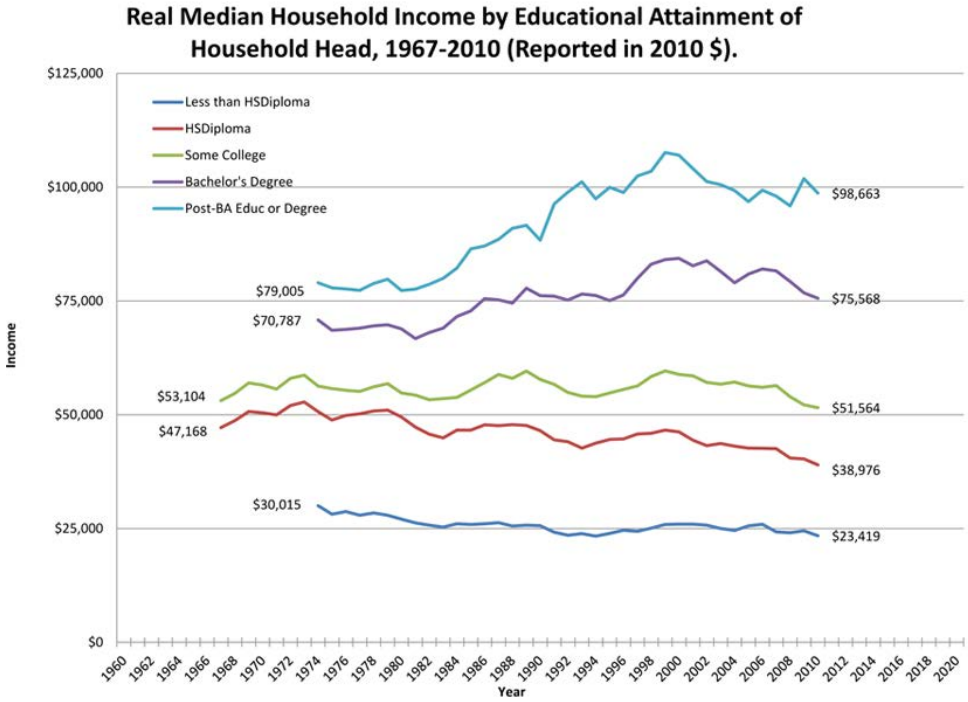
Quality of Job Growth (Good Pay) is the Issue

Source: NELP analysis of Current Population Survey. All estimates measured at Quarter 1.

SCAG Historical* and Projected** Employment Growth

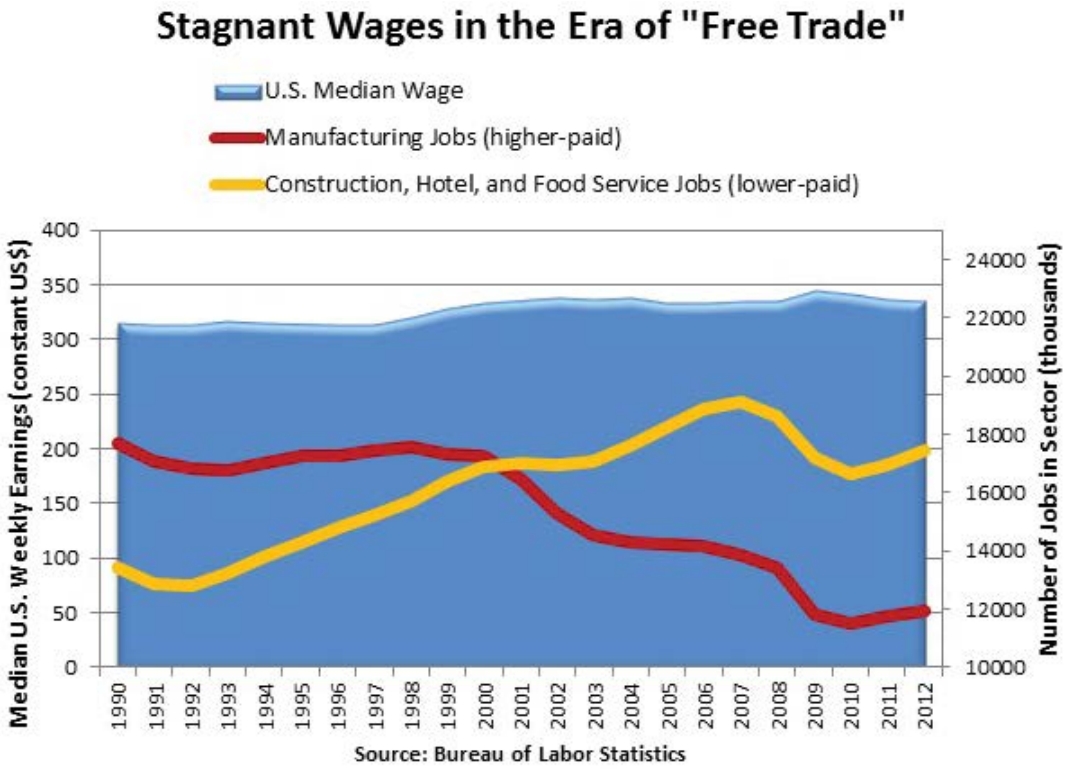


Without a Bachelor's Degree and Above, No Real Income Changes

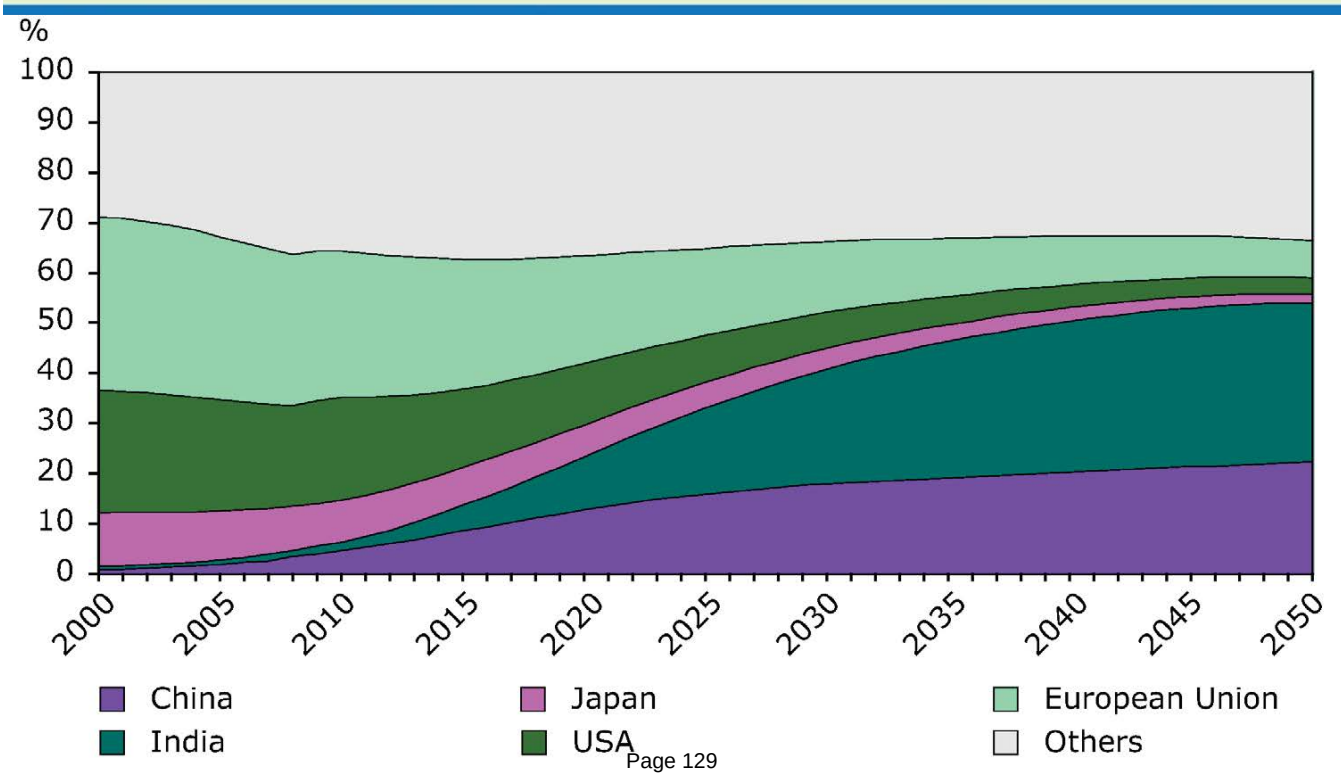


Data Source: U.S. Census Bureau. 2011. Tables H-13 and H-14, Educational Attainment and Years of School Completed, from Historical Income Tables, @ http://www.census.gov/hhes/www/income/data/historical/index.html.

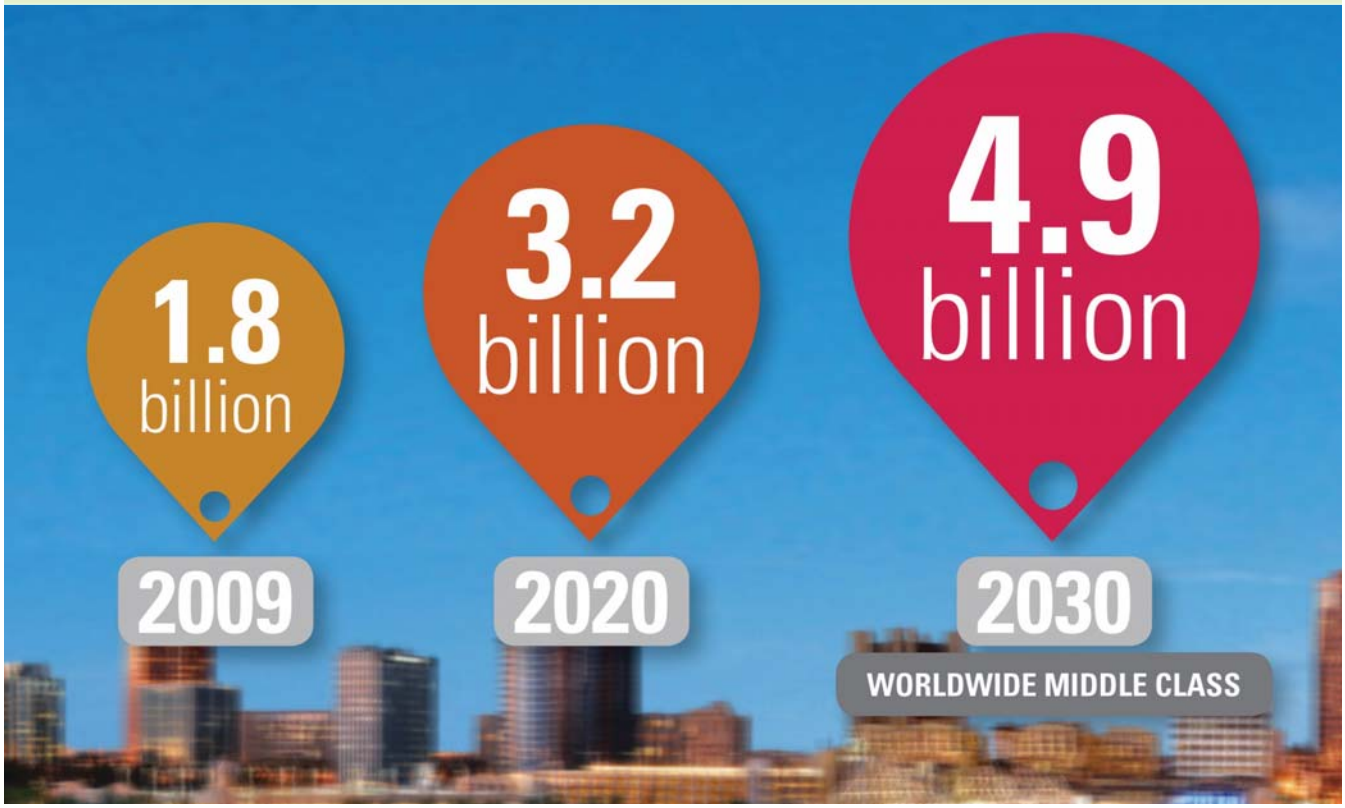
The Negative Impacts from Globalization?



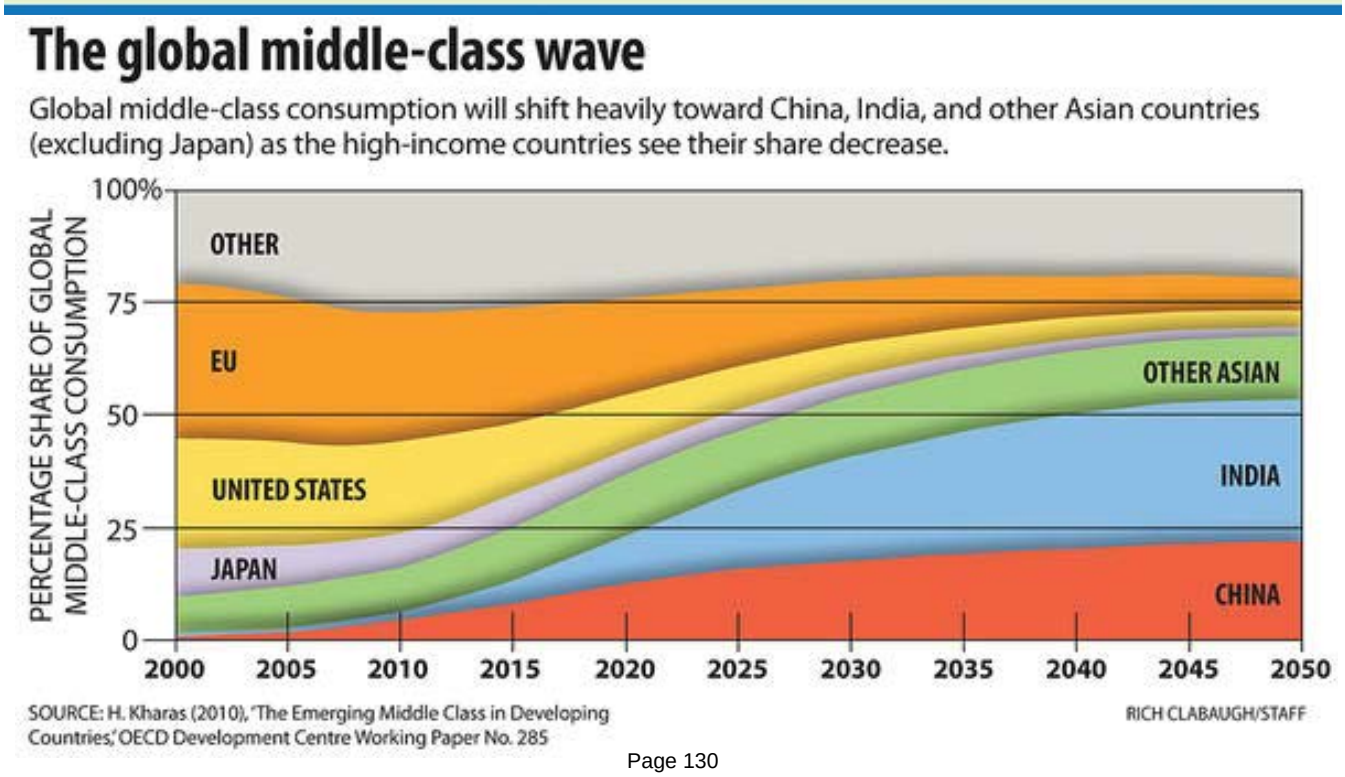
Emerging Global Middle Income Class



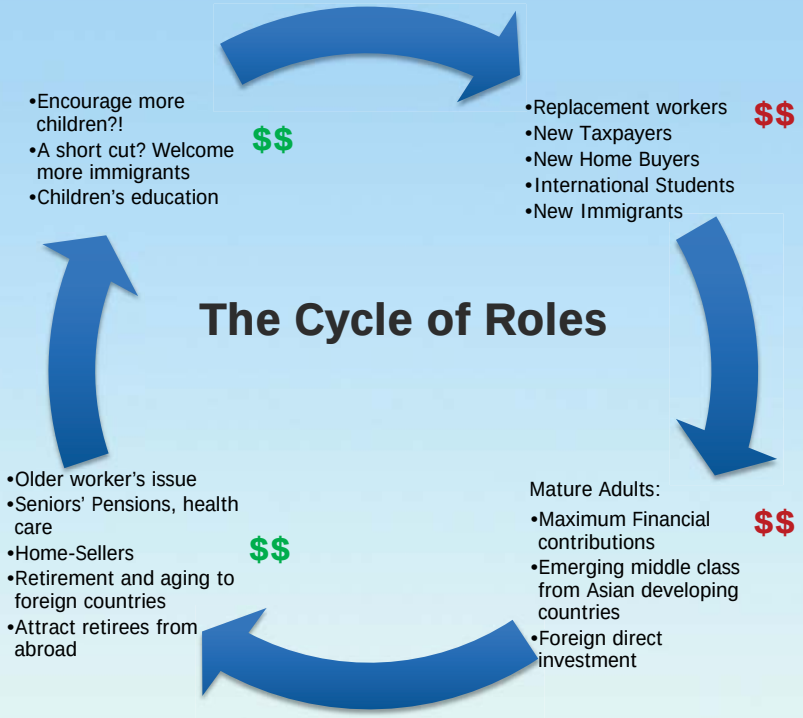
Emerging Global Middle Income Class



Emerging Global Middle Income Class



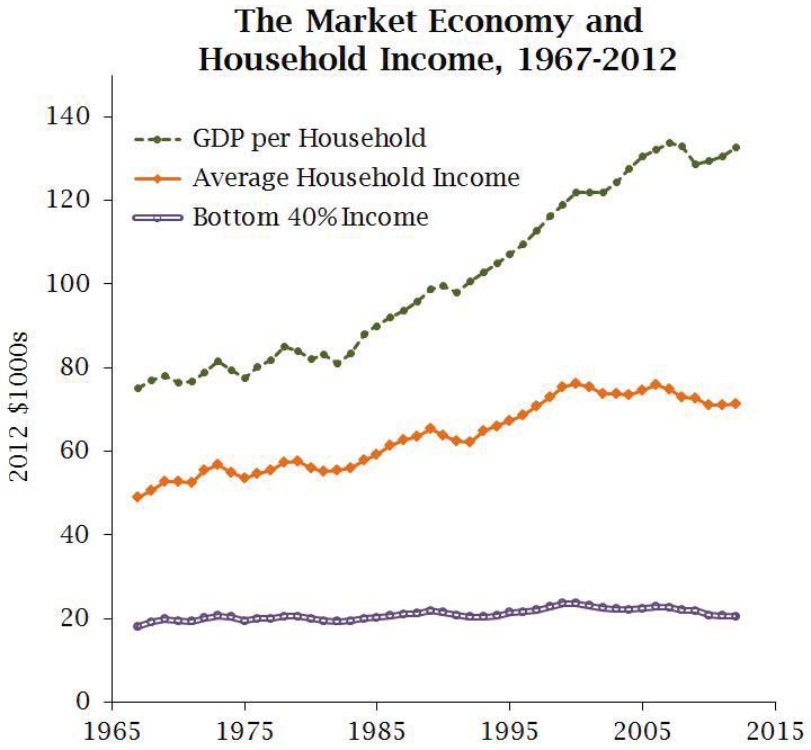
International/Intergenerational Social Contract



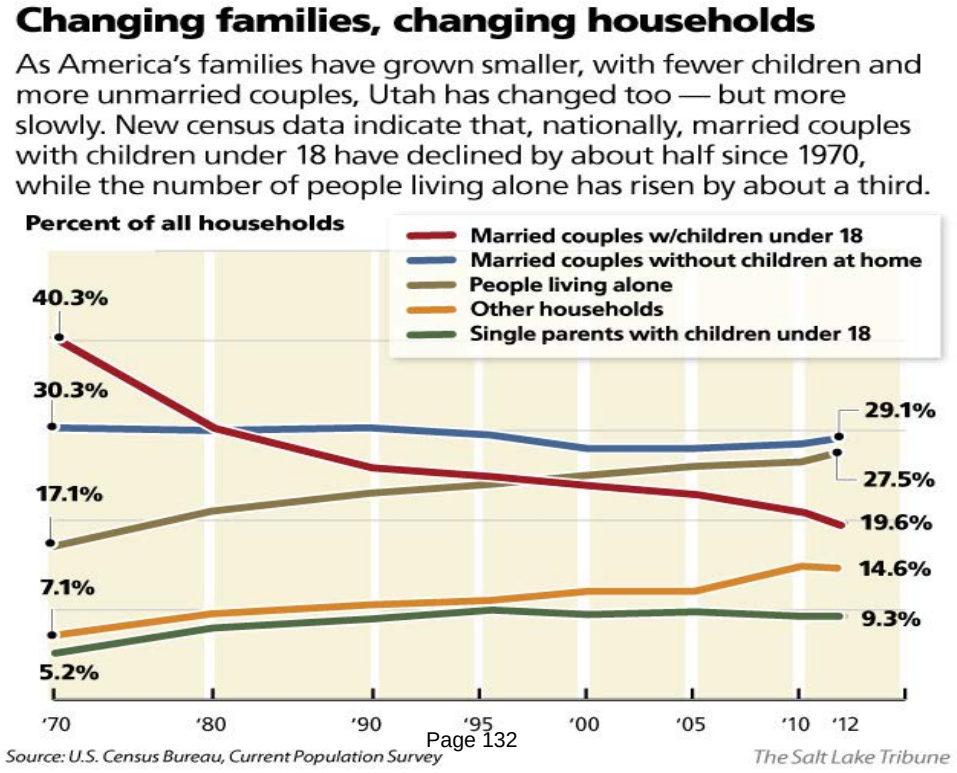
Source: SCAG revision based on Immigrants and Boomers, Chapter 9

The Growth of Economy is Not Equitability Shared?!

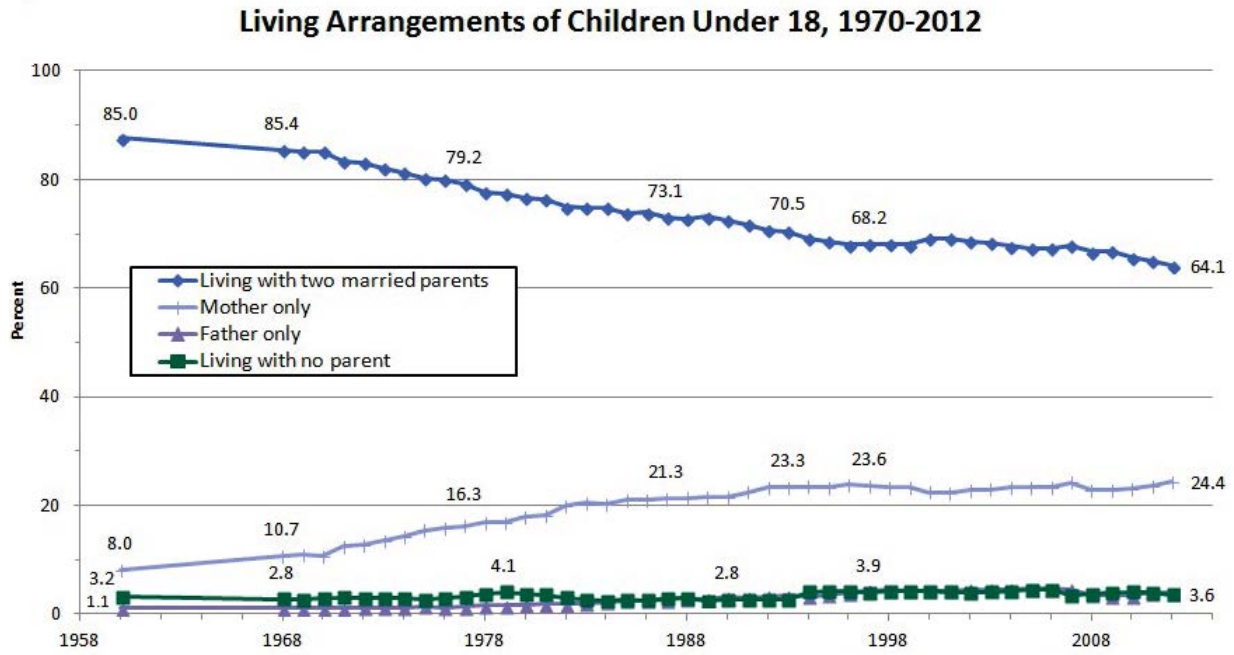
Another Example: Growth of Economy is Not Equitability Shared?!



Changes in American Family Structure Have Been a Huge Challenge to Address Poverty



Major Trends Cause High Poverty Rates for Children



Note: Children livingwith two married parents may be living with biological, adoptive, or non-bioligical parents. Children living with mother only or father only may also be living with the parent's unmarried partner.
Source: Data for 2008-2012: Child Trends calculations of U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement. "America's Families and Living Arrangements".

Emerging Housing Demand?

The new American household: 3 generations, 1 roof.

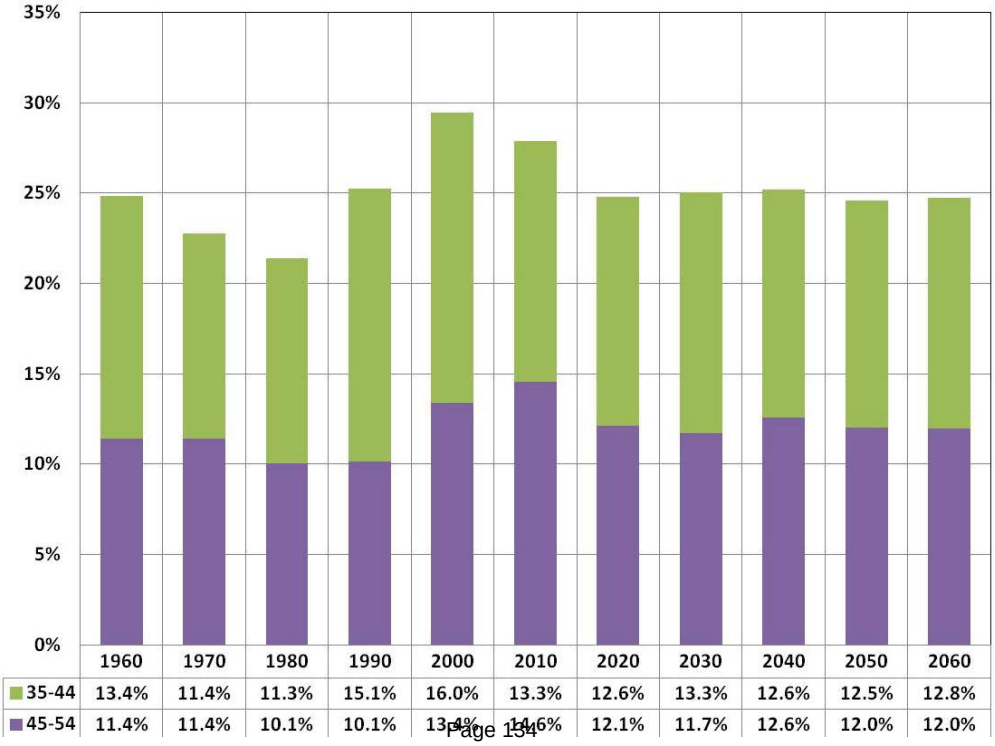
Aging: Who Are Baby Boomers?

A Snapshot as of 2000 and 2010

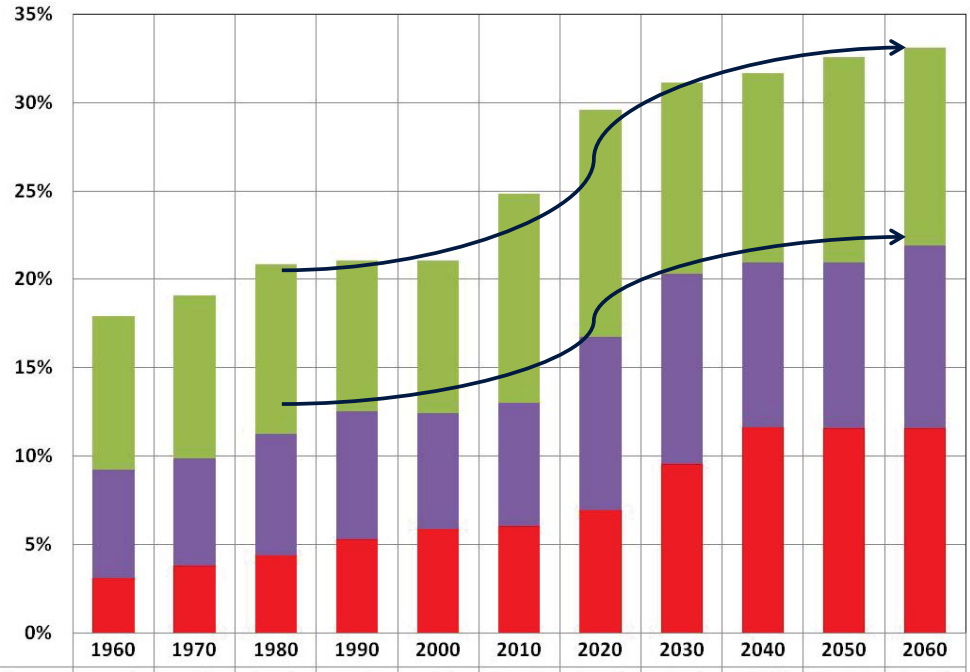
Who Are Baby Boomers (Born between 1946-64)?

	As of 2000	As of 2010
Age ranges	36-54	46-64
Population size	83,484,000	81,489,455
Share of total population	30%	26%
Number of employed workers	63,633,700	54,827,000
Share of employed workers	46%	39%
Share of total income	54%	46%
Share of expenditures	50%	43%
Share of taxes paid	57%	60%

Historical and Projected US Population Shares by Age Cohorts 35-44 and 45-54

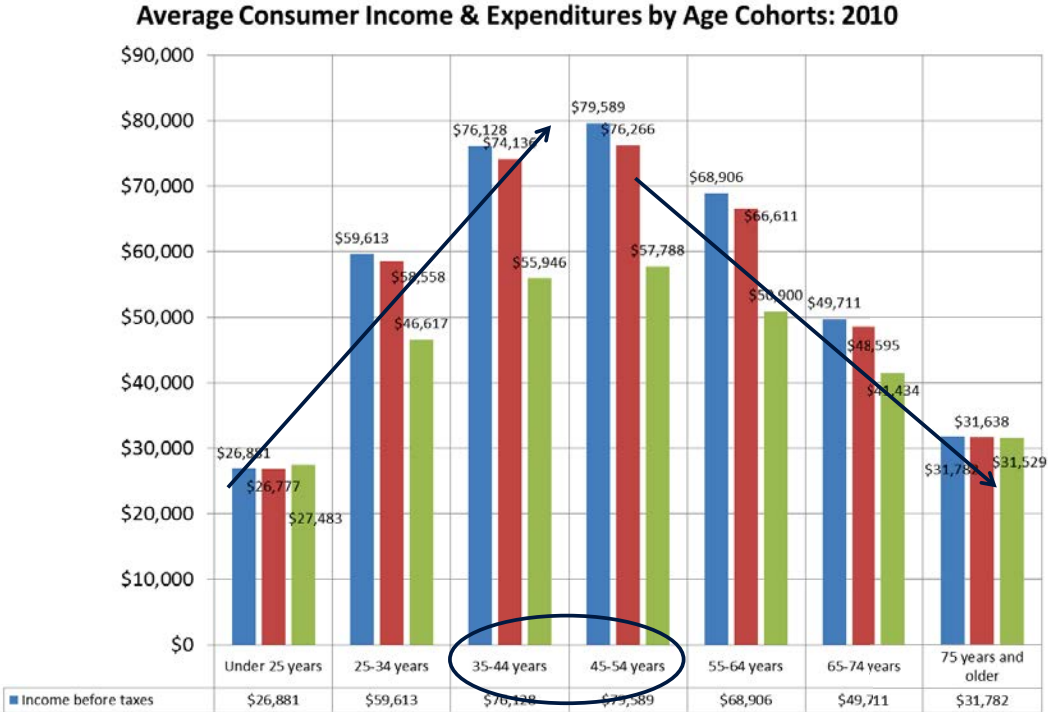


Historical and Projected US Population Shared by Age Cohorts 55 and Above



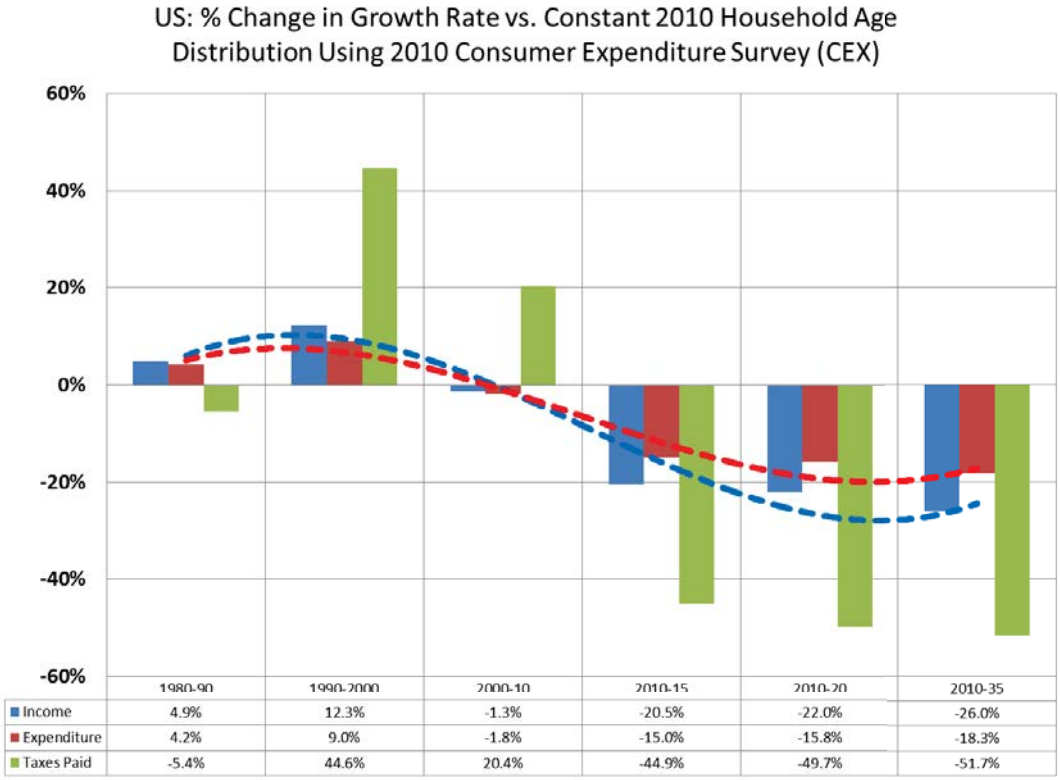
	1960	1970	1980	1990	2000	2010	2020	2030	2040	2050	2060
55-64	8.7%	9.2%	9.6%	8.5%	8.6%	11.8%	12.8%	10.8%	10.7%	11.6%	11.2%
65-74	6.1%	6.1%	6.9%	7.3%	6.5%	7.0%	9.8%	10.8%	9.3%	9.4%	10.3%
75 & Above	3.1%	3.8%	4.4%	5.3%	5.9%	6.0%	6.9%	9.5%	11.6%	11.6%	11.6%

Average Consumer Income and Expenditures by Age Cohorts: 2010

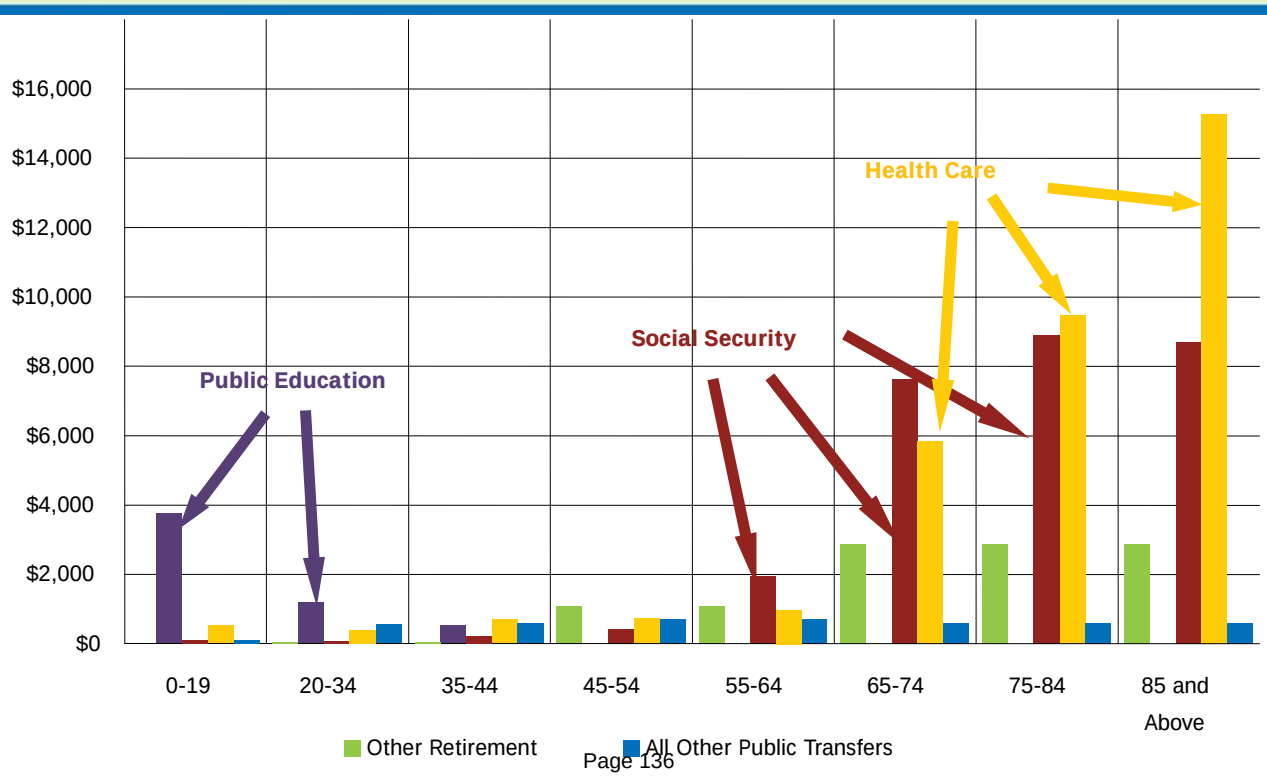


	Under 25 years	25-34 years	35-44 years	45-54 years	55-64 years	65-74 years	75 years and older
Income before taxes	$26,881	$59,613	$76,128	$79,589	$68,906	$49,711	$31,782
Income after taxes	$26,777	$58,558	$74,136	$76,266	$66,611	$48,595	$31,638
Average annual expenditures	$27,483	$46,617	$55,946	$57,788	$50,900	$41,434	$31,529

US: % Change in Growth Rate vs. Constant 2010 Household Age Distribution Using 2010 Consumer Expenditure Survey (CEX)

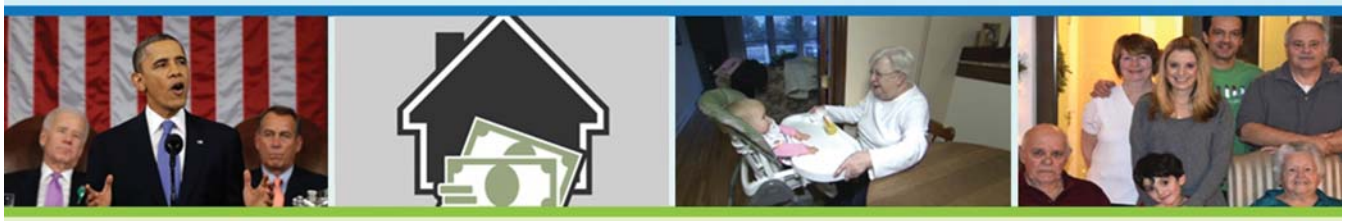


Government Related Services Per Capita



For more information
please contact

Simon Choi, Ph. D.
Chief of Research and Forecasting
choi@scag.ca.gov



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

This Page Intentionally Left Blank

REPORT

AGENDA ITEM NO. 6

DATE: August 7, 2014

TO: Community, Economic and Human Development (CEHD) Committee
Energy and Environment Committee (EEC)
Transportation Committee (TC)
Regional Council (RC)

FROM: Kimberly Clark, Senior Regional Planner, Land Use and Environmental Planning, 213-236-1844, clark@scag.ca.gov

SUBJECT: Progress of the Bottom-up Local Input Process for the 2016 Regional Transportation Plan and Sustainable Communities Strategy (2016 RTP/SCS)

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
For Information Only – No Action Required.

EXECUTIVE SUMMARY:
SCAG staff continues with its past practice of engaging in a bottom-up local input process for the 2016-2040 Regional Transportation Plan and Sustainable Communities Strategy ("2016 RTP/SCS" or "Plan"), which employs a "local control - regional collaboration" strategy for the Plan update. To facilitate and assist in the local review of the draft socioeconomic and geographic datasets for the 2016 RTP/SCS, staff has conducted meetings with jurisdictions one-on-one to collect data changes, answer questions, and provide technical guidance, as needed. To date, staff has requested sessions with all 197 jurisdictions, and has completed meetings with 195 jurisdictions, or 99% of all cities and counties in the SCAG region. This effort has resulted in feedback from 88% of jurisdictions on all or a portion of the current information requests for the Local Input Process. In the coming weeks, staff will process these datasets for integration into SCAG's technical models, including travel demand analysis and land use scenario development. Additionally, results from the Local Surveys will be presented to the Technical Working Group (TWG) and policy committees for future integration into the 2016 Plan and also as a basis to document implementation of the 2012-2035 RTP/SCS.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

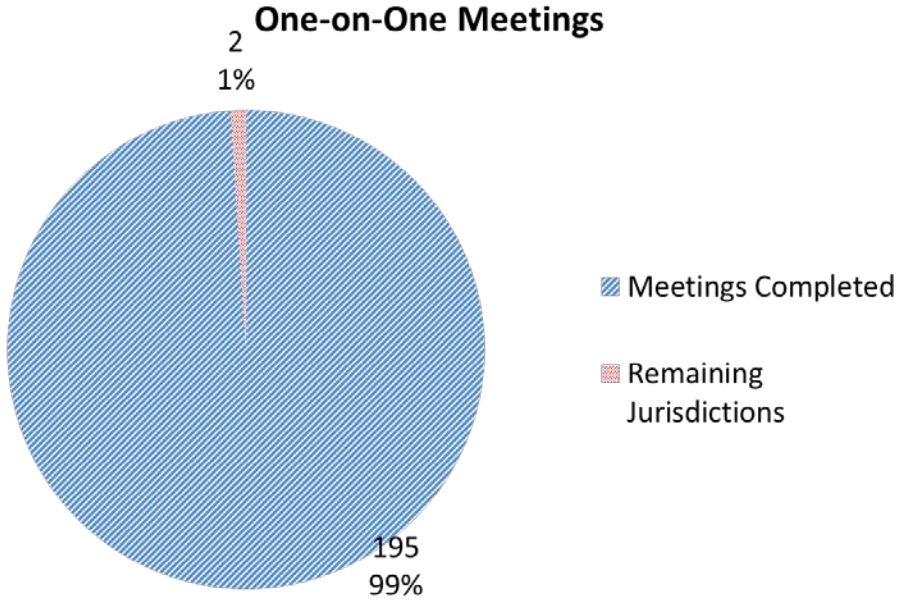
BACKGROUND:

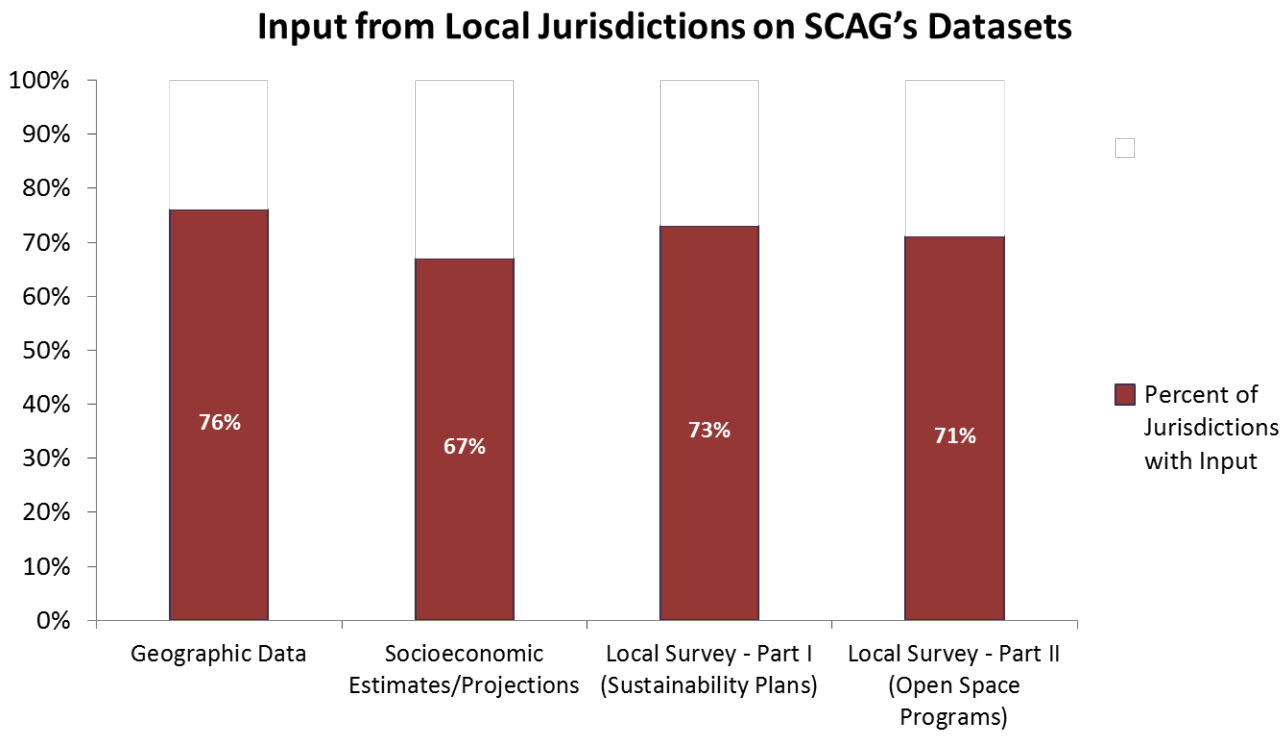
SCAG's Bottom-Up Local Input Process began in March 2013 and has been designed to engage local jurisdictions in establishing the base geographic and socioeconomic datasets for the 2016 RTP/SCS.

Early in this effort, staff sought guidance from the CEHD, the Technical Working Group (TWG), and our subregional partners to engage with local jurisdictions and to establish the schedule and protocol for this effort. Here is a summary of actions taken to date:

- March 2013 – Each jurisdiction was contacted individually and was requested to provide their base general plan land use and zoning data to SCAG
- June 2013 – With approval from the CEHD, the protocol for local jurisdictions to provide input and approval of SCAG's geographic and socioeconomic datasets was established
- October 2013 – Based on guidance from the CEHD; the TWG; and our subregional partners, staff distributed the schedule, protocol, and summary descriptions of SCAG's base datasets in a letter to all regional city managers, planning directors, city clerks (for forwarding to all elected officials), subregional executive directors, and subregional coordinators. This letter also identified whom at each jurisdiction was assumed to be the main contact person to provide input to SCAG, and provided an opportunity for local jurisdictions to revise this information
- November 2013 through January 2014 – With input from the CEHD, TWG, and subregional staff, SCAG staff rolled-out our base geographic datasets and socioeconomic data in an individualized package for each jurisdiction (known as the "Data/Map Book"). At this time, staff also sought input from jurisdictions on any local sustainability plans and open space programs through SCAG's Local Surveys
- November 2013 through July 2014 – Staff presented at standing subregional planning directors' and city managers' meetings and sought one-on-one meetings with each of SCAG's 197 jurisdictions to go over the base datasets, answer questions, and provide assistance, as needed
- December 2013 through July 2014 – With support from our subregional partners and oversight from the CEHD, staff met with 99% of SCAG's 197 jurisdictions one-on-one and received feedback from 88% of jurisdictions on all or a portion of our information requests

Additional information on the progress of SCAG's one-on-one meetings with local jurisdictions and the level of input from each jurisdiction on SCAG's datasets is available in the following graphs.





Here is an initial summary of input for each of SCAG datasets. Note that this information is subject to update as input is collected and processed:

Geographic Data

- 76% of jurisdictions provided feedback on SCAG's Geographic Data
- 62% of jurisdictions provided feedback on SCAG's general plan land use or zoning data
- 55% of jurisdictions provided feedback on SCAG's existing land use data
- 55% of jurisdictions provided feedback on a selection of our resource area datasets (farmland, flood areas, protected open space, habitat conservation areas, etc.)

Socioeconomic Estimates/Projections

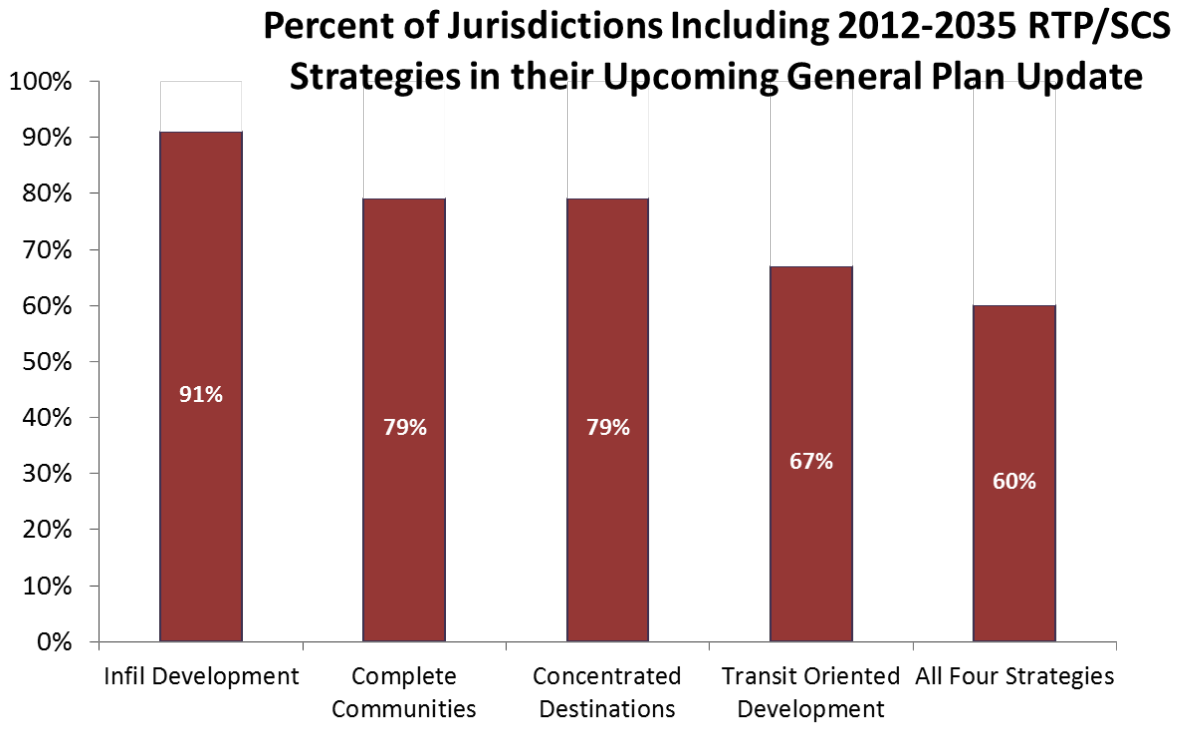
- 67% of jurisdictions provided input on SCAG's Socioeconomic Estimates and Projections
- Approval of SCAG's draft population, household, and employment estimates and projections was given by 39% of jurisdictions
- 27% of jurisdictions reviewed SCAG's data and provided revised figures to be used in place of the draft figures; 1% rejected SCAG's draft figures and did not include specific revisions

Local Survey – Part I (Sustainability Plans)

- 73% of jurisdictions provided a response to Part I of the Local Survey
- Just over 18% of local jurisdictions have updated their General Plan within the last 2 years, 36% did so within the last 5 years, and more than 58% have updated their General Plan within the last 10 years. About 30% are currently in the process of updating their General Plan
- Of jurisdictions currently updating their General Plan, strategies outlined in the 2012-2035 RTP/SCS are much more prevalent, with 91% reporting 'Infill Development' as a strategy to be supported by the new Plan, 79% selecting 'Complete Communities', 79% selecting

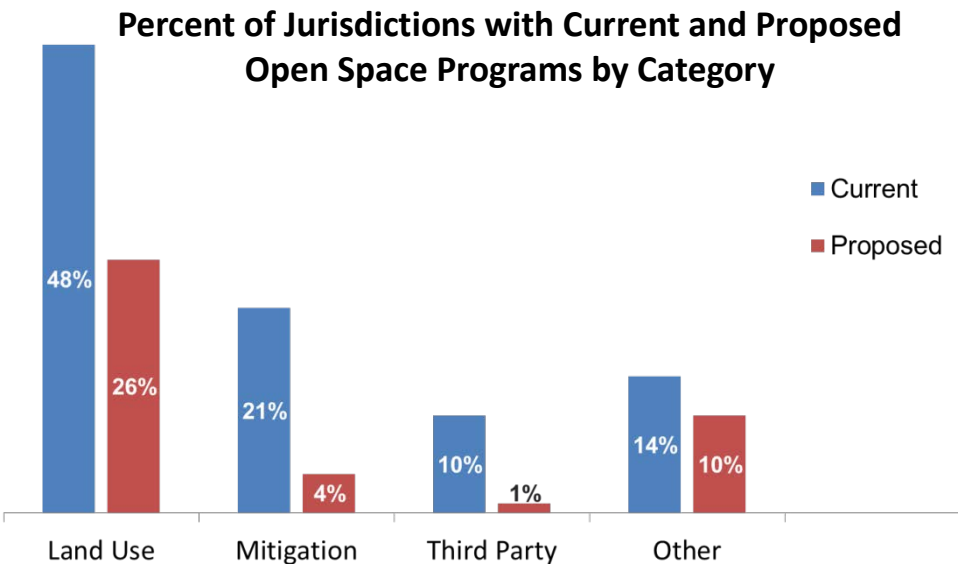
'Concentrated Destinations', & 67% reporting TOD to be a supported strategy in their updated General Plan. 60% of respondents currently updating their General Plan selected all 4 SCS strategies to be supported in the update (see graph below)

- About 76% of respondents indicate having an RTP-designated 'High Quality Transit Area' (HQTA) within their jurisdiction. Of these, about 40% report having policy incentives in place to encourage HQTA development
- 19% of jurisdictions have adopted a 'Complete Streets' policy, and 26% are in the process of doing so. Just over 41% of localities have adopted a 'Safe Routes to School' policy, and 24% are in the planning stages. Nearly 20% of respondents have adopted a local Pedestrian Plan, with another 22% in the process of doing so. 59% of reporting jurisdictions have adopted a Bicycle Plan, with another 36% planning to implement a policy. More than 56% of jurisdictions have adopted a Transportation Demand Management (TDM) policy, with another 12% in the process of doing so. Nearly 21% of respondents have adopted a local parking policy, with another 7% in the planning stages. About two-thirds of respondents have adopted an impact fee policy; with another 20% anticipate implementing a policy. About 31% of jurisdictions have adopted a public health policy, with another 26% in process



Local Survey – Part II (Open Space Programs)

- 71% of jurisdictions provided a response on Part II of the Local Survey
- Many jurisdictions have different types of open space programs or policies. 47% of jurisdictions have a program related to the protection of natural lands, 15% for the protection of agricultural areas, and 60% have parks and recreation open space programs
- Almost half of respondents (48%) listed land use programs/policies for open space in their jurisdiction, which were primarily general plan elements, such as open space element, parks and recreation element, natural resources element or conservation element. Other prevalent programs/policies were mitigation programs such as Natural Community Conservation Programs and Habitat Conservation Programs (21%). Third party programs, such as those led by non-profit organizations, represent 10% and several jurisdictions have other programs related to open space (14%). Many more jurisdictions have plans to implement open space programs (see graph below)
- 45% of respondents said mitigation activities are developed on a project-by-project basis, while about 20% said they develop on both a comprehensive and project-by-project basis. Only 4% develop projects solely on a comprehensive basis



Additional information on the nature of input provided from local jurisdictions on SCAG's base datasets will be provided as this information is finalized for use in the next stages of development of the 2016 RTP/SCS.

To ensure adequate resources are allocated, various departments within SCAG have been involved and Frank Wen, Manager, Research & Analysis Department, continues to serve as the main point of contact for this process. He can be reached at: 213-236-1854 or RTPLocalInput@scag.ca.gov.

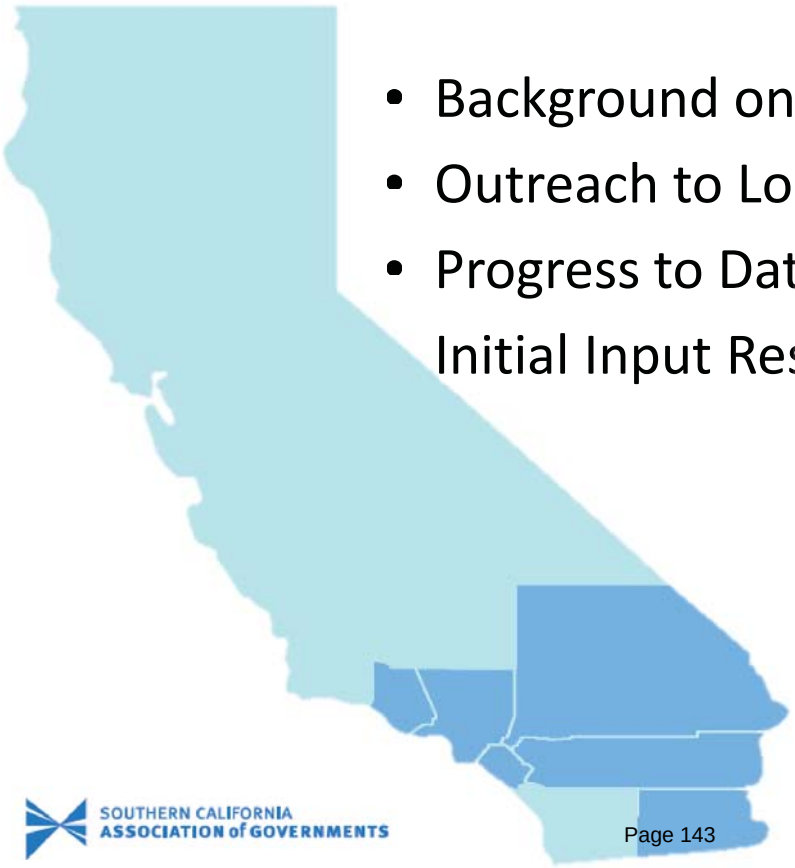
FISCAL IMPACT:
Activities related to the 2016 RTP/SCS development are included in the FY15 OWP under 010.SCG0170.01, 020.SCG1635.01, 055.SCG0133.025, and 070.SCG0130.10.

ATTACHMENT:
PowerPoint Presentation: "Progress of the Bottom-up Local Input Process for the 2016 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS)"

Progress of the Bottom-up Local Input Process for the 2016 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS)

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Overview

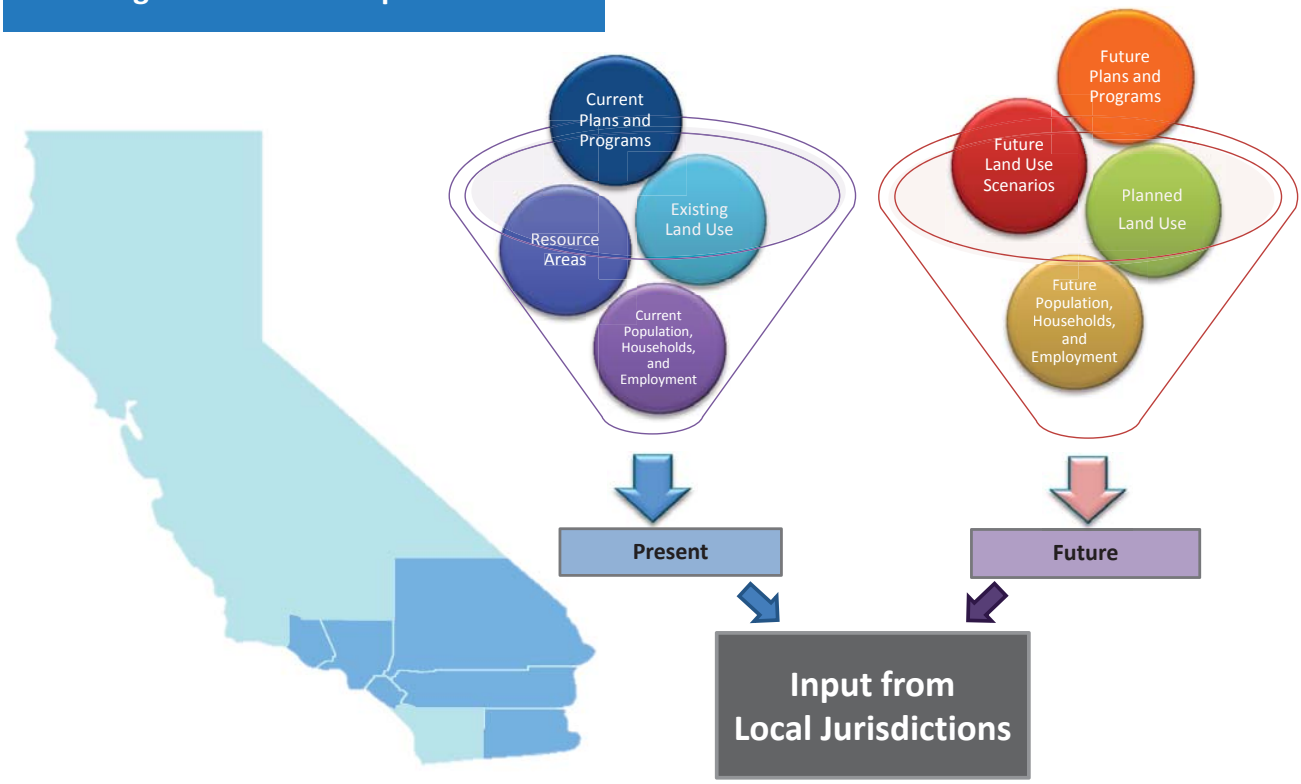


- Background on Local Input Process
- Outreach to Local Jurisdictions
- Progress to Date

Initial Input Results

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

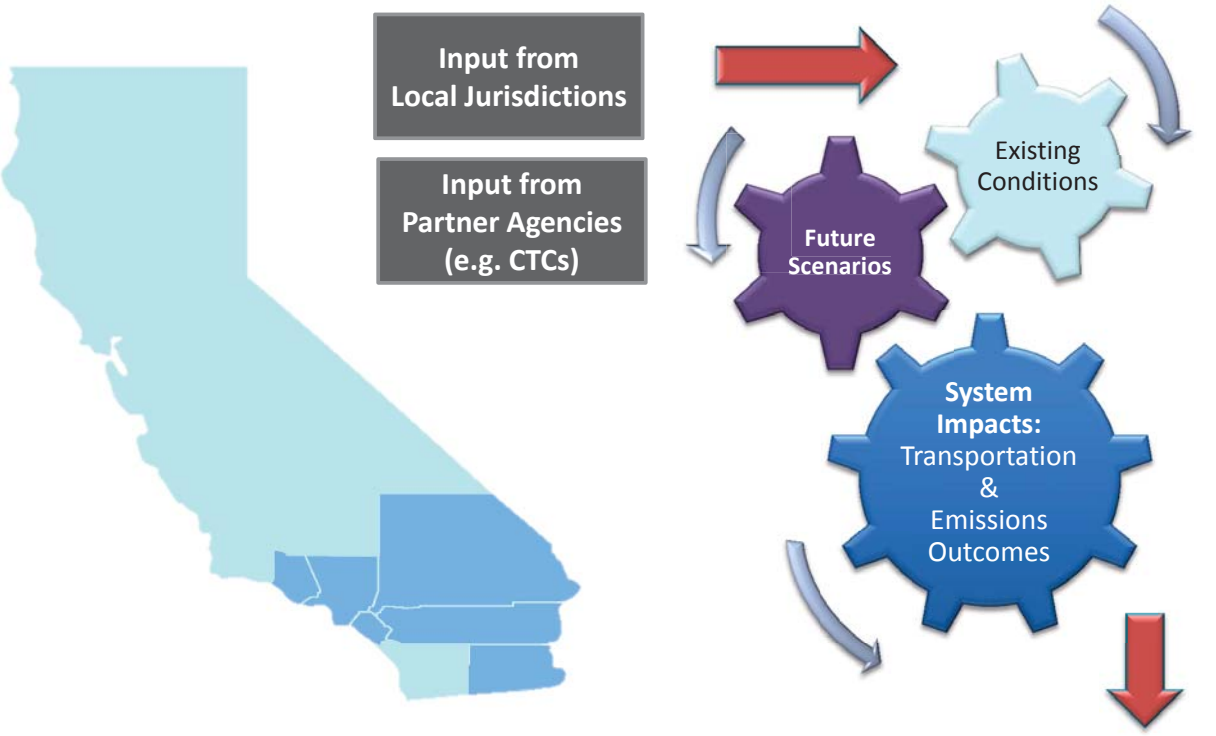
Background of Local Input Process



Process Began in March 2013 and will conclude in September 2014

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Background of Local Input Process



Regional Transportation Plan & Sustainable Communities Strategy

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Outreach to Local Jurisdictions

March 2013

Preliminary Data Collection

March to August 2013

197 Jurisdictions Contacted
Input received from 160
Presentations made at Subregional Planning Director Meetings; CEHD; TWG
One–on–One meetings held with local jurisdictions (by request)

August 2013

Map Book (1st Edition)

August to September 2013

197 Map Books Submitted to Local Jurisdictions
Input received from 49
Presentations made at Subregional TACs , City Managers' Meetings, and SCAG's Policy Committees
One–on–One revision sessions held with local jurisdictions (by request)

October 2013

Draft Growth Forecast

October 2013

197 Letters Sent to Local Jurisdictions
Presentations made at Subregional TACs, City Managers' Meetings and SCAG's Policy Committees

November 2013

Data/Map Book (2nd Edition)
(2nd Edition - Revised Map Book with Draft Growth Forecast)

Submit revised local land use and resource data for jurisdictions to review and provide confirmation (or revisions) to SCAG; include Draft Growth Forecast showing Jurisdictional and Tier 2 TAZ level population, household, and employment growth; include Local Survey Part I (Implementation of the 2012-2035 RTP/SCS) and Part II (Open Space Plans & Programs)

November 2013 to May 2014

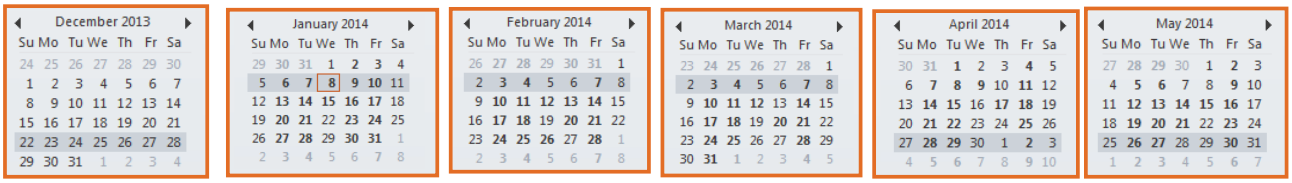
County by County Roll-Out

Packets Provided to All Local Jurisdictions
Presentations made at Subregional Meetings
One-on-One Sessions Held with Jurisdictions

197 Jurisdictions Solicited for One-on-One Meetings
194 Jurisdictions Met (98%)

Input Received on all or a portion of SCAG's Information Requests from 87% of Jurisdictions

Role of One-on-One Meetings



Goals

Provide an opportunity for jurisdictions to offer local knowledge and input to inform SCAG's regional datasets

Ensure that all local governments are fully informed of the 2016 RTP/SCS Planning Process

Improve the overall accuracy and local relevance of the Plan

Local Collaboration

Subregional Organizations

VENTURA COUNCIL OF GOVERNMENTS

GATEWAY CITIES COUNCIL OF GOVERNMENTS

San Gabriel Valley Council of Governments

IMPERIAL COUNTY TRANSPORTATION COMMISSION

WRCOG WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

SOUTH BAY CITIES COUNCIL OF GOVERNMENTS

Local Collaboration

Collaboration with Staff at Local Jurisdictions

Staff Hours Varied According to:

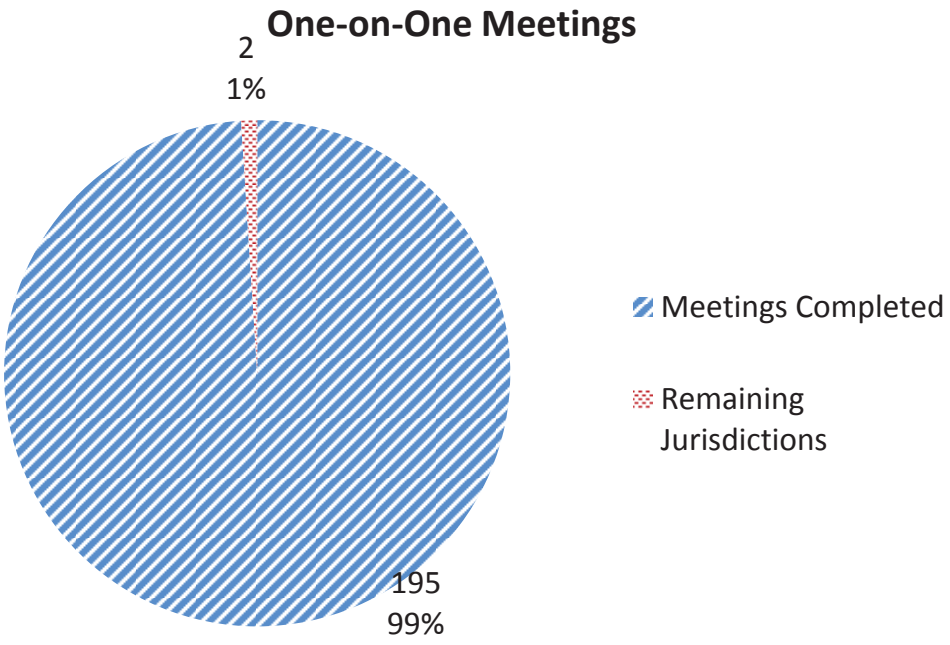
Jurisdiction Size

Amount of Available Data

GIS Capabilities

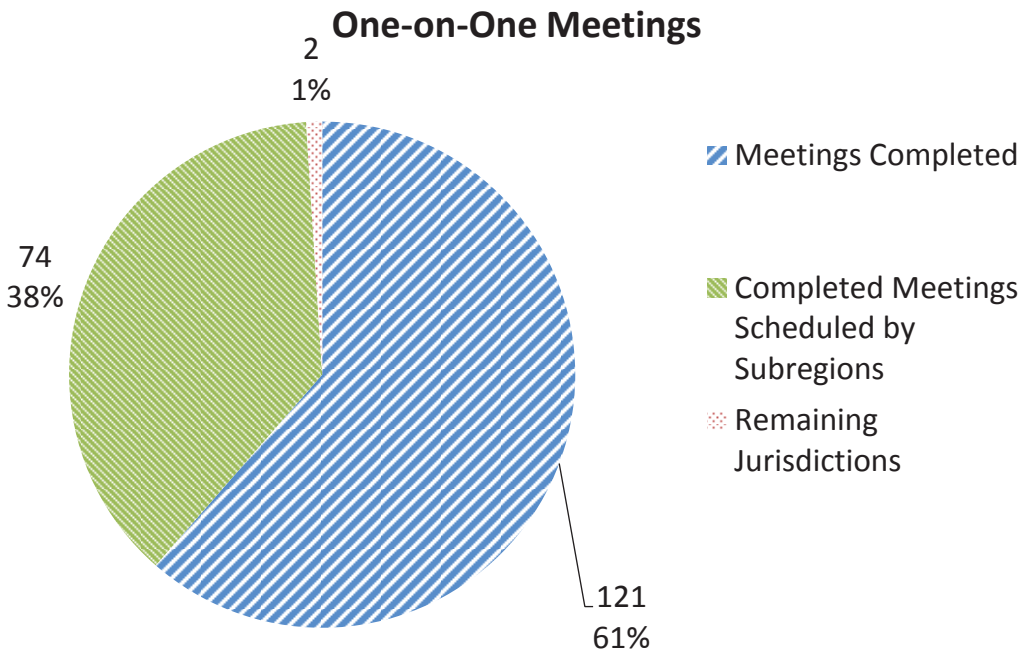
SCAG Assistance + Future Applications

Progress to Date



Percent of Jurisdictions Solicited for One-on-One Sessions: 100%

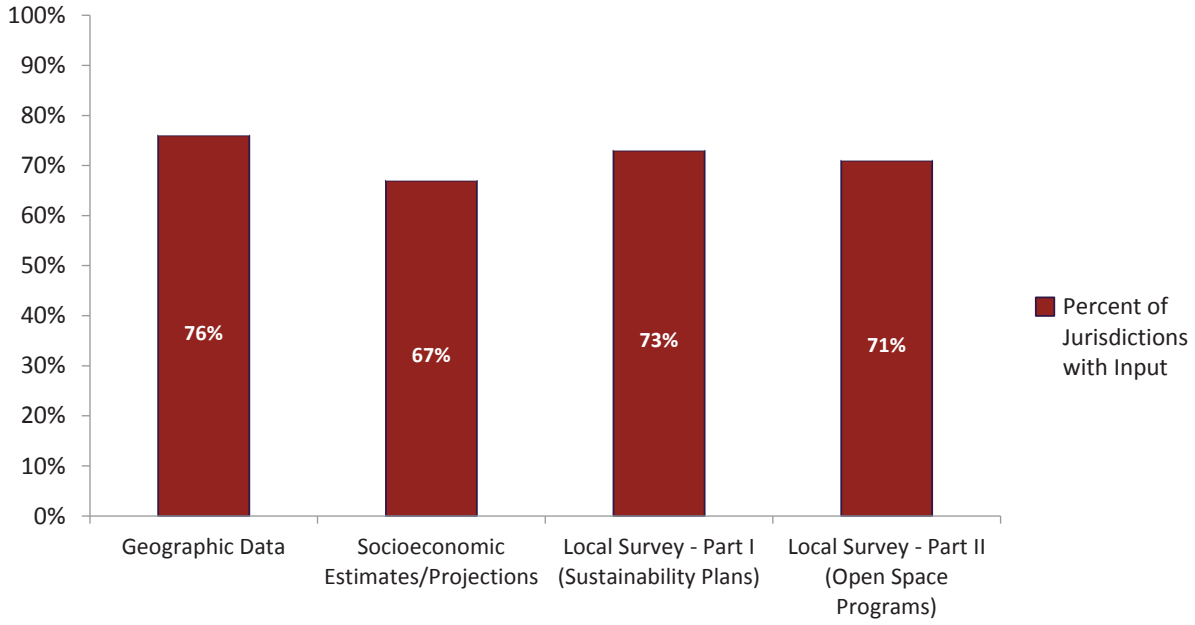
Progress to Date



Percent of Jurisdictions Solicited for One-on-One Sessions: 100%

Progress to Date

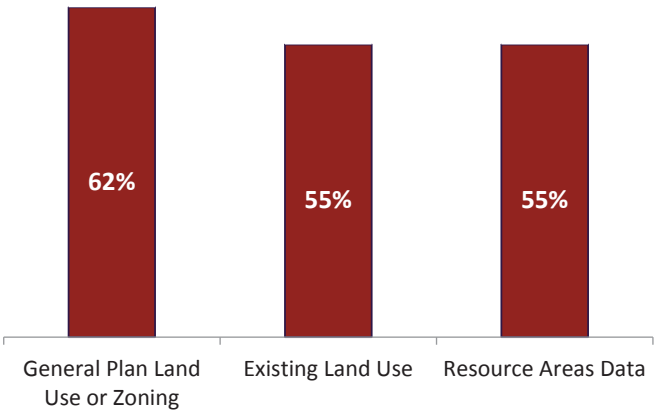
Input from Local Jurisdictions on SCAG's Datasets



Geographic Data
Initial Input Results

Total Jurisdictions Providing Input:
149

Response Rate:
76%



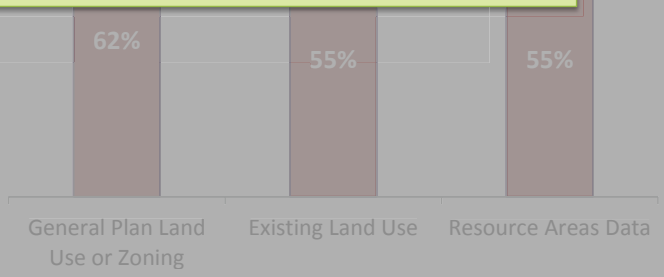
Percent of Jurisdictions Providing Input on SCAG's Geographic Datasets

Geographic Data
Initial Input Results

Future Data Uses

- Scenario Planning for the 2016 RTP/SCS
- Regional Data Inventory for Local Plans
- Local Data for Day-to-Day City Business

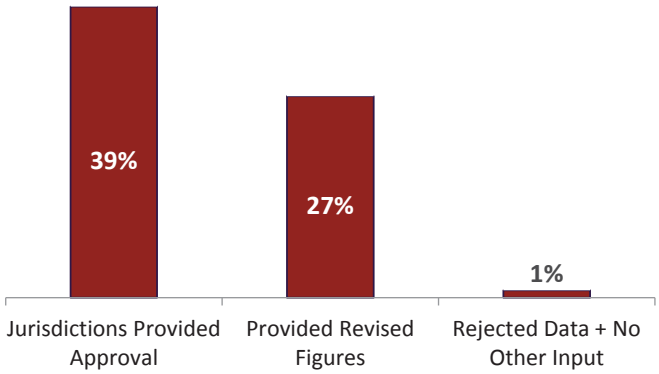
Response Rate:
70%



Socioeconomic Estimates/Projections
Initial Input Results

Total Jurisdictions Providing Input:
132

Response Rate:
67%



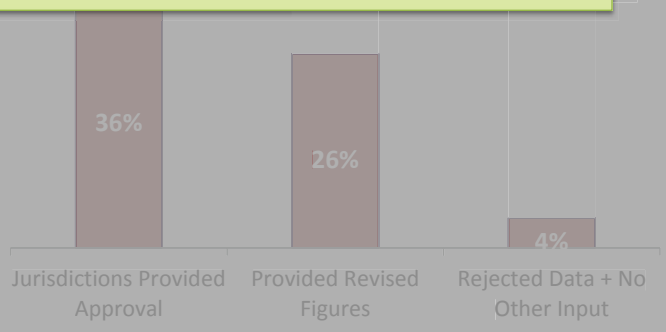
Nature of Input on SCAG's Socioeconomic Data

Socioeconomic Estimates/Projections Initial Input Results

Future Data Uses

- Scenario Planning for the 2016 RTP/SCS
- Travel Demand Modeling for the 2016 RTP/SCS
- Regional Data for Use in Local Planning Efforts

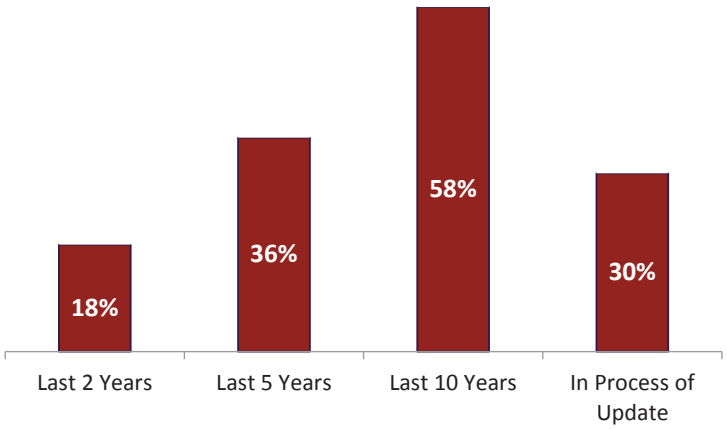
Response Rate:
65%



Local Survey Part I – Implementation Initial Input Results

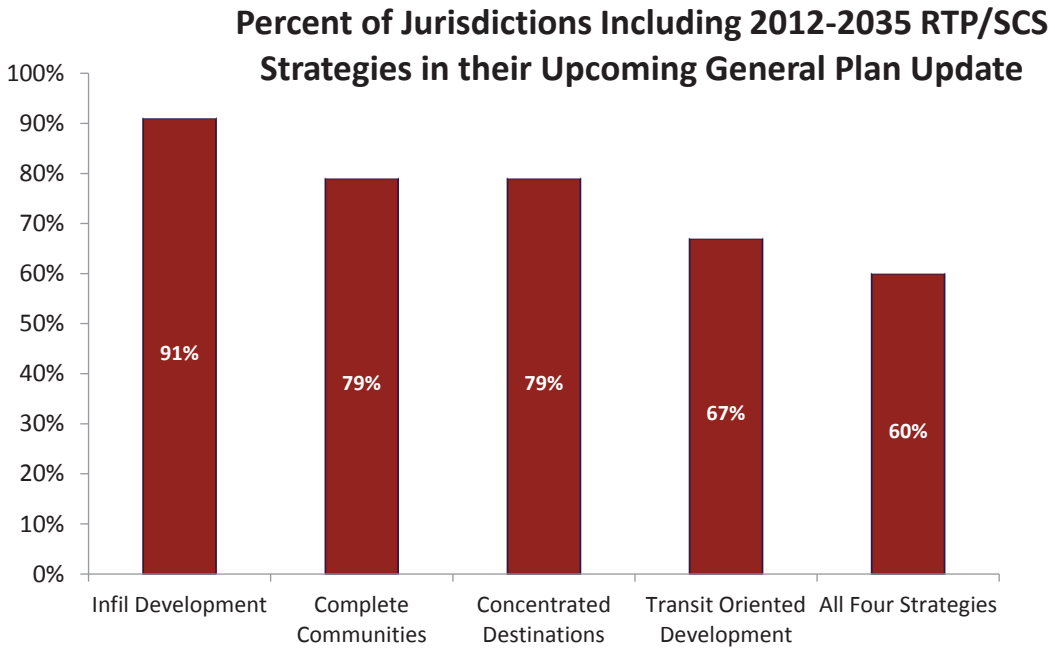
Total Surveys Completed As of 7/29/2014 :
143

Response Rate:
73%

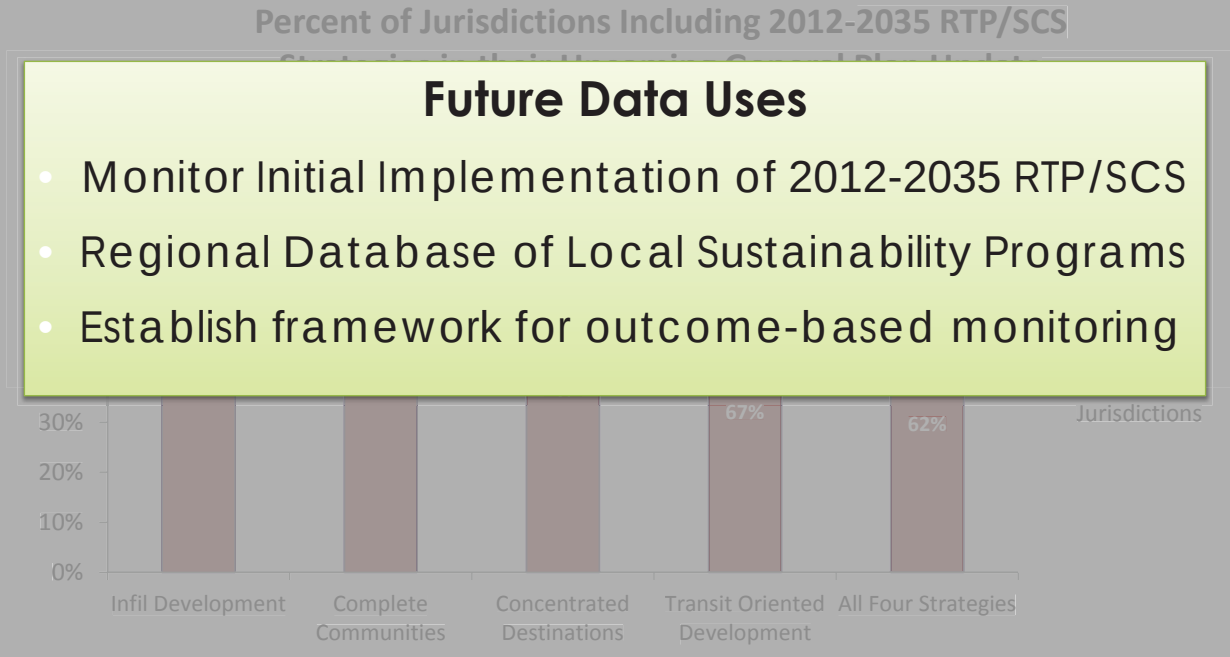


Updates to Local Jurisdictions' General Plans

Initial Input Results



Initial Input Results



Future Data Uses

- Monitor Initial Implementation of 2012-2035 RTP/SCS
- Regional Database of Local Sustainability Programs
- Establish framework for outcome-based monitoring

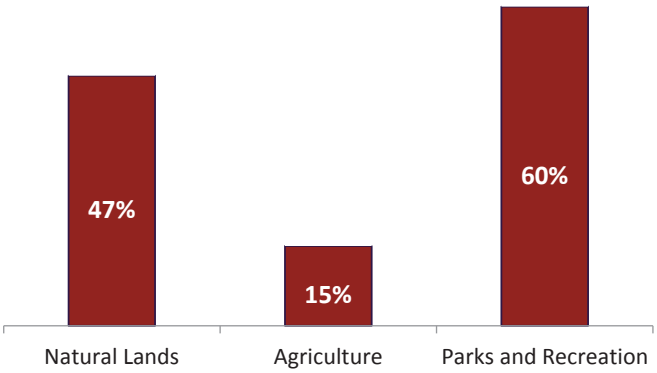
Local Survey Part II – Open Space
Initial Input Results

Total Surveys Completed As of 7/29/2014 :

139

Response Rate:

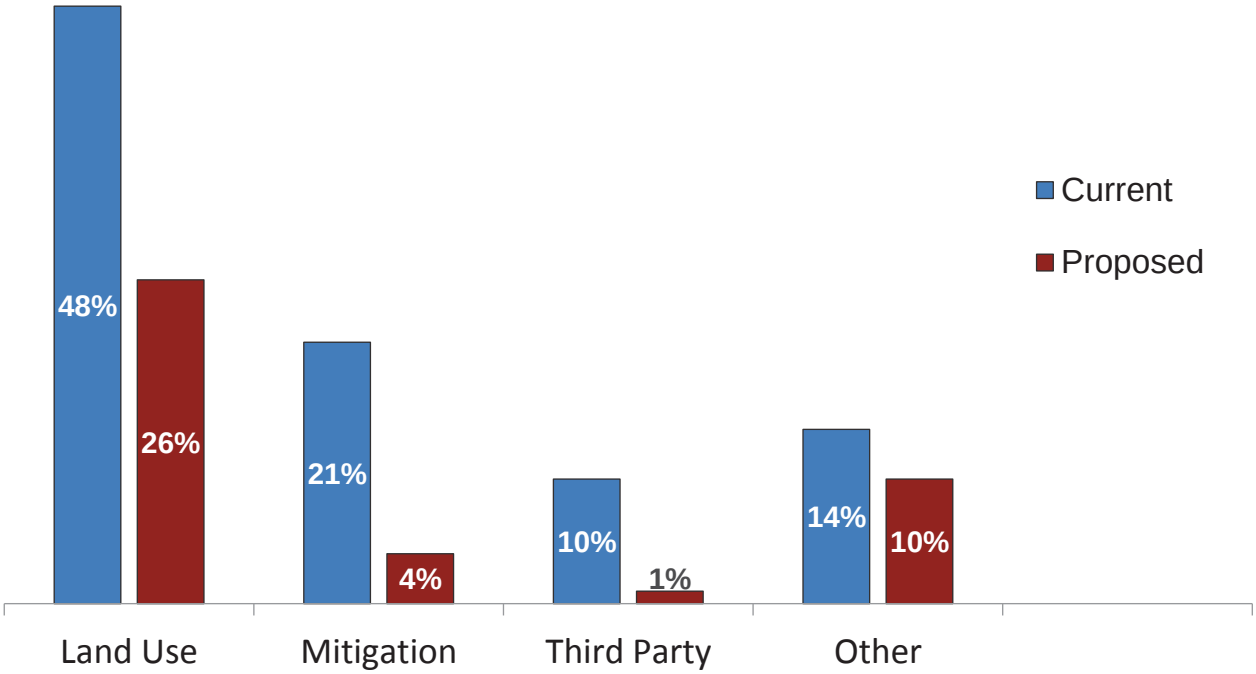
71%

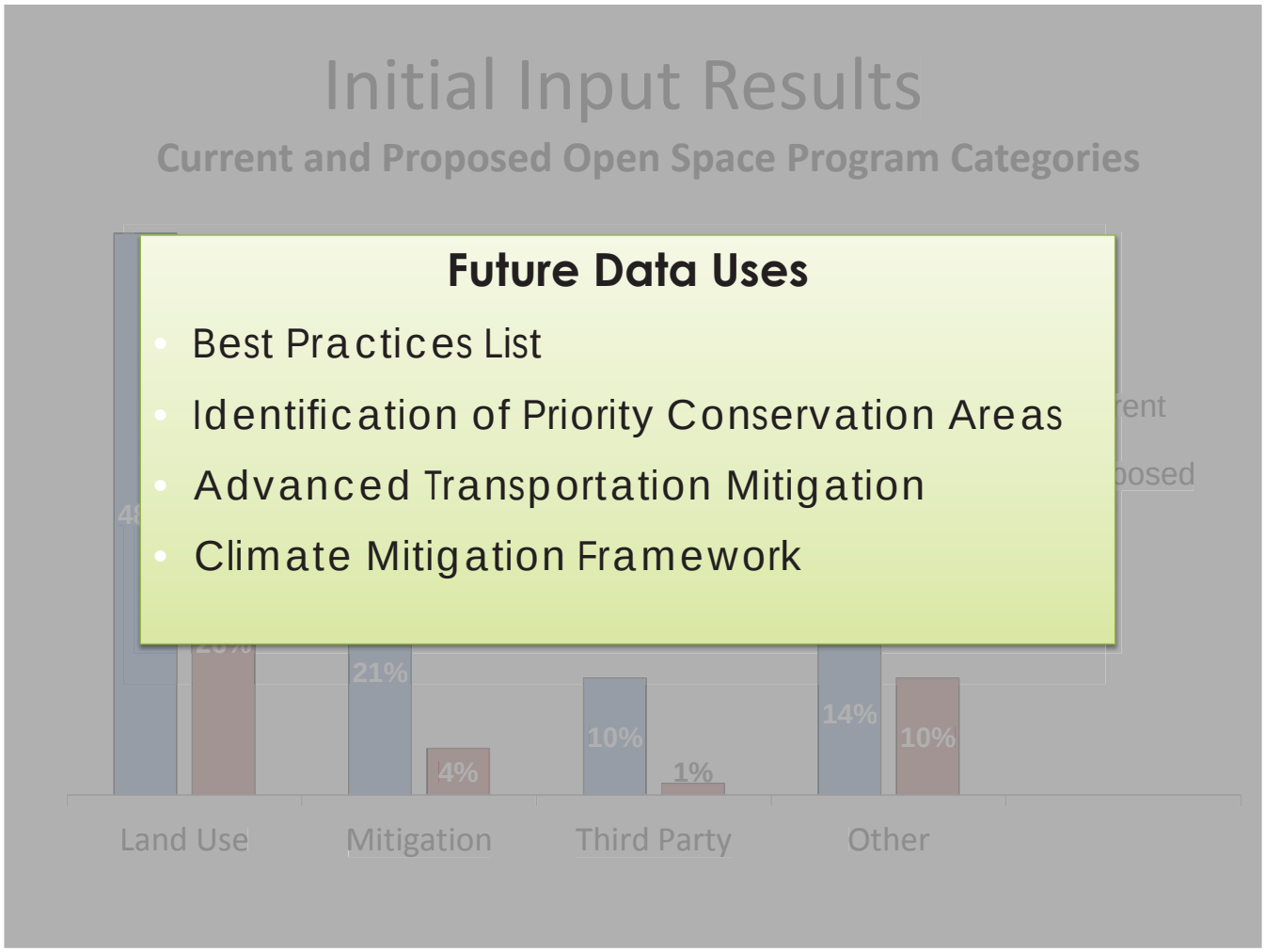


Jurisdictions with Open Space Programs and Policies by Type

Initial Input Results

Current and Proposed Open Space Program Categories





Next Steps

SCAG Staff will continue their outreach with local jurisdictions

Regional Datasets will be finalized by the end of September

Questions?

Thanks!!

This Page Intentionally Left Blank

Energy and Environment Committee
of the
Southern California Association of Governments
June 5, 2014

Minutes

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE ENERGY AND ENVIRONMENT COMMITTEE. A DIGITAL RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Energy and Environment Committee (EEC) held its meeting at the SCAG Los Angeles Office. The meeting was called to order by the Hon. Deborah Robertson, Chair. There was a quorum.

Members Present

Hon. Lisa Bartlett, Dana Point **(Vice-Chair)**	TCA
Hon. Margaret Clark, Rosemead	District 32
Hon. Jordan Ehrenkranz, Canyon Lake	WRCOG
Hon. Larry Forester, Signal Hill	GCCOG
Hon. Laura Friedman, Glendale	Arroyo Verdugo Cities
Hon. Sandra Genis, Costa Mesa	OCCOG
Hon. Linda Krupa, Hemet	WRCOG
Hon. Geneva Mojado, Soboba Band of Luiseno Indians	Tribal COG
Hon. Mike Munzing, Aliso Viejo	District 12
Hon. David Pollock, Moorpark	VCOG
Hon. Carmen Ramirez, Oxnard	District 45
Hon. Deborah Robertson, Rialto **(Chair)**	District 8
Hon. Meghan Sahli-Wells, Culver City	WCCOG
Hon. Eric Schmidt, Hesperia	SANBAG
Mr. Steve Schuyler, ExOfficio	Building Industry Association
Hon. Jack Terrazas	Imperial County
Hon. Cheryl Viegas-Walker, El Centro	District 1
Hon. Diane Williams, Rancho Cucamonga	SANBAG
Hon. Edward Wilson, Signal Hill	Gateway Cities

Members Not Present

Hon. Denis Bertone, San Dimas	SGVCOG
Hon. Mitchell Englander, Los Angeles	District 59
Hon. Ed Graham, Chino Hills	District 10
Hon. Steve Hernandez, Coachella	CVAG
Hon. James Johnson, Long Beach	District 30
Hon. Thomas Martin, Maywood	GCCOG
Hon. Judy Mitchell, Rolling Hills Estates	District 40
Hon. Sam Pedroza, Claremont	SGVCOG
Hon. Stephen Sammarco, Redondo Beach	SBCCOG
Hon. Lupe Ramos Watson, Indio	District 66

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Hon. Deborah Robertson, Chair, called the meeting to order at 10:04 a.m. Hon. Larry Forester, Signal Hill, led the Committee in the Pledge of Allegiance.

PUBLIC COMMENT PERIOD – No comments

REVIEW AND PRIORITIZE AGENDA ITEMS

It was noted that Item 6 on the agenda was inadvertently listed under the Consent Calendar. The item should have been placed under Information Items.

Presentation - Item 5 followed Item 6.

INFORMATION ITEM

1. Annual Household Costs Water, Flood Control, Storm Water & Wastewater Survey

   Hon. Mary Ann Lutz, Mayor, City of Monrovia, and First Vice President of the San Gabriel Valley Council of Governments (SGVCOG) Governing Board, stated in November 2012 the Los Angeles Regional Water Quality Control Board adopted a new National Pollutant Discharge Elimination System Municipal Separate Sanitary Storm Sewer (MS4 NPDES Permit). The permit establishes regulations related to storm water discharge and requires implementation of six (6) programs.

   The potential costs and the legal implications of the new permit are high. As a result the municipalities in Los Angeles County formed the L.A. Permit Group. The group developed a unified voice as part of a collaborative negotiating process. The group's efforts were successful in providing the cities with flexible compliance alternative, and these municipalities continue to work together to develop strategies to fund and implement the permit. However, the cost of implementation still remains high and many cities continue to struggle to identify the necessary funding for compliance.

   The U.S. Conference of Mayors is conducting an affordability survey of the average annual household costs of providing drinking water, sanitary sewers, storm sewers and flood control system in our communities. The U.S. Conference of Mayors will be using this information to inform members of Congress of the actual costs our cities encounter to operate and maintain the nation's utility systems. The U.S. Conference of Mayors is currently working with members of Congress on potential legislation, including guidance on the affordability of federal mandates and providing additional funding to communities.

   The SGVCOG has e-mailed the survey to City Managers, Public Works Directors and City Planners in the SCAG region. Once the surveys are submitted back to the SGVCOG a matrix will be prepared of the survey responses. SGVCOG is requesting that SCAG disseminate the information on the Annual Household Costs Water Survey currently being conducted.

   Hon. Laura Friedman, Arroyo Verdugo, requested that the survey also be sent to the members of the EEC.

A MOTION was made (Forester) for the EEC to recommend that the Regional Council urge every city within the SCAG region to participate in the Water Affordability Survey organized by the U.S. Conference of Mayors.

The MOTION was SECONDED (Pollock) and UNAMIOUSLY APPROVED.

AYES: Bartlett, Clark, Ehrenkranz, Forester, Friedman, Genis, Krupa, Mojado, Munzing, Pollock, Ramirez, Robertson, Sahli-Wells, Schmidt, Terrazas, Viegas-Walker, Williams, Wilson
NOES: None
ABSTAIN: None

2. Natural Gas Pathways: Towards a Clean and Renewable Energy Future

George Minter, Senior Director, Policy and Environment, Southern California Gas Company briefed the EEC on the market drivers and challenges to producing low carbon and renewable gas supply. Mr. Minter also spoke of the Gas Company's proposed strategy for clean energy and clean air for California.

Mr. Minter stated that there is an interest in the utilization of natural gas for a variety of clean energy purposes. Natural gas, methane, provides opportunities to help California and the SCAG region meet long-term Greenhouse Gas (GHG) reductions. In the nearer term reductions may come from opportunities for efficiency, "near zero" technology and new uses for natural gas transportation. In the medium to longer term, new low-carbon sources of gas will need to be developed and introduced. Pipeline decarbonization can address some basic issues that would otherwise be faced by achieving GHG reduction targets through end-use electrification alone. Feasible technology pathways demonstrate possibility for pipeline decarbonization and continue use of the state's existing gas pipeline infrastructure through 2050 to balance electric generation, transmission and distribution infrastructure.

3. Public Release of Draft Conformity Analysis for 2015 Federal Transportation Improvement Program (FTIP) AND Amendment No. 2 to the 2012-2035

Rongsheng Luo, SCAG Staff, stated that as required by federal and state law, SCAG staff is developing the 2015 FTIP in partnership with the county transportation commissions (CTCs) and Caltrans districts in the SCAG region. SCAG staff is also concurrently amending the 2012 RTP/SCS in response to requests from several CTCs to reflect additions or changes to transportation project scopes, costs, and/or schedule for a number of critical transportation projects in the region.

Under the federal transportation conformity regulations, the 2015 FTIP and the RTP/SCS Amendment must demonstrate transportation conformity. The 2015 FTIP must be adopted by the Regional Council in September 2014 to meet the State Transportation Improvement Program deadline. As a result, the Draft 2015 FTIP needs to be released for public review by July 2014.

At its meeting today (June 5), the Transportation Committee is considering the public release of the Draft 2015 FTIP and the RTP/SCS Amendment including the associated transportation conformity analysis for a 30-day public review and comment period by July 1, 2014. After public review, the 2015 FTIP and the RTP/SCS Amendment will be scheduled for recommended approval by the Transportation Committee and final approval by the Regional Council on September 11, 2014. On the same day, the transportation conformity determination will be presented to this committee for recommendation to the Regional Council for approval.

4. California Environmental Quality Act (CEQA) Documentation for Draft Amendment No. 2 to the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS)

   Lijin Sun, SCAG Staff, stated that as required by the California Environmental Quality Act (CEQA), SCAG staff conducted a programmatic environmental assessment for the changes to the 2012-2035 RTP/SCS Project List included in the Draft Amendment No. 2 to the RTP/SCS. The RTP/SCS Amendment is to reflect additions or changes to project scopes, costs, and schedule for a number of critical transportation projects in the SCAG region.

   Like the Addendum No. 1 for the associated 2012 RTP/SCS Amendment No. 1, SCAG staff has determined that the appropriate type of CEQA documentation for this Draft Amendment No. 2 is an Addendum as well. Therefore, SCAG staff is preparing the Addendum No. 2 to the 2012 RTP/SCS PEIR, in accordance with the CEQA provisions. The Draft Amendment No. 2 to the 2012 RTP/SCS will be scheduled for recommended approval by the Transportation Committee and final approval by the Regional Council on September 11, 2014. On the same day, the associated draft addendum will be presented to the EEC for recommendation to the Regional Council for approval.

6. 2014 State and Federal Legislative Priorities Update

   Darin Chidsey, SCAG Staff, stated that once a year SCAG develops a list of legislative priorities and reviews them with SCAG's Legislative & Communications Membership Committee and also gets input from SCAG's colleagues in the business community and other stakeholders. The Legislative & Communications Committee then brings a recommendation to the Regional Council in January of every year. The recommendation usually contains seven (7) to ten (10) priority areas that SCAG should focus its legislative effort on the state and federal level. This year's ten items are included in today's agenda report. Mr. Chidsey briefed the EEC on a two (2) of the items that have been the most active thus far this year, Cap-and-Trade funding on the state level and the Federal Surface Transportation Authorization, MAP-21.

   The Chair stated that any committee member who has an interest in particular legislation pertinent to the work of the committee, such as fracking related bills, should inform staff.

5. California Environmental Protection Agency (Cal/EPA) California Communities Environmental Health Screening (CalEnviroScreen Tool Draft Version 2.0)

   Ping Chang, SCAG Staff, stated that the California Communities Environmental Health Screening (CalEnviroScreen) which was developed by Cal/EPA is a screening tool to identify California communities that are disproportionally burdened by multiple sources of pollution. Pursuant to SB 535, CalEnviroScreen is expected to be used to focus a portion of the state's Cap-and-Trade auction proceeds to the most impacted communities. CalEnviroScreen Tool Version 1.0 was first released in April 2013 with a minor update, Version 1.1, in September 2013. On April 21, 2014, Cal/EPA released for public comments the Draft CalEnviroScreen Version 2.0, which included the additional indicators of drinking water quality and unemployment rate, and used census tracts instead of zip codes as the basic geographic unit. As with the previous versions, CalEnviroScreen is not intended to be a substitute for focused risk assessment for a specific area or site, nor will the results of the tool be used for California Environment Quality Act (CEQA) purposes.

Further information about the Draft CalEnviroScreen Tool 2.0 including the draft report and an interactive mapping tool can be viewed at http://oehha.ca.gov/ej/ces2.html. Comments on the Draft CalEnviroScreen 2.0 were due June 1, 2014. Staff plans to apprise the Community, Economic & Human Development (CEHD) Committee and EEC regarding the status of Version 2.0 in a future report.

CONSENT CALENDAR

Approval Item

7. Minutes of the April 3, 2014 Meeting

Receive and File

8. 2014 Regional Council and Policy Committee Meeting Schedule

9. SCAG Sustainability Planning Grants Program – Monthly Update

10. Greenhouse Gas (GHG) Emission Standards for Light-Duty Vehicles: Manufacturer Performance Report for the 2012 Model Year

11. U.S. and California Greenhouse Gas Emissions Reports

12. Proposed Rule Defining the Scope of Waters Protected Under the Federal Clean Water Act

13. Progress of One-on-One Meetings with Local Jurisdictions to Provide Assistance for a Bottom-up Local Input Process

A MOTION was made (Pollock) to approve the Consent Calendar with a correction noted by Hon. Margaret Clark, that she did not intend for the recording of her vote for Chair nominee Hon. Mike Munzing to be reflected in the Minutes as a "No" vote against the election of Hon. Deborah Robertson.
The MOTION was SECONDED (Forester) and UNANIMOUSLY APPROVED.

AYES: Bartlett, Clark, Ehrenkranz, Forester, Friedman, Genis, Krupa, Mojado, Munzing, Pollock, Ramirez, Robertson, Sahli-Wells, Schmidt, Terrazas, Viegas-Walker, Williams, Wilson
NOES: None
ABSTAIN: None

CHAIR'S REPORT – None

STAFF REPORT - None

FUTURE AGENDA ITEMS

Hon. Deborah Robertson – Fracking versus water injection flood wells

ANNOUNCEMENTS

Sarah Jepson, SCAG Staff, announced that would be holding a Water Conference on June 13, 2014, from 9:00 a.m.–12:00 p.m. at SCAG's downtown L.A. office. The agenda will soon be posted on SCAG's website and the conference will be webcasted.

Jonathan Nadler, SCAG Staff, announced that SCAG's 25th Annual Demographic Workshop on the subject of 'Demographics of Poverty and Progress After the Recession' is being held on June 9, 2014 at 7:45, at University of Southern California's Sol Price School of Public Policy.

Hon. Larry Forester, Signal Hill, requested that the L.A. County Stormwater Funding Options Report be posted on SCAG's website.

ADJOURNMENT

Hon. Deborah Robertson adjourned the meeting at 12:00 p.m.

The next meeting of the Energy & Environment Committee will be held on Thursday, August 7, 2014 at the SCAG Los Angeles Office.

Action Minutes Approved by:

_____

Jonathan Nadler, Manager
Compliance & Performance Monitoring

Energy and Environment Committee Attendance Report

2014

Member (including Ex-Officio) LastName, FirstName	Date Appointed if after 1/1/14	Representing	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total Mtgs Attended
			X = County Represented						X = Attended Black Shading = Dark												
Bartlett, Lisa		OCCOG			X				X	X		X		X							4
Bertone, Denis		SGVCOG		X					X	X	X	X	G								4
Clark, Margaret		Rosemead		X					X	X	X	X	E	X							5
Ehrenkranz, Jordan		WRCOG				X			X	X	X		N	X							4
Englander, Mitchell		Los Angeles		X									E								
Forester, Larry		Gateway Cities		X						X	X	X	R	X							4
Friedman, Laura		AVCOG		X					X	X	X	X	A	X							5
Genis, Sandra		OCCOG			X				X	X	X	X	L	X							5
Graham, Ed		Chino Hills					X					X									1
Hernandez, Steven		CVAG					X						A								
Johnson James		Long Beach		X					X	X	X	X	S								4
Krupa, Linda		Hemet				X					X	X	S	X							3
Martin, Thomas		GCCOG		X					X	X	X		E								3
Mitchell, Judy		SBCCOG		X					X	X	X	X	M								4
Mojado, Geneva	2/1/2014	Tribal COG								X	X	X	B	X							4
Munzing, Mike		District 12			X				X	X	X	X	L	X							5
Pedroza, Sam		SGVCOG		X							X		Y								1
Pollock, David		VCOG						X	X	X	X			X							4
Ramirez, Carmen		Oxnard						X	X	X	X	X		X							5
Robertson, Deborah		District 8					X			X	X	X		X							4
Sahli-Wells, Meghan	6/5/2014	WCCOG		X										X							1
Sanmarco, Stephen		SBCCOG		X					X	X											2
Schmidt, Eric	6/5/2014	SANBAG					X							X							1
Schuyler, Steve	2/1/2014	BIASC								X				X							2
Shaw, Joe	6/5/2014	OCCOG			X																
Terrazas, Jack		Imperial County	X						X	X	X	X		X							5
Viegas Walker, Cheryl		El Centro	X						X	X	X	X		X							5
Williams, Diane		SANBAG					X		X	X	X	X		X							5
Wilson, Edward		Signal Hill		X					X	X	X	X		X							5
	TOTALS		2	11	4	2	5	2													

This Page Intentionally Left Blank

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Main Office
818 West Seventh Street
12th Floor
Los Angeles, California
90017-3435

t (213) 236-1800
f (213) 236-1825

www.scag.ca.gov

Officers
President
Carl Morehouse, San Buenaventura

First Vice President
Cheryl Viegas-Walker, El Centro

Second Vice President
Michele Martinez, Santa Ana

Immediate Past President
Greg Pettis, Cathedral City

Executive/Administration Committee Chair
Carl Morehouse, San Buenaventura

Policy Committee Chairs
Community, Economic and Human Development
Margaret Finlay, Duarte

Energy & Environment
Deborah Robertson, Rialto

Transportation
Alan Wapner, San Bernardino Associated Governments

AGENDA ITEM NO. 8

2014 Meeting Schedule

Regional Council and Policy Committees

All Regular Meetings are scheduled on the 1st Thursday of each month, except for September*	
Executive/Administration Committee (EAC)	9:00 AM – 10:00 AM
Community, Economic and Human Development Committee (CEHD)	10:00 AM – 12:00 PM
Energy and Environment Committee (EEC)	10:00 AM – 12:00 PM
Transportation Committee (TC)	10:00 AM – 12:00 PM
Regional Council (RC)	12:15 PM – 2:00 PM

January 2, 2014

February 6, 2014

March 6, 2014

April 3, 2014

May 1 – 2, 2014
(SCAG 2014 Regional Conference & General Assembly)

June 5, 2014

DARK IN JULY

August 7, 2014

September 11, 2014*
(Note: League of California Cities Annual Conference in Los Angeles, Sept. 3 – 5)

October 2, 2014

November 6, 2014

December 4, 2014

The Regional Council consists of 86 elected officials representing 191 cities, six counties, six County Transportation Commissions, one representative from the Transportation Corridor Agencies, one Tribal Government representative and one representative for the Air Districts within Southern California.

2013.11.12 printed on recycled paper

This Page Intentionally Left Blank

REPORT

AGENDA ITEM NO. 9

DATE: August 7, 2014

TO: Regional Council (RC)
Executive/Administration Committee (EAC)
Community, Economic, and Human Development (CEHD) Committee
Energy and Environment Committee (EEC)
Transportation Committee (TC)

FROM: Hasan Ikhrata, Executive Director, Ikhrata@scag.ca.gov, 213-236-1944

SUBJECT: SCAG Sustainability Planning Grants Program – Monthly Update

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Receive and File.

EXECUTIVE SUMMARY:
SCAG is providing a monthly update (attached) regarding successful implementation of the 73 Sustainability Grants to member agencies. Forty-four (44) of the seventy-three (73) approved SCAG Sustainability Planning Grants were funded in the fall of 2013. An additional fifteen (15) projects were funded in the summer of 2014. Six of these projects will be funded by an award to SCAG from the California Strategic Growth Council. At the time this report was distributed, forty-five (45) grant projects have had Scopes of Work developed and finalized, forty-three (43) grant projects have had Request for Proposals (RFPs) released, forty-two (42) grant projects have selected consultants, and thirty-three (33) grant projects have had contracts executed.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 4: Develop, Maintain and Promote the Utilization of State of the Art Models, Information Systems and Communication Technologies.

BACKGROUND:
On September 12, 2013, the Regional Council approved seventy-three (73) Sustainability Planning Grant projects and directed staff to proceed with funding projects with available funds for Phases I and Phase II projects (total of 44 projects). The remaining projects will be part of Phase III and will proceed as additional funds become available in FY 2014/2015.

SCAG staff is providing monthly updates to the Board regarding implementation of the seventy-three (73) grants. At the time this report was distributed, ***forty-five (45)*** grant projects have had scopes of work developed in partnership with the cities, ***forty-three (43)*** grant projects have had RFPs released, ***forty-two (42)*** grant projects have consultants selected and ***thirty-three (33)*** grant projects have completed negotiations and have contracts executed.

FISCAL IMPACT:
Funding is included in SCAG's FY 2014-15 Overall Work Program (OWP) Budget. Staff's work budget for the current fiscal year are included in FY 2014-15 OWP 065.SCG02663.02.

ATTACHMENT:
Summary Progress Chart

SCAG Sustainability Planning Grants

July 29, 2014 **Regional Council Progress Update**

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
	Phase 1 (Available funds FY 13-14)							
1	San Bernardino County	Bloomington Area Valley Blvd. Specific Plan Health and Wellness Element - **Public health; Active transportation; Livability; Open space**		x	x	x	x	x
2	Los Angeles - Department of City Planning	Van Nuys & Boyle Heights Modified Parking Requirements - **Economic development; TOD; Livability**		x	x	x	x	x
3	Los Angeles - Department of City Planning	Bicycle Plan Performance Evaluation - **Active transportation; performance measures**		x	x	x	x	x
4	Western Riverside Council of Governments	Public Health: Implementing the Sustainability Framework - **Public health; Multi-jurisdiction coordination; Sustainability**		x	x	x	x	x
5	Santa Ana	Complete Streets Plan - **Complete streets; Active transportation; Livability**		x	x	x	x	x
6	San Bernardino Associated Governments	Climate Action Plan Implementation Tools - **GHG reduction; Multi-jurisdiction coordination; Implementation**		x	x	x	x	x
7	Riverside	Restorative Growthprint Riverside - **GHG reduction; Infrastructure investment; Economic development**		x	x	x	x	x
8	Orange County Parks	Orange County Bicycle Loop - **Active transportation; Multi-jurisdictional; Public health**		x	x	x	x	x
9	Ventura County	Connecting Newbury Park - Multi-Use Pathway Plan - **Active transportation; Public health; Adaptive re-use**		x	x	x	x	x
10	Imperial County Transportation Commission	Safe Routes to School Plan - **Multi-modal; Active transportation**		x	x			

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
11	Yucaipa	College Village/Greater Dunlap Neighborhood Sustainable Community - **Complete Streets; TOD**		x	x	x	x	x
12	Las Virgenes-Malibu Council of Governments	Multi-Jurisdictional Regional Bicycle Master Plan - **Active transportation; Public health; Adaptive re-use**		x	x	x	x	x
13	Eastvale	Bicycle & Pedestrian Master Plan - **Active Transportation**		x	x	x	x	x
14	West Covina	Downtown Central Business District -**Multi-modal; Active transportation**		x	x	x		
15	Placentia	General Plan/Sustainability Element & Development Code Assistance - **General Plan Update; Sustainability Plan**		x	x	x	x	x
16	Paramount/Bellflower	Regional Bicycle Connectivity - West Santa Ana Branch Corridor - **Active transportation; multi-jurisdiction**		x	x	x	x	x
17	Costa Mesa	Implementation Plan for Multi-Purpose Trails - **Active Transportation**		x	x	x	x	x
	Phase 2 (Available funds)							
18	Fullerton	East Wilshire Avenue Bicycle Boulevard - **Active transportation; Livability; Demonstration project**		x	x	x	x	x
19	Beaumont	Climate Action Plan - **GHG reduction**		x	x	x	x	x
20	Palm Springs	Sustainability Master Plan Update - **Leverages larger effort; commitment to implement**		x				
21	Big Bear Lake	Rathbun Corridor Sustainability Plan - **Multi-modal; Economic development; Open space**		x	x	x	x	x
22	Western Riverside Council of Governments	Land Use, Transportation, and Water Quality Planning Framework - **Integrated planning, Sustainability**		x	x	x	x	x
23	Anaheim	Bicycle Master Plan Update - **Active transportation**		x	x	x	x	x

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
24	Ontario	Ontario Airport Metro Center - **Multi-modal; Visualization; Integrated planning**		x				
25	Coachella Valley Association of Governments	CV Link Health Impact Assessment - **Active transportation; Public health; Multi-jurisdiction**		x	x	x	x	x
26	San Bernardino Associated Governments	San Bernardino Countywide Complete Streets Strategy - **Multi-modal; Livability; Multi-jurisdiction**		x	x	x	x	
27	Chino Hills	Climate Action Plan and Implementation Strategy - **GHG reduction; Implementation; Sustainability**		x	x	x	x	x
28	Coachella	La Plaza East Urban Development Plan - **Mixed-use, TOD, Infill**		x	x	x	x	x
29	South Bay Bicycle Coalition/Hermosa, Manhattan, Redondo	Bicycle Mini-Corral Plan - **Active transportation; implementable; good value**		x	x	x	x	x
30	Hawthorne	Crenshaw Station Area Active Transportation Plan and Overlay Zone - **Multi-modal; Active transportation; GHG reduction**		x	x	x	x	x
31	Chino	Bicycle & Pedestrian Master Plan - **Multi-modal; Active transportation**		x	x	x	x	x
32	Stanton	Green Planning Academy - **Innovative; Sustainability; Education & outreach**		x	x	x	x	
33	Hermosa Beach	Carbon Neutral Plan - **GHG reduction; Sustainability**		x	x	x	x	x
34	Palm Springs	Urban Forestry Initiative - **Sustainability; Unique; Resource protection**		x	x	x	x	
35	Orange County	"From Orange to Green" - County of Orange Zoning Code Update - **Sustainability; implementation**		x	x	x	x	x
36	Calimesa	Wildwood and Calimesa Creek Trail Master Plan Study - **Active transportation; Resource protection**		x	x	x	x	

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
37	Western Riverside Council of Governments	Climate Action Plan Implementation - **GHG Reduction; Multi-jurisdiction; implementation**		x	x	x	x	x
38	Lynwood	Safe and Healthy Community Element - **Public health & safety, General Plan update**		x	x	x	x	x
39	Palmdale	Avenue Q Feasibility Study - **Mixed-use; Integrated planning**		x	x	x	x	x
40	Long Beach	Willow Springs Wetland Habitat Creation Plan - **Open Space; Resource protection**		x	x	x	x	
41	Indio	General Plan Sustainability and Mobility Elements - **Sustainability; Multi-modal, General Plan update**		x	x	x	x	
42	Glendale	Space 134 - **Open space/Freeway cap; Multi-modal**		x	x	x	x	
43	Rancho Palos Verdes/City of Los Angeles	Western Avenue Corridor Design Implementation Guidelines - **Urban Infill; Mixed-use; Multi-modal**		x	x	x	x	x
44	Moreno Valley	Nason Street Corridor Plan - **Multi-modal; Economic development**		x	x	x	x	x
	Phase 3 (Pending additional funds)							
45	Park 101/City of Los Angeles	Park 101 District - **Open space/Freeway cap; Multi-modal**		x				
46	Los Angeles/San Fernando	Northeast San Fernando Valley Sustainability & Prosperity Strategy - **Multi-jurisdiction; Economic development; Sustainability**		x				
47	San Dimas	Downtown Specific Plan - **Mixed use; Infill**		x				
48	Los Angeles - Department of City Planning	CEQA Streamlining: Implementing the SCS Through New Incentives - **CEQA streamlining**		**Oct-13**				
49	Pico Rivera	Kruse Road Open Space Study - **Open space; Active transportation**		x				

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
50	South Bay Cities Council of Governments	Neighborhood-Oriented Development Graphics - public outreach		x				
51	San Bernardino Associated Governments	Safe Routes to School Inventory - **Active transportation; Public health**		x				
52	Burbank	Mixed-Use Development Standards - **Mixed use; Urban infill**		x				
53	San Bernardino Associated Governments	Countywide Habitat Preservation/Conservation Framework - **Open Space; Active Transportation**		x				
54	Rancho Cucamonga	Healthy RC Sustainability Action Plan - **Public health; implementation**		**Oct-13**				
55	Pasadena	Form-Based Street Design Guidelines - **Complete Streets; Multi-modal; Livability**		**Oct-13**				
56	South Gate	Gateway District/Eco Rapid Transit Station Specific Plan - **Land Use Design; Mixed Use; Active Transportation**		x				
57	Lancaster	Complete Streets Master Plan - **Complete Streets Plan**		**Oct-13**				
58	Rancho Cucamonga	Feasibility Study for Relocation of Metrolink Station - **Transit Access**		**Oct-13**				
59	Santa Clarita	Soledad Canyon Road Corridor Plan - **Land Use Design; Mixed Use Plan**		**Oct-13**				
60	Seal Beach	Climate Action Plan - **Climate Action Plan**		**Oct-13**				
61	La Mirada	Industrial Area Specific Plan - **Land Use Design**		**Oct-13**				
62	Hemet	Downtown Hemet Specific Plan - **Land Use Design; Mixed Use Plan**		**Oct-13**				
63	Hollywood Central Park/City of Los Angeles	Hollywood Central Park EIR - **Open Space/Freeway Cap; Multi-modal**		x				
64	Desert Hot Springs	Bicycle/Pedestrian Beltway Planning Project - **Active Transportation**		**Oct-13**				

Rank	Applicant	Project		Working / Last Contact	Scope	RFP	Selection	Contract
65	Cathedral City	General Plan Update - Sustainability - **General Plan Update; Sustainability Plan**		**Oct-13**				
66	Westminster	General Plan Update - Circulation Element - **General Plan Update; Complete Streets**		**x**				
67	La Canada Flintridge	Climate Action Plan - **Climate Action Plan**		**Oct-13**				
68	Huntington Beach	Neighborhood Electric Vehicle Plan - **Electric Vehicle**		**Oct-13**				
69	Pasadena	Green House Gas (GHG) Emission Reduction Evaluation Protocol - **Climate Action Plan**		**Oct-13**				
70	San Bernardino Associated Governments	Countywide Bicycle Route Mobile Application - **Active Transportation**		**Oct-13**				
71	Dana Point	General Plan Update - **General Plan Update**		**Oct-13**				
72	Garden Grove	RE:IMAGINE Downtown - Pedals & Feet - **Active Transportation; Infill**		**Oct-13**				
73	Barstow	Housing Element and Specific Plan Update - **Housing; Land Use Design**		**Oct-13**				

AGENDA ITEM NO. 10

REPORT

DATE: August 7, 2014

TO: Energy & Environment Committee (EEC)
Community Economic and Human Development Committee (CEHD)
Transportation Committee (TC)

FROM: Sarah Jepson, Manager, Active Transportation & Special Programs,
213-236-1955, jepson@scag.ca.gov

SUBJECT: Federal Highway Administration (FHWA) Nonmotorized Transportation Pilot Program Final Report

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Receive and File

EXECUTIVE SUMMARY:
In May 2014, the Federal Highway Administration (FHWA) released an updated report on the Nonmotorized Transportation Pilot Program (NTPP). The NTPP was administered by FHWA from August 2005 through 2013 and provided approximately $25 million to four pilot communities for pedestrian and bicycle infrastructure and nonmotorized programs. The updated report includes the results of seven years of data collection on program implementation; transportation mode shift towards walking and bicycling; and related health and environmental benefits. The findings reflect that the NTPP provided substantial community benefits by increasing community mobility, enhancing air quality and improving public health.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective 3: Provide practical solutions for moving new ideas forward

BACKGROUND:
The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) provided approximately $25 million through the NTPP to four pilot communities (Columbia, Missouri; Marin County, California; Minneapolis area, Minnesota; and Sheboygan County, Wisconsin) for pedestrian and bicycle infrastructure and nonmotorized programs. As part of the NTPP, FHWA was required to submit reports to Congress on the program's progress and outcomes. This report represents an update to the findings in the 2012 Final Report to Congress with evaluation of three additional years of data, reflecting additional projects that have been completed. This report also expands the scope of analysis to further consider priority themes of access, environment, safety, and public health.

Key outcomes from NTPP described in this report include:

- **Spending:** After seven years and as of late 2013, the four NTPP pilot communities reported investing $88.5 million of NTPP funds in nonmotorized transportation projects or programs ($79.8 million in on- and off-street infrastructure, $7.5 million in outreach, education, and marketing programs, and $1.3 million in bicycle/parking). The pilot communities also leveraged $59 million in other Federal, State, local, and private funds.

- **Mode Share Shift:** An estimated 85.1 million vehicle miles traveled (VMT) were averted from increased nonmotorized trips between 2009 and 2013 relative to the 2007 baseline. The walking mode share increased 15.8 percent from 2007 to 2013, while the bicycling mode share increased 44 percent over the same period. This translates to 22.8 percent and 48.3 percent increase in the number of pedestrian and bicycle trips across the four communities.

- **Project-Level Outcomes:** Trip counts increased up to 56 percent and 115 percent at individual pedestrian and bicycle project sites, respectively. Infrastructure projects also enhanced nonmotorized transportation routes to community amenities and transit hubs. Community outreach programs increased knowledge of nonmotorized transportation options and safety, and some projects expanded access to bicycling for underserved populations.

- **Access and Mobility:** NTPP expanded bicycle network access to approximately 240,000 people, 106,000 housing units, and 102,000 jobs. More than 70 percent of all NTPP infrastructure projects connect to employment centers, schools, parks, and recreation areas.

- **Environment and Energy:** NTPP saved an estimated 25 pounds of CO2 pollution in 2013 per capita in the pilot communities, or a total of 9,065 tons. This is equivalent to saving over 1.25 gallons of gas per capita in 2013 or nearly 3.6 million gallons between 2009 and 2013. NTPP saved an estimated 3.6 million gallons of gasoline between 2009 and 2013. This translates to an estimated 34,629 tons of CO2 emissions averted over that time period. In 2013, the pilot communities reduced emissions of hydrocarbons (33.4 tons), particulate matter (255 pounds PM10 and 241 pounds PM2.5), nitrogen oxides (23.3 tons), and carbon monoxide (304.6 tons) that contribute to local air pollution.

- **Safety:** Despite large increases in nonmotorized transportation, the pilot communities collectively observed a 20 percent decline in the number of pedestrian fatalities and a 28.6 percent decline in the number of bicycle fatalities from 2002 to 2012. Similarly, over the same time period, three of the communities experienced declines in the number of pedestrian injuries and pedestrian injury rates declined between 17.9 percent and 55.1 percent in each of the four communities. Bicycle injuries increased in three of the four communities, but bicycling injury rates (incidents per number of trips) declined between 8.6 and 38.2 percent in each of the four communities.

- **Public Health:** Based on the added bicycling trips observed just in 2013, the U.S. Centers for Disease Control and Prevention (CDC) estimates reduced economic cost of mortality of $46.3 million from bicycling in 2013. This does not include reduced economic cost of mortality from walking or benefits from reduced economic costs of morbidity, which are likely higher than mortality.

- **Build-Out:** The benefits of the NTPP investments will continue into the future. Depending on future walking and bicycling trends in the pilot communities, the pilot communities' nonmotorized transportation investments could avert 266 million VMT over the next ten years, and other benefits, such as health, safety, and environmental benefits, would increase under similar potential scenarios.

The analysis of the NTPP is a useful tool for understanding the potential benefits of large investments in nonmotorized transportation planning, infrastructure, and programs. The report also includes lessons learned on planning, implementing and evaluation of non-motorized funding programs that staff will consider during the development of the 2016 RTP/SCS and state and regional guidelines for future cycles of the Active Transportation Program.

The full report may be viewed at: http://www.fhwa.dot.gov/environment/bicycle_pedestrian/ntpp/2012_report/final_report_april_2012.pdf

FISCAL IMPACT:
None

ATTACHMENT:
Final Report Executive Summary

Executive Summary

Introduction

Section 1807 of the Safe, Accountable, Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) P.L. 109-59 established the Nonmotorized Transportation Pilot Program (NTPP) in August 2005.[1] Over the span of 4 years, the NTPP provided roughly $25 million annually in contract authority allocated equally among four pilot communities (Columbia, Missouri; Marin County, California; Minneapolis, Minnesota; and Sheboygan County, Wisconsin) "to construct … a network of nonmotorized transportation infrastructure facilities, including sidewalks, bicycle lanes, and pedestrian and bicycle trails, that connect directly with transit stations, schools, residences, businesses, recreation areas, and other community activity centers." From its inception, the NTPP was designed as a demonstration program to gather statistical information on transportation mode share shifts before and after the implementation of nonmotorized transportation infrastructure and educational or promotional programs. The program was intended to "demonstrate the extent to which bicycling and walking can carry a significant part of the transportation load, and represent a major portion of the transportation solution, within selected communities."

Throughout the program to date, the four communities, each with unique physical and demographic characteristics, identified and implemented a locally devised strategy to significantly increase the use of nonmotorized transportation, along with the accompanying safety, environmental, and health benefits. This report represents the culmination of that initial implementation and analytical effort.

Key outcomes of the NTPP described in this report include:

- An estimated 16 million miles were walked or bicycled that would have otherwise been driven in 2010, and an estimated 32 million driving miles were averted between 2007 and 2010.[2]
- Counts in the four pilots saw an average increase of 49 percent in the number of bicyclists and a 22 percent increase in the number of pedestrians between 2007 and 2010.
- In each community, a greater percentage of pedestrian and bicycling trips included transit in 2010 than in 2007.
- Mode share increases in the pilot communities to bicycling and walking and away from driving from 2007 to 2010 outpaced the national average from 2001 to 2008. For the communities in sum, bicycling mode share increased 36 percent, walking mode share increased 14 percent, and driving mode share decreased 3 percent between 2007 and 2010.
- The additional nonmotorized trips in the pilot communities in 2010 reduced the economic cost of mortality by an estimated $6.9 million.
- While each pilot community experienced increases in bicycling and walking from 2005 to 2009, fatal bicycle and pedestrian crashes held steady or decreased in all of the communities.
- The pilot communities saved an estimated 22 pounds of CO_2 in 2010 per person or a total of 7,701 tons. This is equivalent to saving over 1 gallon of gas per person or nearly 1.7 million gallons from 2007 to 2010.
- Thousands of people were reached by training classes, personalized outreach, and other educational and promotional activities; many people tried bicycling for the first time in their adults lives or ever.

---

[1] Since the expiration of SAFETEA-LU on September 30, 2009, the NTPP received additional funds through SAFETEA-LU extensions during Fiscal Year 2010.

[2] 2007 was used as the base year for analysis since that was the first year of consistent data collection among the pilot communities; very few projects were implemented before that time.

- New plans and studies funded through NTPP will continue to improve nonmotorized transportation into the future.
- Education and training for local planners, engineers, and elected officials has helped to institutionalize nonmotorized planning and projects into the future.
- Expanded transportation options for all segments of the population, prioritizing access to schools, shopping, transit, and other community centers.

The remainder of the Executive Summary provides an overview of the four pilot communities, the program investments, evaluation results, and lessons learned.

Table 1: Pilot Communities

Pilot Community	Population	Project Name	Key Community Characteristics
Columbia, Missouri	108,500	Getabout Columbia	• College town; large institutional employers (university, medical, and insurance)
Marin County, California	252,409	WalkBikeMarin	• Topography is a major challenge with smaller towns situated in valleys separated by steep ridges, limited connecting roadways • Pilot target area focused on eastern, urbanized corridor, including 11 cities and towns
Minneapolis, Minnesota	382,578	Bike Walk Twin Cities	• Largest and most diverse population of the pilot communities and most densely developed • Relatively flat, extreme winter weather • Pilot area includes primary city and portions of adjacent municipalities
Sheboygan County, Wisconsin	115,507	NOMO	• Largest land area of the pilot communities • Limited prior experience with nonmotorized transportation • 15 townships, 10 villages, 3 cities • Manufacturing remains a significant employment sector

Program Investments

The NTPP funding provided an opportunity for pilot communities to make significant investments in walking and bicycling infrastructure and education.

As shown in Figure 1, program-wide, the vast majority of total program funds (89.2 percent) have been spent on infrastructure, with the next highest share (7.9 percent) spent on outreach, education, and marketing programs. The remaining funds have been spent on bicycle parking (2.1 percent) and planning (0.8 percent). In addition to funding infrastructure and non-infrastructure projects, the communities set aside funds for evaluation, communications support, and program administration. Combined, the four communities spent approximately $1.6 million on evaluation, $2.1 million on communications support, and $6 million on program administration. The Federal Highway Administration (FHWA) also contributed approximately $360,000 of its own research funds to support NTPP evaluation.

.

Figure 1: Percent Funding by Project Type

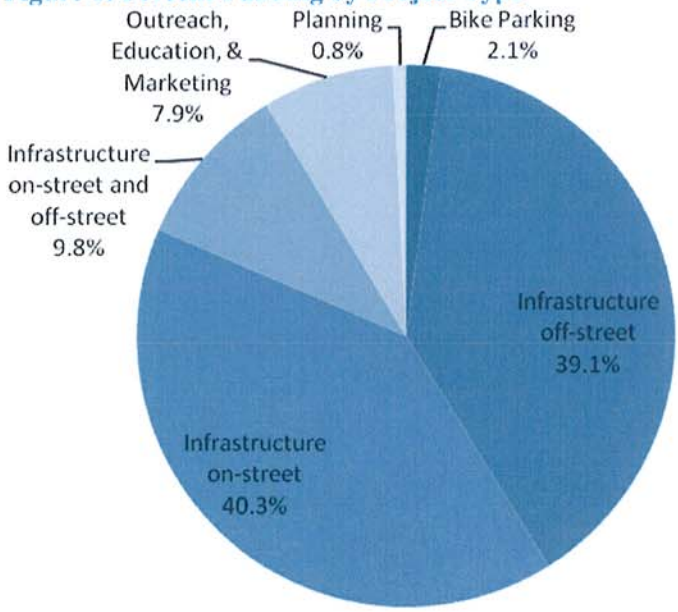


Table 2 shows the extent of planned and completed infrastructure projects funded through the program. In addition to infrastructure projects, strategic and innovative outreach and educational programming have reached thousands of residents, providing information and skills to help increase walking and bicycling activity. These efforts were instrumental in helping to institutionalize nonmotorized transportation projects in each pilot community and continue the cultural shift in travel behavior.

Table 2: Planned and Completed Capital Projects in all NTPP Communities

Project Type	Miles/Spaces (funded)	Miles/Spaces (complete)*	% Complete*
On-road facilities	333	214	64%
Off-road facilities	23	7	31%
Bicycle parking	5,727	5,461	95%

* as of August 2011

Each community had a unique approach to program implementation and project selection, depending on existing facilities, plans, and identified needs. While all of the communities invested heavily in infrastructure, areas with fewer existing facilities focused primarily on laying foundations for comprehensive nonmotorized transportation networks, including through planning, while in other settings, more complicated gap-filling projects were most appropriate.

Evaluation Results

To respond to the legislation, the FHWA and the pilot communities created a Working Group (WG) composed of representatives from the administrating agencies in each of the communities, FHWA, the U.S. Department of Transportation's Volpe National Transportation Systems Center (Volpe Center), Rails-to-Trails Conservancy (RTC), the Marin County Bicycle Coalition, and the Centers for Disease Control and Prevention (CDC). The WG first met in the fall of 2005 and has held regular teleconferences and annual meetings to discuss progress and challenges and coordinate efforts across the pilot communities. The WG developed and implemented both project-level and community-wide evaluation approaches to assess the travel behavior impacts of the nonmotorized investments. These two concurrent evaluation efforts were as follows:

- **Project-Level Evaluation**: identified the specific impact of individual projects. Each community selected a handful of infrastructure and non-infrastructure projects to evaluate and then undertook counts and surveys to determine their effectiveness.
- **Community-Wide Evaluation**: each community selected several infrastructure projects, both individually and synergistically, and non-infrastructure projects, such as nonmotorized encouragement and marketing campaigns.

This approach relied on directly collected data and supplementary local and national data sources. In coordination with consultants and academic experts, the WG's Evaluation Subgroup guided the data collection effort and helped resolve technical issues as they arose.

For project-level evaluation, each community selected a small subset of projects to receive more in-depth evaluation. For infrastructure projects, counts revealed substantial increases and continual growth in nonmotorized travel activities in each of the studied corridors and intersections. Projects implemented towards the beginning of the program show annual and absolute increases in users over multiple years. In addition to increased nonmotorized travel, anecdotal project-level studies revealed slower driving speeds and safer conditions for pedestrians and bicyclists. Non-infrastructure projects resulted in training and outreach for thousands of participants; improving the awareness of nonmotorized issues and directly benefiting a variety of community members and professionals in each of the pilots.

For community-wide evaluation, bookend counts following the National Pedestrian and Bicycle Documentation Project methodology, showed walking and bicycling increased in each of the communities between 2007 and 2010. These counts point to an increase of 22 percent for walking and 49 percent for bicycling across the count locations. Furthermore, utilizing survey data, the WG found that for most of the communities increased bicycling and walking trips were primarily attributable to utilitarian trips in 2010 compared to 2007,[3] though recreational and exercise activity increased as well.

The WG developed two models, the NTPP and Intercept Survey models, to determine the impacts of the NTPP regarding energy, the environment, and health in terms of trips and vehicle miles averted. These models conservatively estimate that between 2007 and 2010, people walked or bicycled between 32.3 and 37.8 million more miles in the pilot communities than they would have without the NTPP (controlling for population growth). Assuming a one-to-one trade-off between vehicle trips and nonmotorized trips, the WG used the Intercept Survey model to estimate that between 2007 and 2010, 1.67 million gallons of gasoline were conserved and over 30.8 million pounds of carbon dioxide emissions averted as a result of the NTPP. Substantial reductions/savings in other criteria air pollutants that contribute to health problems were also noted.

Lessons Learned

Through the course of the pilot program, FHWA and the four communities have learned many lessons about nonmotorized transportation planning, implementation, and evaluation. Several lessons are listed below, with greater detail provided in the text of the report.

Pilot Program Design

- Program status elevates agency commitment
- Funding flexibility supports innovations to meet local needs
- Delivery of small projects should be streamlined
- Short-term results underestimate benefits
- WG approach adds value

[3] Note that while Columbia, Marin County, and Sheboygan County administered their surveys on weekdays and a weekend day during various times in the afternoon, notably, Minneapolis only administered their survey on a weekday during the commute time period between 4:00 and 6:00 p.m.

Program Planning and Implementation

- Comprehensive bicycle/pedestrian plans and street design policies provide advantages
- Leveraging funds expands program impact
- Nonmotorized programs must combine capital and programmatic investments

Building Capacity

- Projects and outreach efforts must be culturally and generationally appropriate
- Education and training for engineers and local staff provide long-term benefit
- Exposure to best practices leads to breakthroughs
- Local examples help build public support

Stakeholders and Partnerships

- Broad public education and outreach create better understanding of program goals
- NTPP provides opportunities to build relationships with local employers
- Early support from local officials benefits projects through entire process
- New inter-agency and intra-agency connections highlight common goals

Research and Evaluation

- WG collaboration leads to new evaluation approaches
- Evaluation highlights importance of both community-wide and project-level approach
- Institutionalized location counts are significant
- Count data provide basis to measure community-wide results

Continuing the Progress

Programs like NTPP reflect the ability of nonmotorized investments to transform communities, improving quality of life, by expanding safe and healthy travel options. The findings from NTPP demonstrate the importance of nonmotorized transportation and how these transportation modes can enrich communities. In March 2010, the U.S. Department of Transportation (DOT) released a *Policy Statement on Bicycle and Pedestrian Accommodation Regulations and Recommendations* which stressed the importance of building safe and convenient multimodal transportation systems. The findings from the NTPP affirm the words of the *Policy Statement*:

> Increased commitment to and investment in bicycle facilities and walking networks can help meet goals for cleaner, healthier air; less congested roadways; and more livable, safe, cost-efficient communities. Walking and bicycling provide low-cost mobility options that place fewer demands on local roads and highways. DOT recognizes that safe and convenient walking and bicycling facilities may look different depending on the context — appropriate facilities in a rural community may be different from a dense, urban area. However, regardless of regional, climate, and population density differences, it is important that pedestrian and bicycle facilities be integrated into transportation systems. While DOT leads the effort to provide safe and convenient accommodations for pedestrians and bicyclists, success will ultimately depend on transportation agencies across the country embracing and implementing this policy.

AGENDA ITEM NO. 11

REPORT

DATE: August 7, 2014

TO: Energy and Environment Committee (EEC)

FROM: Rongsheng Luo, Program Manager, (213) 236-1994, luo@scag.ca.gov

SUBJECT: Clean Power Plan Proposed Rule by the United States Environmental Protection Agency (EPA)

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Receive and File.

EXECUTIVE SUMMARY:
On June 2, 2014, the EPA released the Clean Power Plan Proposed Rule to cut carbon pollution from existing power plants. The staff report includes background information and a summary of the proposed rule.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaboration and cooperative environment to produce forward thinking regional plans.

BACKGROUND:
Power plants account for roughly one-third of all domestic greenhouse gas emissions in the United States. While there are limits in place for the level of arsenic, mercury, sulfur dioxide, nitrogen oxides, and particle pollution that power plants can emit, there are currently no national limits on carbon pollution levels.

With the Clean Power Plan, the EPA is proposing guidelines that build on trends already underway in states and the power sector to cut carbon pollution from existing power plants, making them more efficient and less polluting. This proposal follows through on the steps laid out in President Obama's Climate Action Plan and the June 2013 Presidential Memorandum (entitled 'Power Sector Carbon Pollution Standards').

The Clean Power Plan will be implemented through a state-federal partnership under which states identify a path forward using either current or new electricity production and pollution control policies to meet the goals of the proposed program. The proposal provides guidelines for states to develop plans to meet state-specific goals to reduce carbon pollution and gives states the flexibility to design a program based on their unique situation. States can choose the right mix of generation using diverse fuels, energy efficiency and demand-side management to meet the goals and their own needs. The proposal allows states to develop individual plans or to work together with other states to develop multi-state plans.

Also included in the proposal is a flexible timeline for states to follow for submitting plans to the EPA: All states must submit initial or complete plans by June 30, 2016, with the option to use a two-step process for submitting final plans if more time is needed. States that have already invested in energy efficiency programs will be able to build on these programs during the compliance period to help make progress toward meeting their goal.

According to the EPA, by 2030, the propose rule is expected to:

- Cut carbon emission from the power sector by 30 percent nationwide below 2005 levels, which is equal to the emissions from powering more than half the homes in the United States for one year;
- Cut particle pollution, nitrogen oxides, and sulfur dioxide by more than 25 percent as a co-benefit;
- Avoid up to 6,600 premature deaths, up to 150,000 asthma attacks in children, and up to 490,000 missed work or school days—providing up to $93 billion in climate and public health benefits; and
- Shrink electricity bills roughly 8 percent by increasing energy efficiency and reducing demand in the electricity system.

Since last summer, the EPA has directly engaged with state, tribal, and local governments, industry and labor leaders, non-profits and others. As reported previously to EEC in January 2014, staff monitored one of the eleven public listening sessions held by the EPA in San Francisco via webcast. According to the EPA, the data, information and feedback provided during the outreach effort helped guide the development of the proposal and further confirmed that states have been leading the way for years in saving families and businesses money through improving efficiency, while cleaning up pollution from power plants: 47 states have utilities that run demand-side energy efficiency programs, 38 have renewable portfolio standards or goals, and 10 have market-based greenhouse gas emissions programs.

The release of the proposed rule marked the beginning of the second phase of the EPA's outreach efforts. The EPA will accept comment on the proposal through October 16, 2014, 120 days after publication in the Federal Register, and scheduled four (4) public hearings on the proposed Clean Power Plan during the week of July 28th in the following cities: Denver, Atlanta, Washington, DC and Pittsburgh. Based on this input, the EPA will finalize standards next year following the schedule laid out in the June 2013 Presidential Memorandum.

As reported previously, there are power plants currently in operations in the SCAG region and these existing power plants will be subject to the the EPA Rule once finalized. Staff will keep track of the rule development process and report back to EEC as appropriate.

FISCAL IMPACT:
Work associated with this item is included in the current Fiscal Year 2014/15 Overall Work Program (15-025.SCG00164: Air Quality Planning and Conformity).

ATTACHMENT:
Executive Summary of the Federal Register Notice *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*.

Organization of This Document. The information presented in this preamble is organized as follows:

I. General Information
A. Executive Summary
B. Organization and Approach for This Proposed Rule
II. Background
A. Climate Change Impacts From GHG Emissions
B. GHG Emissions From Fossil Fuel-Fired EGUs
C. The Utility Power Sector
D. Statutory and Regulatory Requirements
III. Stakeholder Outreach and Conclusions
A. Stakeholder Outreach
B. Key Messages From Stakeholders
C. Key Stakeholder Proposals
D. Consideration of the Existing Range of Policies and Programs
E. Conclusions
IV. Rule Requirements and Legal Basis
A. Summary of Rule Requirements
B. Summary of Legal Basis
V. Authority To Regulate Carbon Dioxide and EGUs, Affected Sources, and Treatment of Categories
A. Authority To Regulate Carbon Dioxide
B. Authority To Regulate EGUs
C. Affected Sources
D. Implications for Tribes and U.S. Territories
E. Combined Categories and Codification in the Code of Federal Regulations
VI. Building Blocks for Setting State Goals and the Best System of Emission Reduction
A. Introduction
B. Building Blocks for Setting State Goals
C. Detailed Discussion of Building Blocks and Other Options Considered
D. Potential Combinations of the Building Blocks as Components of the Best System of Emission Reduction
E. Determination of the Best System of Emission Reduction
VII. State Goals
A. Overview
B. Form of Goals
C. Proposed Goals and Computation Procedure
D. State Flexibilities
E. Alternate Goals and Other Approaches Considered
F. Reliable Affordable Electricity
VIII. State Plans
A. Overview
B. Approach
C. Criteria for Approving State Plans
D. State Plan Components
E. Process for State Plan Submittal and Review
F. State Plan Considerations
G. Additional Factors That Can Help States Meet Their CO_2 Emission Performance Goals
H. Resources for States To Consider in Developing Plans
IX. Implications for Other EPA Programs and Rules
A. Implications for NSR Program
B. Implications for Title V Program
C. Interactions With Other EPA Rules
X. Impacts of the Proposed Action
A. What are the air impacts?
B. Comparison of Building Block Approaches
C. Endangered Species Act
D. What are the energy impacts?
E. What are the compliance costs?
F. What are the economic and employment impacts?
G. What are the benefits of the proposed action?
XI. Statutory and Executive Order Reviews
A. Executive Order 12866, Regulatory Planning and Review, and Executive Order 13563, Improving Regulation and Regulatory Review
B. Paperwork Reduction Act
C. Regulatory Flexibility Act
D. Unfunded Mandates Reform Act of 1995
E. Executive Order 13132, Federalism
F. Executive Order 13175, Consultation and Coordination With Indian Tribal Governments
G. Executive Order 13045, Protection of Children From Environmental Health Risks and Safety Risks
H. Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use
I. National Technology Transfer and Advancement Act
J. Executive Order 12898, Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations
XII. Statutory Authority

I. General Information

A. Executive Summary

1. Purpose of the Regulatory Action

Under the authority of Clean Air Act (CAA) section 111(d), the EPA is proposing emission guidelines for states to follow in developing plans to address greenhouse gas (GHG) emissions from existing fossil fuel-fired electric generating units (EGUs). In this summary, we outline the proposal; discuss its purpose; summarize its major provisions, including the EPA's approach to determining goals; describe the broad range of options available to states, including flexibility in timing requirements both for plan submission and compliance deadlines under those plans; and briefly describe the estimated CO_2 emission reductions, costs and benefits expected to result from full implementation of the proposal.

This rule, as proposed, would continue progress already underway to lower the carbon intensity of power generation in the United States (U.S.). Lower carbon intensity means fewer emissions of CO_2, a potent greenhouse gas that contributes to climate change. This proposal is a significant step forward in the EPA and states partnering to reduce GHG emissions in the U.S. The proposal incorporates critical elements that reflect the information and views shared during the unprecedented effort that the EPA has undertaken, beginning in the summer of 2013, to interact directly with, and solicit input from, a wide range of states and stakeholders. This effort encompassed several hundred meetings across the country with state environmental and energy officials, public utility commissioners, system operators, utilities and public interest advocates, as well as members of the public. Many participants submitted written material and data to the EPA as well.

Nationwide, by 2030, this rule would achieve CO_2 emission reductions from the power sector of approximately 30 percent from CO_2 emission levels in 2005. This goal is achievable because innovations in the production, distribution and use of electricity are already making the power sector more efficient and sustainable while maintaining an affordable, reliable and diverse energy mix. This proposed rule would reinforce and continue this progress. The EPA projects that, in 2030, the significant reductions in the harmful carbon pollution and in other air pollution, to which this rule would lead, would result in net climate and health benefits of $48 billion to $82 billion. At the same time, coal and natural gas would remain the two leading sources of electricity generation in the U.S., with each providing more than 30 percent of the projected generation.

Based on evidence from programs already being implemented by many states as well as input received from stakeholders, the agency recognizes that the most cost-effective system of emission reduction for GHG emissions from the power sector under CAA section 111(d) entails not only improving the efficiency of fossil fuel-fired EGUs, but also addressing their utilization by taking advantage of opportunities for lower-emitting generation and reduced electricity demand across the electricity system's interconnecting network or grid.

The proposed guidelines are based on and would reinforce the actions already being taken by states and utilities to upgrade aging electricity infrastructure with 21st century technologies. The guidelines would ensure that these trends continue in ways that are consistent with the long-term planning and investment processes already used in this sector, to meet both region- and state-specific needs. The proposal provides flexibility for states to build upon their progress, and the progress of cities and towns, in addressing GHGs. It also allows states to pursue policies to reduce carbon pollution that: (1)

Continue to rely on a diverse set of energy resources, (2) ensure electric system reliability, (3) provide affordable electricity, (4) recognize investments that states and power companies are already making, and (5) can be tailored to meet the specific energy, environmental and economic needs and goals of each state. Thus, the proposed guidelines would achieve meaningful CO_2 emission reduction while maintaining the reliability and affordability of electricity in the U.S.

a. Proposal Elements

The proposal has two main elements: (1) State-specific emission rate-based CO_2 goals and (2) guidelines for the development, submission and implementation of state plans. To set the state-specific CO_2 goals, the EPA analyzed the practical and affordable strategies that states and utilities are already using to lower carbon pollution from the power sector. These strategies include improvements in efficiency at carbon-intensive power plants, programs that enhance the dispatch priority of, and spur private investments in, low emitting and renewable power sources, as well as programs that help homes and businesses use electricity more efficiently. In addition, in calculating each state's CO_2 goal, the EPA took into consideration the state's fuel mix, its electricity market and numerous other factors. Thus, each state's goal reflects its unique conditions.

While this proposal lays out state-specific CO_2 goals that each state is required to meet, it does not prescribe how a state should meet its goal. CAA section 111(d) creates a partnership between the EPA and the states under which the EPA sets these goals and the states take the lead on meeting them by creating plans that are consistent with the EPA guidelines. Each state will have the flexibility to design a program to meet its goal in a manner that reflects its particular circumstances and energy and environmental policy objectives. Each state can do so alone or can collaborate with other states on multi-state plans that may provide additional opportunities for cost savings and flexibility.

To facilitate the state planning process, this proposal lays out guidelines for the development and implementation of state plans. The proposal describes the components of a state plan, the latitude states have in developing compliance strategies, the flexibility they have in the timing for submittal of their plans and the flexibility they have in determining the schedule by which their sources must achieve the required CO_2 reductions. The EPA recognizes that each state has differing policy considerations—including varying emission reduction opportunities and existing state programs and measures—and that the characteristics of the electricity system in each state (e.g., utility regulatory structure, generation mix and electricity demand) also differ. Therefore, the proposed guidelines provide states with options for meeting the state-specific goals established by the EPA in a manner that accommodates a diverse range of state approaches. This proposal also gives states considerable flexibility with respect to the timeframes for plan development and implementation, providing up to two or three years for submission of final plans and providing up to fifteen years for full implementation of all emission reduction measures, after the proposal is finalized.

Addressing a concern raised by both utilities and states, the EPA is proposing that states could choose approaches in their compliance plans under which full responsibility for actions achieving reductions is not placed entirely upon emitting EGUs; instead, state plans could include measures and policies (e.g., demand-side energy efficiency programs and renewable portfolio standards) for which the state itself is responsible. Of course, individual states would also have the option of structuring programs (e.g., allowance-trading programs) under which full responsibility rests on the affected EGUs.

The EPA believes that, using the flexibilities inherent in CAA section 111(d), this proposal would result in significant reductions of GHG emissions that cause harmful climate change, while providing states with ample opportunity to design plans that use innovative, cost-effective strategies that take advantage of investments already being made in programs and measures that lower the carbon intensity of the power sector and reduce GHG emissions.

b. Policy Context and Industry Conditions

This proposal is an important step toward achieving the GHG emission reductions needed to address the serious threat of climate change. GHG pollution threatens the American public by leading to potentially rapid, damaging and long-lasting changes in our climate that can have a range of severe negative effects on human health and the environment. CO_2 is the primary GHG pollutant, accounting for nearly three-quarters of global GHG emissions [1] and 82 percent of U.S. GHG emissions.[2] The May 2014 report of the National Climate Assessment [3] concluded that climate change impacts are already manifesting themselves and imposing losses and costs. The report documents increases in extreme weather and climate events in recent decades, damage and disruption to infrastructure and agriculture, and projects continued increases in impacts across a wide range of communities, sectors, and ecosystems.

The President's Climate Action Plan,[4] issued in June 2013, recognizes that climate change has far-reaching harmful consequences and real economic costs. The Climate Action Plan details a broad array of actions to reduce GHG emissions that contribute to climate change and affect public health and the environment. One of the plan's goals is to reduce CO_2 emissions from power plants. This is because fossil fuel-fired EGUs are, by far, the largest emitters of GHGs, primarily in the form of CO_2, among stationary sources in the U.S. To accomplish this goal, President Obama issued a Presidential Memorandum [5] that recognized the importance of significant and prompt action. The Memorandum directed the EPA to complete carbon pollution standards, regulations or guidelines, as appropriate, for modified, reconstructed and existing power plants by June 1, 2015, and in doing so to build on state leadership in moving toward a cleaner power sector.

The way that power is produced, distributed and used is already changing due to advancements in innovative power sector technologies and in the availability and cost of low carbon fuel, renewable energy and energy efficient demand-side technologies, as well as economic conditions. In addition, the average age of the coal-fired generating fleet is increasing. In 2025, the average age of the coal-fired generating fleet is

[1] Intergovernmental Panel on Climate Change (IPCC) report, ''Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change,'' 2007. Available at *http://epa.gov/climatechange/ghgemissions/global.html.*

[2] Table ES–2 ''Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2012'', Report EPA 430–R–14–003, United States Environmental Protection Agency, April 15, 2014.

[3] U.S. Global Change Research Program, Climate Change Impacts in the United States: The Third National Climate Assessment, May 2014. Available at *http://nca2014.globalchange.gov/.*

[4] The President's Climate Action Plan, June 2013. *http://www.whitehouse.gov/sites/default/files/image/president27sclimateactionplan.pdf.*

[5] Presidential Memorandum—Power Sector Carbon Pollution Standards, June 25, 2013. *http://www.whitehouse.gov/the-press-office/2013/06/25/presidential-memorandum-power-sector-carbon-pollution-standards.*

projected to be 49 years old, and 20 percent of units would be more than 60 years old if they remained in operation at that time. Therefore, even in the absence of additional environmental regulation, states and utilities can be expected to be, and already are, making plans to address the changes necessitated by the aging of current assets and infrastructure. With change inevitably underway between now and 2030, a CAA section 111(d) rulemaking for CO_2 emissions is timely and can inform current and ongoing decision making by states and utilities, as well as private sector business and technology investments. As states develop their plans, they will make key decisions that will stimulate private sector investment and innovation associated with reducing GHG emissions. We expect that many states will consider the opportunities offered for their respective economies as a result of this investment.

The proposed guidelines are designed to build on and reinforce progress by states, cities and towns, and companies on a growing variety of sustainable strategies to reduce power sector CO_2 emissions. At the same time, the EPA believes that this proposal provides flexibility for states to develop plans that align with their unique circumstances, as well as their other environmental policy, energy and economic goals. All states will have the opportunity to shape their plans as they believe appropriate for meeting the proposed CO_2 goals. This includes states with long-established reliance on coal-fired generation, as well as states with a commitment to promoting renewable energy (including through sustainable forestry initiatives). It also includes states that are already participating in or implementing CO_2 reduction programs, such as the Regional Greenhouse Gas Initiative (RGGI), California's ''Global Warming Solutions Act'' and Colorado's ''Clean Air, Clean Jobs Act''.

States would be able to rely on and extend programs they may already have created to address the power sector. Those states committed to Integrated Resource Planning (IRP) would be able to establish their CO_2 reduction plans within that framework, while states with a more deregulated power sector system could develop CO_2 reduction plans within that specific framework. Each state, including states without an existing program, would have the opportunity to take advantage of a wide variety of strategies for reducing CO_2 emissions from affected EGUs. The EPA and other federal entities, including the U.S. Department of Energy (DOE), the Federal Energy Regulatory Commission (FERC) and the U.S. Department of Agriculture, among others, are committed to sharing expertise with interested states as they develop and implement their plans.

States would be able to address the economic interests of their utilities and ratepayers by using the flexibilities in this proposed action to: (1) Reduce costs to consumers, minimize stranded assets, and spur private investments in renewable energy and energy efficiency technologies and businesses; and (2) if they choose, work with other states on multi-state approaches that reflect the regional structure of electricity operating systems that exists in most parts of the country and is critical to ensuring a reliable supply of affordable energy. The proposed rule gives states the flexibility to provide a broad range of compliance options that recognize that the power sector is made up of a diverse range of companies that own and operate fossil fuel-fired EGUs, including vertically integrated companies in regulated markets, independent power producers, rural cooperatives and municipally-owned utilities, all of which are likely to have different ranges of opportunities to reduce GHG emissions while facing different challenges in meeting these reductions.

Both existing state programs (such as RGGI, the California Global Warming Solutions Act program and the Colorado Clean Air, Clean Jobs Act program) and ideas suggested by stakeholders show that there are a number of different ways that states can design programs that achieve required reductions while working within existing market mechanisms used to dispatch power effectively in the short term and to ensure adequate capacity in the long term. These programs and programs for conventional pollutants, such as the Acid Rain Program under Title IV of the CAA, have demonstrated that compliance with environmental programs can be monetized such that it is factored into power sector economic decision making in ways that reduce the cost of controlling pollution, maintain electricity system reliability and work within the least cost dispatching principles that are key to operation of our electric power grid. The proposal would also allow states to work together with individual companies on potential specific challenges. These and other flexibilities are discussed further in Section VIII of the preamble.

a. CAA Section 111(d) Requirements

Under CAA section 111(d),[6] state plans must establish standards of performance that reflect the degree of emission limitation achievable through the application of the ''best system of emission reduction'' that, taking into account the cost of achieving such reduction and any non-air quality health and environmental impacts and energy requirements, the Administrator determines has been adequately demonstrated (BSER).[7] Consistent with CAA section 111(d), the EPA is proposing state-specific goals that reflect the EPA's calculation of the emission limitation that each state can achieve through the application of the BSER. This calculation reflects the degree of emission limitation that the state plan must achieve in order to implement the BSER that the EPA has determined has been adequately demonstrated and that, in turn, would be required to be, and via the calculation, has been, applied for the affected EGUs in each state. A CAA section 111(d) state plan will differ from a state implementation plan (SIP) for a criteria air pollutant national ambient air quality standard (NAAQS) in several respects, reflecting the significant differences between CAA sections 110 and 111. A CAA section 110 SIP must be designed to meet the NAAQS for a criteria air pollutant for a particular area—not for a source category—within a timeframe specified in the CAA. The NAAQS itself is based on the current body of scientific evidence and, by law, does not reflect consideration of cost. By contrast, a CAA section 111(d) state plan must be designed to achieve a specific level of emission performance that has been established for a particular source category within a timeframe determined by the Administrator and, to some extent, by each state. Moreover, the emission levels for the source category reflect a determination of the BSER, which incorporates consideration of cost, technical feasibility and other factors.

To determine the BSER for reducing CO_2 emissions at affected EGUs, the EPA considered numerous measures that are already being implemented and can be implemented more broadly to

[6] See also 40 CFR 60.22(b)(5).

[7] Under CAA section 111(a)(1) and (d), the EPA is authorized to determine the BSER and to calculate the amount of emission reduction achievable through applying the BSER. The state is authorized to identify the standard or standards of performance that reflects that amount of emission reduction. In addition, the state is required to include in its state plan the standards of performance and measures to implement and enforce those standards. The state must submit the plan to the EPA, and the EPA must approve the plan if the standards of performance and implementing and enforcing measures are satisfactory. This is discussed in more detail in Sections IV, VI, VII and VIII of this preamble, as well as in the Legal Memorandum.

improve emission rates and to reduce overall CO_2 emissions from fossil fuel-fired EGUs. Overall, the BSER proposed here is based on a range of measures that fall into four main categories, or ''building blocks,'' which comprise improved operations at EGUs, dispatching lower-emitting EGUs and zero-emitting energy sources, and end-use energy efficiency. All of these measures have been amply demonstrated via their current widespread use by utilities and states.

The proposed guidelines are structured so that states would not be required to use each and every one of the measures that the EPA determines constitute the BSER or to apply any one of those measures to the same extent that the EPA determines is achievable at reasonable cost. Instead, in developing its plan, each state will have the flexibility to select the measure or combination of measures it prefers in order to achieve its CO_2 emission reduction goal. Thus, a state could choose to achieve more reductions from one measure encompassed by the BSER and less from another, or it could choose to include measures that were not part of the EPA's BSER determination, as long as the state achieves the CO_2 reductions at affected EGUs necessary to meet the goal that the EPA has defined as representing the BSER.

As explained in further detail in Sections VI, VII and VIII of this preamble regarding the agency's determination of the BSER, the EPA is offering the opportunity via this proposal to comment on the proposed BSER, the proposed methodology for computing state goals based on application of the BSER, and the state-specific data used in the computations. Once the final goals have been promulgated, a state would no longer have an opportunity to request that the EPA adjust its CO_2 goal. The final state-specific CO_2 goals would reflect any adjustments as appropriate based on comments provided to the EPA to address any data errors in the analysis for the proposed goals. We expect that states will be able to meet the CO_2 goals because they will represent the application of the BSER for the states' affected sources.

This proposed rule sets forth the state goals that reflect the BSER and guidelines for states to use in developing their plans to reduce CO_2 from fossil fuel-fired EGUs. The preamble describes the proposed expectations for state plans and discusses options that the EPA has considered. It also explains the EPA's authority to define the BSER, as well as state goals, and each state's responsibility to develop and implement standards of performance that will achieve its CO_2 goal. Additional detail on various aspects of the proposal is included in several technical support documents (TSDs) and memoranda, which are available in the rulemaking docket.

The proposal was substantially informed by the extensive input from states and a wide range of stakeholders that the EPA sought and has received since the summer of 2013. The EPA invites further input through public comment on all aspects of this proposal.

2. Summary of the Proposal's Major Provisions

a. Approach

In developing this proposed rulemaking, the EPA is implementing statutory provisions that have been in place since Congress first enacted the CAA in 1970 and that have been implemented pursuant to regulations promulgated in 1975 and followed in subsequent CAA section 111(d) rulemakings. These provisions ensure that, in concert with the provisions of CAA sections 110 and 112, new and existing major stationary sources operate in ways that address their emissions of significant air pollutants that are harmful to public health and the environment. These requirements call on the EPA to develop emission guidelines, which reflect the EPA's determination of the BSER, for states to follow in formulating compliance plans to implement standards of performance to achieve emission reductions consistent with the BSER. In following these provisions, the EPA is proposing a BSER based on strategies currently being used by states and companies to reduce CO_2 emissions from EGUs.

The CAA, as interpreted by the courts, identifies several factors for the EPA to consider in a BSER determination. These include technical feasibility, costs, size of emission reductions and technology (e.g., whether the system promotes the implementation and further development of technology). In determining the BSER, the EPA considered the reductions achievable through measures that reduce CO_2 emissions from existing fossil fuel-fired EGUs either by (1) reducing the CO_2 emission rate at those units or (2) reducing the units' CO_2 emission total to the extent that generation can be shifted from higher-emitting fossil fuel-fired EGUs to lower- or zero-emitting options.

As the EPA has done in making BSER determinations in previous CAA section 111(d) rulemakings, the agency considered the types of strategies that states and owners and operators of EGUs are already employing to reduce the covered pollutant (in this case, CO_2) from affected sources (in this case, fossil fuel-fired EGUs).[8] Across the nation, many states, cities and towns, and owners and operators of EGUs have shown leadership in creating and implementing policies and programs that reduce CO_2 emissions from the power sector while achieving other economic, environmental and energy benefits. Some of these activities, such as market-based programs and GHG performance standards, directly require CO_2 emission reductions from EGUs. Others reduce CO_2 emissions by reducing utilization of fossil fuel-fired EGUs through, for example, renewable portfolio standards (RPS) and energy efficiency resource standards (EERS). For example, currently 10 states have market-based GHG emission programs, 38 states have renewable portfolio standards or goals, and utilities in 47 states run demand-side energy efficiency programs. Many individual companies also have significant voluntary CO_2 emission reduction programs.

Such strategies—and the proposed BSER determination—reflect the fact that, in almost all states, the production, distribution and use of electricity can be, and is, undertaken in ways that accommodate reductions in both pollution emission rates and total emissions. Specifically, electricity production, at least to some extent, takes place interchangeably between and among multiple generation facilities and different types of generation, a fact that Congress, the EPA and the states have long relied on in enacting or promulgating pollution reduction programs, such as Title IV of the CAA, the NO_X SIP Call, the Cross State Air Pollution Rule (CSAPR) and RGGI.

As a result, the agency, in quantifying state goals, assessed what combination of electricity production or energy demand reduction across generation facilities can offer a reasonable-cost, technically feasible approach to achieving CO_2 emission reductions. States, in turn, will be able to look broadly at opportunities across their

[8] The final emission guidelines for landfill gas emissions from municipal solid waste landfills, published on March 12, 1996 and amended on June 16, 1998 (61 FR 9905 and 63 FR 32743, respectively) are one example, as they allow either of two approaches for controlling landfill gas—by recovering the gas as a fuel, for sale, and removing from the premises, or by destroying the organic content of the gas on the premises using a control device. Recovering the gas as a fuel source was a practice already being used by some affected sources prior to promulgation of the rulemaking.

electricity system in devising plans to meet their goals. Importantly, states may rely on measures that they already have in place, including renewable energy standards and demand-side energy efficiency programs, and the proposal details how such existing state programs can be incorporated into state plans. States will also be able to participate in multi-state programs that already exist or may create new ones.

Thus, to determine the BSER for reducing CO_2 emissions at affected EGUs and to establish the numerical goals that reflect the BSER, the EPA considered numerous measures that can and are being implemented to improve emission rates and to reduce or limit mass CO_2 emissions from fossil fuel-fired EGUs. These measures encompass two basic approaches: (1) Reducing the carbon intensity of certain affected EGUs by improving the efficiency of their operations, and (2) addressing affected EGUs' mass emissions by varying their utilization levels. For purposes of expressing the BSER as an emission limitation, in this case in the form of state-level goals, we propose to base these two approaches on measures grouped into four main categories, or ''building blocks.'' These building blocks can also be used as a guide to states for constructing broad-based, cost-effective, long-term strategies to reduce CO_2 emissions. The EPA believes that the application of measures from each of the building blocks can achieve CO_2 emission reductions at fossil fuel-fired EGUs such that, when combined with measures from other building blocks, the measures represent the ''best system of emission reduction . . . adequately demonstrated'' for fossil fuel-fired EGUs. The building blocks are:

1. Reducing the carbon intensity of generation at individual affected EGUs through heat rate improvements.
2. Reducing emissions from the most carbon-intensive affected EGUs in the amount that results from substituting generation at those EGUs with generation from less carbon-intensive affected EGUs (including NGCC units under construction).
3. Reducing emissions from affected EGUs in the amount that results from substituting generation at those EGUs with expanded low- or zero-carbon generation.
4. Reducing emissions from affected EGUs in the amount that results from the use of demand-side energy efficiency that reduces the amount of generation required.

The four building blocks are described in detail in Sections VI of this preamble. As explained in that section, the EPA evaluated each of the building blocks individually against the BSER criteria and found that each of the building blocks independently merits consideration as part of the BSER. The EPA also evaluated combinations of the building blocks against the BSER criteria—in particular, a combination of all four building blocks and a combination of building blocks 1 and 2.

Based on that evaluation, the EPA proposes that the combination of all four building blocks is the BSER. The combination of all four blocks best represents the BSER because it achieves greater emission reductions at a lower cost, takes better advantage of the wide range of measures that states, cities, towns and utilities are already using to reduce CO_2 from EGUs and reflects the integrated nature of the electricity system and the diversity of electricity generation technology. Section VI of this preamble also explains how the EPA considered more aggressive application of measures in each block. This includes consideration of more extensive application of measures that the EPA determined do represent a component of the BSER (such as more extensive or accelerated application of demand-side measures), as well as consideration of options in some blocks that the EPA determined would not represent the BSER for existing sources (such as the inclusion of retrofit carbon capture and storage or sequestration (CCS) on existing EGUs).

As part of the BSER determination, the EPA considered the impacts that implementation of the emission reductions based on the combination of the blocks would have on the cost of electricity and electricity system reliability. As the preamble details, the EPA believes that, both with respect to the overall proposed BSER and with respect to the individual building blocks, the associated costs are reasonable. Importantly, the proposed BSER, expressed as a numeric goal for each state, provides states with the flexibility to determine how to achieve the reductions (i.e., greater reductions from one building block and less from another) and to adjust the timing in which reductions are achieved, in order to address key issues such as cost to consumers, electricity system reliability and the remaining useful life of existing generation assets.

In sum, the EPA proposes that the BSER for purposes of CAA section 111(d), as applied to existing fossil fuel-fired EGUs, is based on a combination of measures that reduce CO_2 emissions and CO_2 emission rates and encompass all four building blocks.[9] We are also soliciting comment on application of only the first two building blocks as the basis for the BSER, while noting that application of only the first two building blocks achieves fewer CO_2 reductions at a higher cost.

In determining the BSER, we have considered the ranges of reductions that can be achieved by application of each building block, and we have identified goals that we believe reflect a reasonable degree of application of each building block consistent with the BSER criteria. Relying on all four building blocks to characterize the combination of measures that reduce CO_2 emissions and CO_2 emission rates at affected EGUs as the basis for the BSER is consistent with strategies, actions and measures that companies and states are already undertaking to reduce GHG emissions and with current trends in the electric power sector, driven by efforts to reduce GHGs as well as by other factors, such as advancements in technology. Reliance on all four building blocks in this way also supports the goals of achieving significant and technically feasible reductions of CO_2 at a reasonable cost, while also promoting technology and approaches that are important for achieving further reductions. Finally, the EPA believes that the diverse range of measures encompassed in the four building blocks allows states and sources to take full advantage of the inherent flexibility of the current regionally interconnected and integrated electricity system so as to achieve the CO_2 goals while continuing to meet the demand for electricity services in a reliable and affordable manner.

The EPA recognizes that states differ in important ways, including in their mix of existing EGUs and in their policy priorities. Consequently, opportunities and preferences for reducing emissions, as reflected in each of the building blocks, vary across states. While the state-specific goals that the EPA is proposing in this rule are based on consistent application of a single goal-setting methodology across all states, the goals account for these key differences. The state-specific CO_2 goals derived from application of the methodology vary because, in setting the goals for a state, the EPA used data specific to each state's EGUs and certain

[9] The EPA notes that under the proposed BSER, some building blocks would apply to some, but not all, affected sources. Specifically, building block 1 would apply to affected coal-fired steam EGUs, building block 2 would apply to all affected steam EGUs (both coal-fired and oil/gas-fired), and building blocks 3 and 4 would apply to all affected EGUs.

other attributes of its electricity system (e.g., current mix of generation resources).

The proposed BSER and goal-setting methodology reflect information provided and priorities expressed during the EPA's recent, extensive public outreach process. The input we received ranged from the states' desires for flexibility and recognition of varying state circumstances to the success that states and companies have had in adopting a range of pollution—and demand-reduction strategies. The state-specific approach embodied in both CAA section 111(d) and this proposal recognizes that ultimately states are the most knowledgeable about their specific circumstances and are best positioned to evaluate and leverage existing and new generation capacity and programs to reduce CO_2 emissions.

To meet its goal, each state will be able to design programs that use the measures it selects, and these may include the combination of building blocks most relevant to its specific circumstances and policy preferences. States may also identify technologies or strategies that are not explicitly mentioned in any of the four building blocks and may use those technologies or strategies as part of their overall plans (e.g., market-based trading programs or construction of new natural combined cycle units or nuclear plants). Further, the EPA's approach allows multi-state compliance strategies.

The agency also recognizes the important functional relationship between the period of time over which measures are deployed and the stringency of emission limitations those measures can achieve in a practical and reasonable cost way. Because, for this proposal, the EPA is proposing a 10-year period over which to achieve the full required CO_2 reductions, a period that begins more than five years from the date of this proposal, a state could take advantage of this relationship in the design of its program by using relevant combinations of building blocks to achieve its state goal in a manner that provides for electricity system reliability, avoids the creation of stranded assets and has a reasonable cost.

b. State Goals and Flexibilities

In this action, the EPA is proposing state-specific rate-based goals that state plans must be designed to meet. These state-specific goals are based on an assessment of the amount of emissions that can be reduced at existing fossil fuel-fired EGUs through application of the BSER, as required under CAA section 111(d). The agency is proposing state-specific final goals that must be achieved by no later than the year 2030. The proposed final goals reflect the EPA's quantification of adjusted state-average emission rates from affected EGUs that could be achieved at reasonable cost by 2030 through implementation of the four building blocks described above.

The EPA recognizes that, with many measures, states can achieve emission reductions in the short-term, though the full effects of implementation of other measures, such as demand-side energy efficiency (EE) programs and the addition of renewable energy (RE) generating capacity, can take longer. Thus, the EPA is proposing interim goals that states must meet beginning in 2020. The proposed interim goals would apply over a 2020–2029 phase-in period. They reflect the level of reductions in CO_2 emissions and emission rates and the extent of the application of the building blocks that would be presumptively approvable in a state plan during the ramp-up to achieving the final goal.

The EPA is proposing to allow each state flexibility with regard to the form of the goal. A state could adopt the rate-based form of the goal established by the EPA or an equivalent mass-based form of the goal. A multi-state approach incorporating either a rate- or mass-based goal would also be approvable based upon a demonstration that the state's plan would achieve the equivalent in stringency, including compliance timing, to the state-specific rate-based goal set by the EPA.

We believe that this approach to establishing requirements for states in developing their plans responds both to the needs of an effectively implemented program and to the range of viewpoints expressed by stakeholders regarding the simultaneous need for both flexibility and clear guidance on what would constitute an approvable state plan. We likewise believe that this approach represents a reasonable balance between two competing objectives grounded in CAA section 111(d)—a need for rigor and consistency in calculating emission reductions reflecting the BSER and a need to provide the states with flexibility in establishing and implementing the standards of performance that reflect those emission reductions. The importance of this balance is heightened by the fact that the operations of the electricity system itself rely on the flexibility made available and achieved through dispatching between and among multiple interconnected EGUs, demand management and end-use energy efficiency. We view the proposed goals as providing rigor where required by the statute with respect to the amount of emission reductions, while providing states with flexibility where permitted by the statute, particularly with respect to the range of measures that a state could include in its plan. This approach recognizes that state plans for emission reductions can, and must, be consistent with a vibrant and growing economy and supply of reliable, affordable electricity to support that economy. It further reflects the growing trend, as exemplified by many state and local clean energy policies and programs, to shift energy production away from carbon-intensive fuels to a modern, more sustainable system that puts greater reliance on renewable energy, energy efficiency and other low-carbon energy options.

c. State Plans

i. Plan Approach

Each state will determine, and include in its plan, emission performance levels for its affected EGUs that are equivalent to the state-specific CO_2 goal in the emission guidelines, as well as the measures needed to achieve those levels and the overall goal. As part of determining these levels, the state will decide whether it will adopt the rate-based form of the goal established by the EPA or translate the rate-based goal to a mass-based goal. The state must then establish a standard, or set of standards, of performance, as well as implementing and enforcing measures, to achieve the emission performance level specified in the state plan. The state may choose the measures it will include in its plan to achieve its goal. The state may use the same set of measures as in the EPA's approach to setting the goals, or the state may use other or additional measures to achieve the required CO_2 reductions.

A state plan must include enforceable CO_2 emission limits that apply to affected EGUs. In doing so, a state plan may take a portfolio approach, which could include enforceable CO_2 emission limits that apply to affected EGUs as well as other enforceable measures, such as RE and demand-side EE measures, that avoid EGU CO_2 emissions and are implemented by the state or by another entity. The plan must also include a process for reporting on plan implementation, progress toward achieving CO_2 goals, and implementation of corrective actions, if necessary. No less frequently than every two rolling calendar years, beginning January 1, 2022, the state will be required to compare emission performance achieved by affected EGUs

in the state with the emissions performance projected in the state plan, and report that to the EPA.

In this action, the EPA is also proposing guidelines for states to follow in developing their plans. These guidelines include approvability criteria, requirements for state plan components, the process and timing for state plan submittal and the process and timing for demonstrating achievement of the CO_2 emission performance level in the state plan. The proposed guidelines provide states with options for meeting the state-specific goals established by the EPA in a flexible manner that accommodates a diverse range of state approaches. The plan guidelines provide the states with the ability to achieve the full reductions over a multi-year period, through a variety of reduction strategies, using state-specific or multi-state approaches that can be achieved on either a rate or mass basis. They also address several key policy considerations that states can be expected to contemplate in developing their plans.

With respect to the structure of the state plans, the EPA, in its extensive outreach efforts, heard from a wide range of stakeholders that the EPA should authorize state plans to include a portfolio of actions that encompass a diverse set of programs and measures that achieve either a rate-based or mass-based emission performance level for affected EGUs but that do not place legal responsibility for achieving the entire amount of the emission performance level on the affected EGUs. In view of this strong sentiment from stakeholders, the EPA is proposing that state plans that take this portfolio approach would be approvable, provided that they meet other key requirements such as achieving the required emission reductions over the appropriate timeframes. Plans that do directly assure that affected EGUs achieve all of the required emission reductions (such as the mass-based programs being implemented in California and the RGGI states) would also be approvable provided that they meet other key requirements, such as achieving the required emission reductions over the appropriate timeframes.

ii. State Plan Components

The EPA is proposing to evaluate and approve state plans based on four general criteria: (1) Enforceable measures that reduce EGU CO_2 emissions; (2) projected achievement of emission performance equivalent to the goals established by the EPA, on a timeline equivalent to that in the emission guidelines; (3) quantifiable and verifiable emission reductions; and (4) a process for reporting on plan implementation, progress toward achieving CO_2 goals, and implementation of corrective actions, if necessary. In addition, each state plan must follow the EPA framework regulations at 40 CFR 60.23. The proposed components of states plans are:

- Identification of affected entities
- Description of plan approach and geographic scope
- Identification of state emission performance level
- Demonstration that plan is projected to achieve emission performance level
- Identification of emission standards
- Demonstration that each emission standard is quantifiable, non-duplicative, permanent, verifiable, and enforceable
- Identification of monitoring, reporting, and recordkeeping requirements
- Description of state reporting
- Identification of milestones
- Identification of backstop measures
- Certification of hearing on state plan
- Supporting material

iii. Process for State Plan Submittal and Review

Recognizing the urgent need for actions to reduce GHG emissions, and in accordance with the Presidential Memorandum,[10] the EPA expects to finalize this rulemaking by June 1, 2015. The Presidential Memorandum also calls for a deadline of June 30, 2016, for states to submit their state plans. The EPA is proposing that each state must submit a plan to the EPA by June 30, 2016. However, the EPA recognizes that some states may need more than one year to complete all of the actions needed for their final state plans, including technical work, state legislative and rulemaking activities, coordination with third parties, and coordination among states involved in multi-state plans. Therefore, the EPA is proposing an optional two-phased submittal process for state plans. Each state would be required to submit a plan by June 30, 2016, that contains certain required components. If a state needs additional time to submit a complete plan, then the state must submit an initial plan by June 30, 2016 that documents the reasons the state needs more time and includes commitments to concrete steps that will ensure that the state will submit a complete plan by June 30, 2017 or 2018, as appropriate. To be approvable, the initial plan must include specific components, including a description of the plan approach, initial quantification of the level of emission performance that will be achieved in the plan, a commitment to maintain existing measures that limit CO_2 emissions, an explanation of the path to completion, and a summary of the state's response to any significant public comment on the approvability of the initial plan, as described in Section VIII.E of this preamble.

If the initial plan includes those components and if the EPA does not notify the state that the initial plan does not contain the required components, the extension of time to submit a complete plan will be deemed granted and a state would have until June 30, 2017, to submit a complete plan if the geographic scope of the plan is limited to that state. If the state develops a plan that includes a multi-state approach, it would have until June 30, 2018 to submit a complete plan. Further, the EPA is proposing that states participating in a multi-state plan may submit a single joint plan on behalf of all of the participating states.

Following submission of final plans, the EPA will review plan submittals for approvability. Given the diverse approaches states may take to meet the emission performance goals in the emission guidelines, the EPA is proposing to extend the period for EPA review and approval or disapproval of plans from the four-month period provided in the EPA framework regulations to a twelve-month period.

iv. Timing of Compliance

As states, industry groups and other stakeholders have made clear, the EPA recognizes that the measures states have been and will be taking to reduce CO_2 emissions from existing EGUs can take time to implement. Thus, we are proposing that, while states must begin to make reductions by 2020, full compliance with the CO_2 emission performance level in the state plan must be achieved by no later than 2030. Under this proposed option, a state would need to meet an interim CO_2 emission performance level on average over the 10-year period from 2020–2029, as well as achieve its final CO_2 emission performance level by 2030 and maintain that level subsequently. This proposed option is based on the application of a range of measures from all four building blocks, and the agency believes that this approach for compliance timing is reasonable and appropriate and would best support the optimization of overall

[10] Presidential Memorandum—Power Sector Carbon Pollution Standards, June 25, 2013. *http://www.whitehouse.gov/the-press-office/2013/06/25/presidential-memorandum-power-sector-carbon-pollution-standards.*

CO_2 reductions. The agency is also requesting comment on an alternative option, a 5-year period for compliance, in combination with a less stringent set of CO_2 emission performance levels. These options are fully described in Section VIII of this preamble, and the state goals associated with the alternative option are described in Section VII.E of this preamble. The EPA is also seeking comment on different combinations of building blocks and different levels of stringency for each building block.

The EPA is also proposing that measures that a state takes after the date of this proposal, or programs already in place, which result in CO_2 emission reductions during the 2020–2030 period, would apply toward achievement of the state's 2030 CO_2 emission goal. Thus, states with currently existing programs and policies, and states that put in place new programs and policies early, will be better positioned to achieve the goals.

v. Resources for States

To respond to requests from states for methodologies, tools and information to assist them in designing and implementing their plans, the EPA, in consultation with the U.S. Department of Energy and other federal agencies, as well as states, is collecting and developing available resources and is making those resources available to the states via a dedicated Web site.[11] As we and others continue to develop tools, templates and other resources, we will update the Web site. We intend, during the public comment period, to work actively with the states on resources that will be helpful to them in both developing and implementing their plans.

3. Projected National-Level Emission Reductions

Under the proposed guidelines, the EPA projects annual CO_2 reductions of 26 to 30 percent below 2005 levels depending upon the compliance year. These guidelines will also result in important reductions in emissions of criteria air pollutants, including sulfur dioxide (SO_2), nitrogen oxides (NO_X) and directly emitted fine particulate matter ($PM_{2.5}$). A thorough discussion of the EPA's analysis is presented in Section X.A of this preamble and in Chapter 3 of the Regulatory Impact Analysis (RIA) included in the docket for this rulemaking.

4. Costs and Benefits

Actions taken to comply with the proposed guidelines will reduce emissions of CO_2 and other air pollutants, including SO_2, NO_X and directly emitted $PM_{2.5}$, from the electric power industry. States will make the ultimate determination as to how the emission guidelines are implemented. Thus, all costs and benefits reported for this action are illustrative estimates. The EPA has calculated illustrative costs and benefits in two ways: One based on an assumption of individual state plans and another based on an assumption that states will opt for multi-state plans. The illustrative costs and benefits are based upon compliance approaches that reflect a range of measures consisting of improved operations at EGUs, dispatching lower-emitting EGUs and zero-emitting energy sources, and increasing levels of end-use energy efficiency.

Assuming that states comply with the guidelines collaboratively (referred to as the regional compliance approach), the EPA estimates that, in 2020, this proposal will yield monetized climate benefits of approximately $17 billion (2011$) using a 3 percent discount rate (model average) relative to the 2020 base case, as shown in Table 1.[12] The air pollution health co-benefits associated with reducing exposure to ambient $PM_{2.5}$ and ozone through emission reductions of precursor pollutants in 2020 are estimated to be $16 billion to $37 billion using a 3 percent discount rate and $15 billion to $34 billion (2011$) using a 7 percent discount rate relative to the 2020 base case. The annual compliance costs are estimated using the Integrated Planning Model (IPM) and include demand-side energy efficiency program and participant costs as well as monitoring, reporting and recordkeeping costs. In 2020, total compliance costs of this proposal are approximately $5.5 billion (2011$). The quantified net benefits (the difference between monetized benefits and compliance costs) in 2020 are estimated to be $28 billion to $49 billion (2011$) using a 3 percent discount rate (model average). As reflected in Table 2, climate benefits are approximately $30 billion in 2030 using a 3 percent discount rate (model average, 2011$) relative to the 2030 base case assuming a regional compliance approach for the proposal. Health co-benefits are estimated to be approximately $25 to $59 billion (3 percent discount rate) and $23 to $54 billion (7 percent discount rate) relative to the 2030 base case (2011$). In 2030, total compliance costs for the proposed option regional approach are approximately $7.3 billion (2011$). The net benefits for this proposal increase to approximately $48 billion to $82 billion (3 percent discount rate model average, 2011$) in 2030 for the proposed option regional compliance approach.

In comparison, if states choose to comply with the guidelines on a state-specific basis (referred to as state compliance approach), the climate benefits in 2020 are expected to be approximately $18 billion (3 percent discount rate, model average, 2011$), as Table 1 shows. Health co-benefits are estimated to be $17 to $40 billion (3 percent discount rate) and $15 to $36 billion (7 percent discount rate). Total compliance costs are approximately $7.5 billion annually in 2020. Net benefits in 2020 are estimated to be $27 to $50 billion (3 percent model average discount rate, 2011$). In 2030, as shown on Table 2, climate benefits are approximately $31 billion using a 3 percent discount rate (model average, 2011$) relative to the 2030 base case assuming a state compliance approach. Health co-benefits are estimated to be approximately $27 to $62 billion (3 percent discount rate) and $24 to $56 billion (7 percent discount rate) relative to the 2030 base case (2011$). In 2030, total compliance costs for the state approach are approximately $8.8 billion (2011$). In 2030, these net benefits are estimated to be approximately $49 to $84 billion (3 percent discount rate, 2011$) assuming a state compliance approach.

[11] *www2.epa.gov/cleanpowerplantoolbox.*

[12] The EPA has used social cost of carbon (SCC) estimates—i.e., the monetary value of impacts associated with a marginal change in CO_2 emissions in a given year—to analyze CO_2 climate impacts of this rulemaking. The four SCC estimates are associated with different discount rates (model average at 2.5 percent discount rate, 3 percent, and 5 percent; 95th percentile at 3 percent), and each increases over time. In this summary, the EPA provides the estimate of climate benefits associated with the SCC value deemed to be central: The model average at 3 percent discount rate.

TABLE 1—SUMMARY OF THE MONETIZED BENEFITS, COMPLIANCE COSTS, AND NET BENEFITS FOR THE PROPOSED GUIDELINES IN 2020 [a]

[Billions of 2011$]

	3% Discount rate	7% Discount rate
Proposed Guidelines Regional Compliance Approach		
Climate benefits [b]	$17.	
Air pollution health co-benefits [c]	$16 to $37	$15 to $34.
Total Compliance Costs [d]	$5.5	$5.5.
Net Monetized Benefits [e]	$28 to $49	$26 to $45.
Non-monetized Benefits	Direct exposure to SO_2 and NO_2. 1.3 tons of Hg. Ecosystem Effects. Visibility impairment.	
Proposed Guidelines State Compliance Approach		
Climate benefits [b]	$18	
Air pollution health co-benefits [c]	$17 to $40	$15 to $36.
Total Compliance Costs [d]	$7.5	$7.5.
Net Monetized Benefits [e]	$27 to $50	$26 to $46.
Non-monetized Benefits	Direct exposure to SO_2 and NO_2. 1.5 tons. Ecosystem effects. Visibility impairment.	

[a] All estimates are for 2020, and are rounded to two significant figures, so figures may not sum.

[b] The climate benefit estimate in this summary table reflects global impacts from CO_2 emission changes and does not account for changes in non-CO_2 GHG emissions. Also, different discount rates are applied to SCC than to the other estimates because CO_2 emissions are long-lived and subsequent damages occur over many years. The benefit estimates in this table are based on the average SCC estimated for a 3% discount rate, however we emphasize the importance and value of considering the full range of SCC values. As shown in the RIA, climate benefits are also estimated using the other three SCC estimates (model average at 2.5 percent discount rate, 3 percent, and 5 percent; 95th percentile at 3 percent). The SCC estimates are year-specific and increase over time.

[c] The air pollution health co-benefits reflect reduced exposure to $PM_{2.5}$ and ozone associated with emission reductions of directly emitted $PM_{2.5}$, SO_2 and NO_X. The range reflects the use of concentration-response functions from different epidemiology studies. The reduction in premature fatalities each year accounts for over 90 percent of total monetized co-benefits from $PM_{2.5}$ and ozone. These models assume that all fine particles, regardless of their chemical composition, are equally potent in causing premature mortality because the scientific evidence is not yet sufficient to allow differentiation of effect estimates by particle type.

[d] Total costs are approximated by the illustrative compliance costs estimated using the Integrated Planning Model for the proposed guidelines and a discount rate of approximately 5%. This estimate includes monitoring, recordkeeping, and reporting costs and demand side energy efficiency program and participant costs.

[e] The estimates of net benefits in this summary table are calculated using the global social cost of carbon at a 3 percent discount rate (model average). The RIA includes combined climate and health estimates based on these additional discount rates.

TABLE 2—SUMMARY OF THE MONETIZED BENEFITS, COMPLIANCE COSTS, AND NET BENEFITS FOR THE PROPOSED GUIDELINES IN 2030 [a]

[Billions of 2011$]

	3% Discount rate	7% Discount rate
Proposed Guidelines Regional Compliance Approach		
Climate benefits [b]	$30.	
Air pollution health co-benefits [c]	$25 to $59	$23 to $54.
Total Compliance Costs [d]	$7.3	$7.3.
Net Monetized Benefits [e]	$48 to $82	$46 to $77.
Non-monetized Benefits	Direct exposure to SO_2 and NO_2. 1.7 tons of Hg and 580 tons of HCl. Ecosystem Effects. Visibility impairment.	
Proposed Guidelines State Compliance Approach		
Climate benefits [b]	$31.	
Air pollution health co-benefits [c]	$27 to $62	$24 to $56.
Total Compliance Costs [d]	$8.8	$8.8.
Net Monetized Benefits [e]	$49 to $84	$46 to $79.

TABLE 2—SUMMARY OF THE MONETIZED BENEFITS, COMPLIANCE COSTS, AND NET BENEFITS FOR THE PROPOSED GUIDELINES IN 2030 [a]—Continued

[Billions of 2011$]

	3% Discount rate	7% Discount rate
Non-monetized Benefits	Direct exposure to SO_2 and NO_2. 2.1 tons of Hg and 590 tons of HCl. Ecosystem effects. Visibility impairment.	

[a] All estimates are for 2030, and are rounded to two significant figures, so figures may not sum.

[b] The climate benefit estimate in this summary table reflects global impacts from CO_2 emission changes and does not account for changes in non-CO_2 GHG emissions. Also, different discount rates are applied to SCC than to the other estimates because CO_2 emissions are long-lived and subsequent damages occur over many years. The benefit estimates in this table are based on the average SCC estimated for a 3% discount rate, however we emphasize the importance and value of considering the full range of SCC values. As shown in the RIA, climate benefits are also estimated using the other three SCC estimates (model average at 2.5 percent discount rate, 3 percent, and 5 percent; 95th percentile at 3 percent). The SCC estimates are year-specific and increase over time.

[c] The air pollution health co-benefits reflect reduced exposure to $PM_{2.5}$ and ozone associated with emission reductions of directly emitted $PM_{2.5}$, SO_2 and NO_X. The range reflects the use of concentration-response functions from different epidemiology studies. The reduction in premature fatalities each year accounts for over 90 percent of total monetized co-benefits from $PM_{2.5}$ and ozone. These models assume that all fine particles, regardless of their chemical composition, are equally potent in causing premature mortality because the scientific evidence is not yet sufficient to allow differentiation of effect estimates by particle type.

[d] Total costs are approximated by the illustrative compliance costs estimated using the Integrated Planning Model for the proposed guidelines and a discount rate of approximately 5%. This estimate includes monitoring, recordkeeping, and reporting costs and demand side energy efficiency program and participant costs.

[e] The estimates of net benefits in this summary table are calculated using the global social cost of carbon at a 3 percent discount rate (model average). The RIA includes combined climate and health estimates based on these additional discount rates.

There are additional important benefits that the EPA could not monetize. These unquantified benefits include climate benefits from reducing emissions of non-CO_2 greenhouse gases (e.g., nitrous oxide and methane) [13] and co-benefits from reducing direct exposure to SO_2, NO_X and hazardous air pollutants (e.g., mercury and hydrogen chloride), as well as from reducing ecosystem effects and visibility impairment.

In addition to the cost and benefits of the rule, the EPA projects the employment impacts of the guidelines. We project job gains and losses relative to base case for the electric generation, coal and natural gas production, and demand side energy efficiency sectors. In 2020, we project job growth of 25,900 to 28,000 job-years [14] in the power production and fuel extraction sectors, and we project an increase of 78,800 jobs in the demand-side energy efficiency sector.

Based upon the foregoing, it is clear that the monetized benefits of this proposal are substantial and far outweigh the costs.

B. Organization and Approach for This Proposed Rule

This action presents the EPA's proposed emission guidelines for states to consider in developing plans to reduce GHG emissions from the electric power sector. Section II provides background on climate change impacts from GHG emissions, GHG emissions from fossil fuel-fired EGUs and the utility power sector and CAA section 111(d) requirements. Section III presents a summary of the EPA's stakeholder outreach efforts, key messages provided by stakeholders, state policies and programs that reduce GHG emissions, and conclusions. In Section IV of the preamble, we present a summary of the rule requirements and the legal basis for these. Section V explains the EPA authority to regulate CO_2 and EGUs, identifies affected sources, and describes the proposed treatment of source categories. Section VI describes the use of building blocks for setting state goals and key considerations in doing so. Sections VII and VIII provide explanations of the proposed state-specific goals and the proposed requirements for state plans, respectively. Implications for the new source review and Title V programs and potential interactions with other EPA rules are described in Section IX. Impacts of the proposed action are then described in Section X, followed by a discussion of statutory and executive order reviews in Section XI and the statutory authority for this action in Section XII.

We note that this rulemaking overlaps in certain respects with two other related rulemakings: The January 2014 proposed rulemaking that the EPA published on January 8, 2014 for CO_2 emissions from newly constructed affected sources,[15] and the rulemaking for modified and reconstructed sources that the EPA is proposing at the same time as this rulemaking. Each of these three rulemakings is independent of the other two, and each has its own rulemaking docket. Accordingly, commenters who wish to comment on any aspect of this rulemaking, including a topic that overlaps an aspect of one or both of the other two related rulemakings, should make those comments on this rulemaking.

II. Background

In this section, we discuss climate change impacts from GHG emissions, both on public health and public welfare, present information about GHG emissions from fossil fuel fired EGUs, and summarize the statutory and regulatory requirements relevant to this rulemaking.

A. Climate Change Impacts From GHG Emissions

In 2009, the EPA Administrator issued the document known as the Endangerment Finding under CAA section 202(a)(1).[16] In the Endangerment Finding, which focused on public health and public welfare impacts within the United States, the Administrator found that elevated concentrations of GHGs in the atmosphere may reasonably be anticipated to endanger public health and welfare of current and future generations. We summarize these adverse effects on public health and welfare briefly here.

1. Public Health Impacts Detailed in the 2009 Endangerment Finding

Climate change caused by human emissions of GHGs threatens public health in multiple ways. By raising average temperatures, climate change

[13] Although CO_2 is the predominant greenhouse gas released by the power sector, electricity generating units also emit small amounts of nitrous oxide and methane. See RIA Chapter 2 for more detail about power sector emissions and the U.S. Greenhouse Gas Reporting Program's power sector summary, *http://www.epa.gov/ghgreporting/ghgdata/reported/powerplants.html.*

[14] A job-year is not an individual job; rather, a job-year is the amount of work performed by the equivalent of one full-time individual for one year. For example, 20 job-years in 2020 may represent 20 full-time jobs or 40 half-time jobs.

[15] 79 FR 1430.

[16] ''Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act,'' 74 FR 66,496 (Dec. 15, 2009) (''Endangerment Finding'').

AGENDA ITEM NO. 12

REPORT

DATE: August 7, 2014

TO: Energy and Environment Committee (EEC)
Community, Economic & Human Development Committee (CEHD)
Transportation Committee (TC)

FROM: Rongsheng Luo, Program Manager, 213-236-1994, luo@scag.ca.gov

SUBJECT: 2016 South Coast Air Quality Management Plan (AQMP) Update

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Receive and File

EXECUTIVE SUMMARY:
Pursuant to federal and state laws, the 2016 South Coast Air Quality Management Plan (AQMP) is under development to attain federal and state air quality standards in the South Coast Air Basin. The three agencies responsible for developing the AQMP are the South Coast Air Quality Management District (SCAQMD), the California Air Resources Board (ARB), and SCAG. The staff report includes a status update of the 2016 South Coast AQMP development process.

BACKGROUND:
Pursuant to the Federal Clean Air Act (CAA), state implementation plans (SIPs) demonstrating attainment with the 2008 8-hour ozone and the 2012 annual PM2.5 National Ambient Air Quality Standards in the South Coast Air Basin are required to be prepared and submitted to the U.S. Environmental Protection Agency (EPA). In addition to the SIPs, the 2016 AQMP will also include an update to the previously submitted 1997 8-hour ozone and 1-hour ozone SIPs. The 2016 AQMP is being prepared by the SCAQMD, the lead agency; the ARB; and SCAG.

SCAG is required to prepare its portion of the 2016 AQMP, the Regional Transportation Strategy and Control Measures, based on the upcoming 2016 RTP/SCS. Therefore, the 2016 RTP/SCS may need to consider how regional policies, strategies, and investment programs can appropriately contribute to attaining the more stringent new ozone and PM2.5 standard for our region.

The 2016 AQMP will include an important component relative to future regional transportation planning and federal transportation conformity requirements, the motor vehicle ozone emissions budgets, which set an upper limit that on-road transportation activities are permitted to emit. The ozone and PM2.5 emission budgets established as part of the 2016 AQMP process and adopted in the final SIP will become the functioning ozone and PM2.5 emission budgets for transportation conformity for future RTP/Federal Improvement Program (FTIP) and RTP/FTIP amendments post the effectiveness date of the new emission budgets.

At EEC's meeting on January 2, 2014, staff presented an overview of the requirements, challenges, and status of the 2016 South Coast AQMP. The following status update highlights the major 2016 AQMP development activities since the last report:

2016 AQMP Advisory Group Meetings:

- Two AQMP Advisory Group meetings were held in April and May 2014, respectively, to discuss 1) the formation and goals of the 2016 AQMP Advisory Group; 2) the first components of 2016 AQMP/State Implementation Plan (SIP) submittals to the U.S. Environmental Protection Agency (EPA) by July 2014; and 3) the formation of White Paper Working Groups. SCAG staff, Huasha Liu and Jonathan Nadler, are members of the AQMP Advisory Group.

White Paper Working Groups Meetings:

- Purpose of White Papers: To lay out technical and policy issues associated with various emission sectors and to initiate dialogues with stakeholders regarding SIP strategy development, SCAQMD staff will coordinate the preparation of nine White Papers covering the following topics during 2014 and 2015:
  - ✓ Preface to White Papers
  - ✓ 21st Century Goods Movement System and Air Quality
  - ✓ Passenger Transportation (will include discussion of vehicle technology/fuel strategies mainly under ARB's jurisdiction as well as VMT reduction/infrastructure strategies based on SCAG's RTP/SCS)
  - ✓ Energy Outlook
  - ✓ Residential and Commercial Energy Use
  - ✓ Industrial Facility Modernization
  - ✓ VOC Controls
  - ✓ PM Controls
  - ✓ A Business Case for Clean Air

  The Attachment includes an outline for each of the nine proposed White Papers.

- White Paper Working Groups: Nine White Paper Working Groups have been formed. Each Working Group has 9 to 25 organizations, and each AQMP Advisory Group member organization has one seat at the table. SCAG staff is participating in all White Paper Working Groups. Of particular note, SCAG staff will be providing information relative the 2012 and 2016 Regional Transportation Plan/Sustainable Communities Strategy as major components of the Passenger Transportation and Goods Movement White Papers. Any interested parties can attend the White Paper Working Group meetings and working group members and interested parties will receive meeting notices. If interested in receiving additional information, send an email to aqmp@aqmd.gov.

- White Paper Working Group Meetings: Each of the nine White Paper Working Groups held its first meeting between June 24 and July 23, 2014. These initial meetings were held to solicit input from members of the Working Groups to identify issues and scope for the respective White Papers.

First Components of 2016 AQMP/SIP Submittals:

- Reasonably Available Control Technology (RACT) Demonstration: As a component of the 2016 AQMP, SCAQMD was required to submit a RACT Demonstration to U.S. EPA by July 20, 2014. The RACT analysis is a comprehensive assessment of the adequacy and comparative levels of stationary source emissions controls achieved in practice throughout the nation. South Coast Air District staff has performed the analysis demonstrating that SCAQMD current rules largely meet U.S. EPA's criteria for RACT acceptability and inclusion in the SIP. The analysis also identifies a few areas for further evaluation as part of the 2016 AQMP control measure development. On June 6, 2014, SCAQMD

Governing Board approved a Resolution certifying that the SCAQMD's current air pollution rules and regulations fulfill the 8-hour ozone Reasonably Available Control Technology requirements, and adopting the RACT SIP revision, and directed SCAQMD staff to forward the updated analysis to ARB for review and submission to the U.S. EPA.

- Base Year 2012 8-Hour Ozone Baseline Emission Inventory: The Federal Clean Air Act (CAA) requires states and local governments to prepare baseline emission inventories for all areas exceeding the National Ambient Air Quality Standards within two years of designation. An emission inventory is a systematic listing of air pollutant sources, along with an accounting of the amount of pollutants emitted by each source or category over a given period of time. This accounting is an estimate of emissions, not a direct measurement of ambient concentrations. The emission inventory is an essential tool to support the evaluation, control, and mitigation of air pollutants. Inventory data is used as primary input for air quality modeling, for developing control strategies, and to provide a means to track progress in meeting emissions reduction commitments. More specifically, the inventories are used to assist in demonstrating attainment of the standards.

  ARB staff has compiled the statewide Base Year 2012 Emission Inventory SIP Submittal which reflects the most up-to-date emission inventory for all the sixteen 2008 8-hour ozone nonattainment areas in California, including the South Coast and the other six nonattainment areas in the SCAG region. Since the statewide attainment challenges for the national 8-hour ozone standard occur in the summer months, the Base Year 2012 Emission Inventory includes the 2012 baseline summer season (May-October) planning emission inventories (tons/day) for nitrogen oxides (NOx) and volatile organic compounds (VOCs), the two precursors to ozone formation, for the sixteen areas. On June 26, 2014, the ARB Board approved a Resolution adopting the Base Year 2012 Emission Inventory SIP Submittal as a revision to the California SIP, and directed the ARB Executive Officer to forward the Emission Inventory SIP Submittal to U.S. EPA.

Next Steps:

Subject to the final 8-hour ozone implementation rule, SCAQMD plans to submit to U.S. EPA the Reasonable Further Progress demonstration by July 2015, and the ozone attainment demonstration, including SCAG's Regional Transportation Strategy and Control Measures, by July 2016.

SCAG staff will continue to provide status updates and other relevant information to policy committees as appropriate.

FISCAL IMPACT:
Work associated with this item is included in the current FY 2014-15 Overall Work Program (15-025.SCG0164.01: Air Quality Planning and Conformity).

ATTACHMENT:
SCAQMD White Papers Presentation to 2016 AQMP Advisory Group

Agenda Item #4: White Papers

Elaine Chang, DrPH

Deputy Executive Officer

Planning and Rules

Background

- 2016 AQMP
  - Better integrated planning (air quality, climate, energy, transportation)
  - Prepare a series of white papers to lay out technical and policy issues

Topics

- "Preface to White Papers"
- 21st Century Goods Movement System and Air Quality
- Passenger Transportation
- Energy Outlook
- Residential and Commercial Energy Use
- Industrial Facility Modernization
- VOC Controls
- PM Controls
- A Business Case for Clean Air

“Preface to White Papers”

- Purpose of white papers
- Review of topics and inter-relationship between topics
- General format of white papers

21st Century Goods Movement System and Air Quality

- Include all goods movement sectors
- Advanced technology and operational efficiency opportunities with potential scenario analysis
- Infrastructure needs and possible schedule
- Needed Investments
- Potential business case
- Job opportunities and education/training needed
- Action Plan

Passenger Transportation

- Advanced technology and operational efficiency opportunities with potential scenario analysis
- Programs for accelerated vehicle turnover
- Infrastructure needs and possible schedule
- Investment Plan – Public and private funding needs/opportunities
- Job opportunities and education/training needed
- Action Plan

Energy Outlook

- Energy demand and supply assessment by fuel type for various potential scenarios
- Identifying any new infrastructure needs and potential costs
- Action plan including inter-agency coordination

Residential and Commercial Energy Use

- Residential and commercial building energy use
  - opportunities for energy efficiency, load shift/shaving, renewable, distributed generation
  - enhanced inclusion in AQMP

Industrial Facility Modernization

- Advanced technology and efficiency opportunities with potential scenario analysis
- Identify barriers/incentives for equipment modernization via equipment replacement
- NSR modernization to incentivize clean technologies
- Incentive/Financing programs

VOC Controls

- The role of VOC in ozone attainment strategy: where and how much
- Practical applications for time, place, and reactivity controls and "off-season" manufacturing activity
- Potential enhancement to existing regulatory programs
- Job training programs
- Consumer products and public education

PM Controls

- Evaluation of control technology feasibility
  - Commercial cooking
  - Further SOx reductions
  - Fugitive dust
  - Ammonia

A Business Case for Clean Air

- Costs and benefits of clean air
- What is the business case?
- Are there winners and losers?/Who pays and who benefits?

Process

- Close collaboration with CARB
- Close collaboration with SCAG, CTCs, and subregional COGs on transportation/land use issues
- Periodic updates to Mobile Source Committee and AQMP Advisory Group
- AQMP White Paper Subgroups
  - AQMP Advisory Group members
  - Other interested parties
  - Technology experts
  - Open to the public
- Schedule: 2014- 2015

AQMP White Paper Subgroups

- "Preface to White Papers"
  - Susan Nakamura/Sam Atwood
- 21st Century Goods Movement System and Air Quality
  - Peter Greenwald/Henry Hogo
- Passenger Transportation
  - Henry Hogo
- Energy Outlook
  - Susan Nakamura/Aaron Katzenstein

AQMP White Paper Subgroups *(continued)*

- Residential and Commercial Energy Use
  - Phil Fine/Aaron Katzenstein
- Industrial Facility Modernization
  - Susan Nakamura
- VOC Controls
  - Phil Fine/Joe Cassmassi
- PM Controls
  - Phil Fine/Tracy Goss
- A Business Case for Clean Air
  - Elaine Chang/Peter Greenwald

AQMP White Paper Subgroups Participation

- Encouraged to participate in subgroups that will address the specific policy paper topics
- If interested in participating, send email to aqmp@aqmd.gov
- Include name, organization, contact information (e.g., email, phone number) and interested white paper topic(s)
- Please signup by Friday, April 25, 2014

This Page Intentionally Left Blank

REPORT

AGENDA ITEM NO. 13

DATE: August 7, 2014

TO: Regional Council (RC)
Executive/Administration Committee (EAC)
Community, Economic and Human Development Committee (CEHD)
Energy and Environment Committee (EEC)
Transportation Committee (TC)

FROM: Darin Chidsey; Director, Strategy, Policy & Public Affairs; (213) 236-1836; chidsey@scag.ca.gov

SUBJECT: State Approved Cap-and-Trade Expenditure Plan

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDATION:
For Information Only – No Action Required

EXECUTIVE SUMMARY:
On June 20, 2014, Governor Brown signed the Fiscal Year (FY) 2014-15 California state budget (effective July 1, 2014) which, in addition to providing $108 billion to pay down debt, build the state's rainy day fund, and provide additional money for schools and health care, also establishes an expenditure plan for Cap-and-Trade revenues. The approved expenditure plan is the culmination of a process of development of the plan to allocate Cap-and-Trade revenues begun by the state in 2012. SCAG, as part of its board adopted 2013 and 2014 legislative priorities, has partnered with transportation, local government, business and environmental stakeholders from around the state to work closely with the legislature to ensure that equitable allocations of Cap-and-Trade revenues flow to transportation programs and policies reducing Greenhouse Gas Emissions (GHGs), in recognition of the fact that transportation is the largest single sector emitter responsible for approximately 40% of all carbon emissions statewide. This report summarizes major provisions of the Cap-and-Trade Expenditure Plan passed by the Legislature and signed by the Governor.

BACKGROUND:
AB 32, the nation's first comprehensive climate state law passing in 2006, requires California to reduce its greenhouse gas (GHG) emissions to 1990 levels by 2020 - a reduction of approximately 15 percent below emissions expected under a "business as usual" scenario. AB 32 also requires the California Air Resources Board (ARB) to develop a Scoping Plan, to be updated every five (5) years, that lays out California's strategy for meeting the goals. The Scoping Plan identifies a market-based Cap-and-Trade program as one of the strategies utilized by California to reduce GHG emissions. Under Cap-and-Trade, companies must hold enough emission allowances to cover their emissions, and are free to buy and sell allowances on the open market. The intended effect is for market forces to spur technological innovation and investment to encourage polluting industries to operate more cleanly to ensure compliance with AB 32 goals as quickly and efficiently as possible.

The Cap-and-Trade rules came into effect on January 1, 2013 and apply to large electric power plants and large industrial plants. In 2015, they will extend to fuel distributors (including distributors of heating and transportation fuels). At that stage, the program will encompass approximately 360 businesses

throughout California and nearly 85 percent of the state's total GHG emissions. California held its first auction of GHG allowances on November 14, 2012.

Also in 2012, the legislature passed and the Governor signed into law the following related bills: AB 1532 (Pérez, Chapter 807); SB 535 (De León, Chapter 830); and SB 1018 (Budget and Fiscal Review Committee, Chapter 39) – that establish the Greenhouse Gas Reduction Fund to receive Cap-and-Trade auction proceeds and to provide the framework for how the auction proceeds will be administered. Among the requirements of these enacted laws are that the Department of Finance (DOF), in consultation with ARB, develop and submit a three-year investment plan to the legislature outlining allocation of the Cap-and-Trade revenues, and that required minimum allocations be directed for benefit of disadvantaged communities. This plan, originally to be enacted in 2013 was delayed until 2014 because the Scoping Plan had not been fully completed when the FY 2013-14 state budget was enacted and, thus, allocation decisions were deemed by the Legislature and the Governor to be better made after the Scoping Plan was completed in 2013. The requirements of these laws and the Scoping Plan have largely directed development of the Cap-and-Trade expenditure plan passed as part of the FY 2014-15 state budget.

In October 2012, the Regional Council adopted support of Cap-and-Trade principles developed by statewide transportation, business, environment, and local government organizations forming the Statewide Coalition of Liveable Communities', outlining how and for what purposes Cap-and-Trade revenues should be allocated for transportation related programs and policies to reduce GHG emissions, with the overarching goal of ensuring that allocations to the sector mirror its overall responsibility for creating harmful carbon emissions, estimated at approximately 40%. The Regional Council followed this by adopting as part of the 2013 and 2014 SCAG state legislative priorities support of legislation ensuring that an equitable portion of revenues generated from the implementation of the Cap-and-Trade program are allocated to transportation improvements that result in the reduction of pollution and GHG emissions commensurate with the transportation sector's impact in causing these emissions. SCAG fully participated with Coalition efforts, meeting with legislative and Administration staff and appearing at state legislative budget committee hearings in 2013 and 2014 to secure funding consistent with the adopted principles. Additionally, SCAG advocated for regional allocation of Cap-and-Trade funding, which was not passed as part of the final expenditure plan as addressed herein.

Cap-and-Trade Expenditure Plan

The 2014-15 state budget establishes an expenditure plan for Cap-and-Trade auction revenues to meet the goals set for by the California Global Warming Solutions Act of 2006 (AB 32). This law sets a goal of reducing overall state greenhouse gas emissions to 1990 levels by 2020, of which the Cap-and-Trade program will be responsible for achieving approximately 30 percent of these reductions.

On June 20, 2014, the Governor signed the FY 2014-15 state budget that includes the first investment plan for Cap-and-Trade auction revenues. This brief outlines the main points of interest for regional transportation planning agencies, summarizes the scope of key programs. The adopted budget bill and a series of "trailer bills" implement two aspects of the Cap-and-Trade expenditure plan: a budget year (2014-15) appropriation (SB 852) with fixed dollar amounts going to specified programs, and, in 2015-16 and thereafter, specified programs will receive set percentages of annual Cap-and-Trade proceeds (SB 862: Cap-and-Trade program trailer bill).

In summary, primary provisions of both bills indicating ongoing appropriations under the Cap-and-Trade program as well as the FY 2014-15 are as follows:

- Only two categories under Cap-and-Trade program receive multi-year allocations – which total 60% of future revenues: Transit, Housing, and Sustainable Communities (35%); and High-Speed Rail (25%). The other 40% of Cap-and-Trade funds will be subject to the annual budget process for other program areas;

- Funding for FY 2014-15 varies from this formula because of a one-time $200 million allocation to clean transportation. FY 2014-15 appropriations are broken down as follows:
  - $130 million allocated to Affordable Housing and Sustainable Communities (AHSC);
  - $250 million allocated to High Speed Rail;
  - $200 million allocated to Clean Vehicle Program;
  - $50 million allocated to Transit;
  - $242 million for non-transportation related programs for energy, water, waste diversion and weatherization.
- SB 862 apportions 20 percent of the Greenhouse Gas Reduction Fund proceeds on an annual basis to the AHSC program beginning in FY 2015-16;
- The AHSC Program is intended to further the regulatory purposes of AB 32 and SB 375 by investing in projects that reduce greenhouse gas emissions by creating more compact, infill development patterns, encouraging active transportation and mass transit usage, and protecting agricultural land from sprawl development;
- Funding for the AHSC program is subject to the following requirements:
  - Half (50%) of this money must be used for affordable housing;
  - Other half (50%) for projects typically included in a regional transportation plan, such as but not limited to, transit capital and programs supporting transit ridership; active transportation projects; Transit Oriented Development (TOD) projects; 'Complete Streets' projects; planning to support SCS implementation, including local plans; programs must be in a draft or adopted SCS and subject to SCS guidelines.
  - Distribution of funds is not further defined and there is no provision for regional parity.
  - The percentage of funds that must be appropriated for benefit of disadvantaged communities is doubled under the budget proposal from 25% (under SB 525) to 50% of funds;
  - The Strategic Growth Council (SGC) is given authority to develop guidelines for the allocation of Cap-and-Trade funds with consideration of comments from local and regional governments and the public and, after guidelines are developed, is required to coordinate with Metropolitan Planning Organizations and other regional agencies to recommend projects.
  - Anticipated schedule for the AHSC program guidelines and funding solicitation are: draft and final guidelines to SGC in October and December 2014, respectively; funding solicitation January 2015; applications due April 2015; award announced June 2015. *****
  - SGC held a public meeting on July 10, 2014, in which they approved a parallel structure for implementation of the program, whereby the California Department of Housing and Community Development (HCD) will be responsible for the technical administration of the housing and sustainable communities component and the Natural Resources Agency will technically administer the agricultural lands component on behalf of SGC. SGC retains final oversight authority for the program.

* SGC will hold an AHSC Program Guideline Development Workshop (with registration required) on August 15, 2014 at Caltrans District 7 Office in Los Angeles. Workshop

information including registration is available at http://www.sgc.ca.gov

- Of the $50 million allocated to transit, $25 million is for Transit Operations or Capital (local) – funded by State Transit Assistance formula, subject to ARB guidelines and Caltrans approval; and $25 million for Transit Capital or Operations (State) - including bus transit, and commuter and intercity and urban light rail – funded on competitive basis at California Transportation Commission, California State Transportation Agency review.

Attachment 1 is a comprehensive policy brief prepared by the California Association of Councils of Governments (CALCOG) that details the overall cap-and-trade program with a detailed summary of 2014-15 budget allocations and references to related sections of existing statute concerning program requirements and other provisions. Attachment 2 is the presentation from the July 10, 2014 SGC meeting including a handout from the Air Resources Board (ARB) which summarizes ARB's statutory responsibilities and roles related to the Greenhouse Gas Reduction Fund and upcoming milestones. More information on the 2014-15 budget may be obtained at the California Department of Finance website: www.ebudget.ca.gov

SCAG will continue its work with the SGC and the ARB in developing implementation guidelines for the Cap-and-Trade program going forward and will provide regular updates to the Regional Council.

ATTACHMENTS:
1. CALCOG Cap-and-Trade Policy Brief
2. Overview of Affordable Housing and Sustainable Communities Program Concept
3. SGC July 10, 2014 Public Meeting Presentation and ARB Handout

CAP & TRADE POLICY BRIEF

TRANSIT, HOUSING, & SUSTAINABLE COMMUNITIES PROGRAM

California Association of Councils of Governments

June 23, 2014

I. INTRODUCTION

Last week, the Legislature adopted—and the Governor signed—a budget for FY 2014-15 that includes the first investment plan for Cap and Trade auction revenues. This brief outlines the main points of interest for regional transportation planning agencies, summarizes the scope of key programs, and provides selected language from SB 852 (allocations) and SB 862 (cap and trade program trailer bill).

II. CAP AND TRADE PROGRAM HIGHLIGHTS

1. ***The Big News: Ongoing Appropriation.*** Only two categories (totaling 60% of future revenues) get multi-year allocations: Transit, Housing, and Sustainable Communities (35%) and High-Speed Rail (25*%).* Other program areas will be subject to the annual budget process. *See chart*, next page.

2. ***But FY 14-15 is Different.*** Funding is different the first year largely because of a $200 million allocation to clean transportation. Thus, $130 million is allocated to affordable housing and sustainable communities; and $50 million for transit split evenly between the Transit Capital and Transit Operations. An additional $242 million for non-transportation related programs for energy, water, waste diversion, and weatherization.

FY 14-15 Appropriations	$ in Millions
High Speed Rail	$250
Clean Vehicle Program	$200
Housing/Sustainable Comm.	$130
Transit	$50
Other Programs	$242
TOTAL	$872

3. ***Reporting and Quantification.*** The Air Resource Board will develop guidance on GHG reporting and quantification methods for all state agencies that receive appropriations to ensure that the requirements of AB 32 are met.

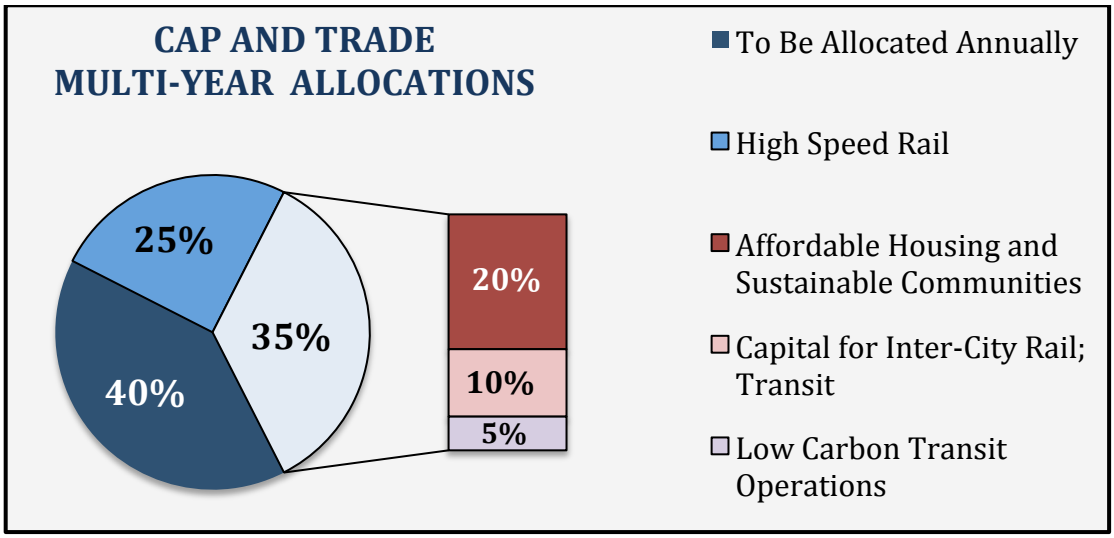
4. ***Strategic Growth Council Change.*** The Senate and Assembly each get to appoint a public member to the Strategic Growth Council—making the council 3 public members and seven senior members of the Administration.

5. ***20% for Affordable Housing & Sustainable Communities.*** This funding is subject to a specific set of rules and guidelines:

   i. *Half for Housing.* Half (10%) must be used for affordable housing. SGC will be the lead agency, though SGC likely will "leverage" HCD's expertise.

   ii. *"Other Half" Eligibility.* Threshold eligibilities include projects typically included in a regional transportation plan (see table on page 3). But it also includes agriculture mitigation and undefined "other programs."

   iii. *Distribution Undetermined.* The distribution method is to be determined; no provision is made for regional parity, though non-MPO areas are included.



iv. *50% for Disadvantaged Communities.* The percentage for disadvantaged communities is doubled from the SB 535 standard of 25% to 50%.

v. *State Guidelines.* The council is directed to "leverage the programmatic and administrative expertise of relevant state departments" in developing the guidelines. Comments from local and regional governments are to be "considered" in the same manner as other stakeholders in public hearings.

vi. *"Coordinated" Project Selection.* After guidelines are developed, the Council is required to "coordinate" with regional agencies to recommend projects.

6. ***Transit and Intercity Rail Capital Program.*** This program is for commuter and inter-regional rail and bus rapid transit projects. The Transportation Agency will develop guidelines, review applications, and make recommendations to the CTC. Funding must comply with the SB 535-standard 25% for disadvantaged communities; and achieve "geographic equity" and SCS consistency.

   - *Special Note: Clean up language on this element is in the works to explicitly authorize bus transit as an eligible use under the program.*

7. ***Low Carbon Transit.*** Funding goes out under the State Transit Assistance formula for new and expanded service (including equipment); and 50% of the funding must be expended for disadvantaged communities. Caltrans must approve all expenditures to determine they meet the guidelines.

8. ***High-Speed Rail.*** High speed rail gets $250 million in the first year; 25% going forward; and gets an additional $400 million from prior year auction sales.

9. ***Disadvantaged Communities & CalEnvironscreen.*** The CalEnviroscreen tool (that identifies disadvantaged communities) came under scrutiny throughout the budget process. New language provides that the Air Resources Board, working with CalEPA, shall develop guidelines for the use of the CalEnviroscreen tool, including how "benefits" should be "maximized."

III. SUSTAINABLE COMMUNITIES SCOPE & ELIGIBILITY

PROGRAM:	**AFFORDABLE HOUSING & SUSTAINABLE COMMUNITIES**
Administered By:	Strategic Growth Council
Target:	50% must benefit disadvantaged communities; 50% for Affordable Housing
Project Eligibility:	• Affordable housing that supports infill and compact development • Transit capital and programs "supporting transit ridership" • Active transportation projects (infrastructure & non-infrastructure) • TOD projects • Capital projects that implement complete streets • Projects that reduce GHG emissions by reducing auto trips and VMT • Acquisition of easements or other approaches to protect agricultural lands under threat of development • Planning to support SCS implementation, including local plans • Must be in draft or adopted SCS • Subject to SGC guidelines
PROGRAM:	**TRANSIT & INTER-CITY RAIL (AND BUS) CAPITAL PROGRAM**
Administered By:	Transportation Agency develops guidelines, scores applications. and makes recommendations, CTC allocates funds
Target:	25% must benefit disadvantaged communities; achieve geographic equity
Project Eligibility:	• Rail capital • Bus rapid transit and other bus investments to increase ridership and reduce GHGs • Service improvements to improve reliability & decrease travel times • Integrated ticketing and scheduling systems, shared-use corridors, related planning efforts and service integration initiatives • Must be consistent with SCS • Subject to SGC guidelines
PROGRAM:	**LOW CARBON TRANSIT OPERATIONS PROGRAM**
Administered By:	Operator (or RTPA for population-based funds) must submit project to Caltrans for approval and verification that it qualifies as a GHG reducing project. Controller allocates funds
Target:	50% must benefit disadvantaged communities
Project Eligibility:	• Transit capital and operating expenses that enhance transit service and reduce GHG emissions • Support new or expanded bus or rail services, or expanded intermodal facilities and equipment, fueling and maintenance for those facilities.

III. FY 14-15 Budget Allocations (SB 852)

FY 14-15 Cap and Trade Allocations Related to Transportation with Budget Line Item and SB 852 Page Number	
Affordable Housing and Sustainable Communities	
- For Local Assistance (0650-101-3228, page 34)	129,201,000
- For Support of OPR (0650-001-3228, page 40)	799,000
Subtotal	***130,000,000***
Transit and Rail Capital and Transit Operations	
- Transit Operations (2640-101-3228, page 116)	25,000,000
- Rail and Transit Capital (2660-101-3228,Page 132)	24,791,000
- Support, Dept. of Transp. (2660-001-3228, page 124)	208,000
- Capital Outlay (2660-301-3228, page 143)	1,000
Subtotal	***50,000,000***
High Speed Rail	
- Capital Outlay (2665-306-3228, page 164)	191,414,000
- Capital Outlay (2665-301-3228, page 163)	58,586,000
Subtotal	**250,000,000**
Clean Transportation (3900-101-3228, Page 275)	197,266,000
ARB Support - All Programs (3900-001-3228, page 274)	11,520,000
TOTAL	**638,786,000**

Notes:

- *AB 852 Language*. Key provision related to these programs are included at the end of this document. A copy of SB 852 is posted on our website.

- *Final Determination and the Last 25%.* The last 25% of any fund cannot be allocated until the Department of Finance makes a final determination based on auction proceeds after the last auction of the year. See Section 15.13 of SB 852 (page 683).

- *Affordable Housing & Sustainable Communities*. These funds "may be available for transfer to the Department of Transportation, the Department of Housing and Community Development, the Department of Conservation, and the Natural Resources Agency for support costs and local assistance. . ."

- *California Transit Association.* A note of appreciation for the California Transit Association for identifying the key line items in SB 852.

V. SEVEN ADMINSTRATIVE PROCESSES

1. Reporting and quantification methods for GHG reductions	
Scope:	Define how projects further regulatory purposes of AB 32 contribute to reducing GHGs, and applicability of other non-greenhouse gas reduction objectives of AB 32
Agency:	Air Resources Board
Process:	Undefined (ARB hearing likely)
Statute:	Government Code § 16428.9(b)
2. Identification of Disadvantaged Communities	
Scope:	(*Already in Statute*) Geographic, socioeconomic, health, environmental hazard, pollution, and concentration of low income, high unemployment, high rent, or other factors.
Agency:	California Environmental Protection Agency
Process:	At least one public hearing
Statute:	Health and Safety Code § 38711
3. Funding Guidelines Relating to Disadvantaged Communities for Administering Agencies	
Scope:	Agencies shall "maximize benefits for disadvantaged communities."
Agency:	Air Resources Board, in consultation with CALEPA
Process:	ARB shall provide an "opportunity for public input" prior to final guidelines.
Statute:	Public Resources Code § 39715
4. Coordinate Activities of SGC Member Agencies that related to Program	
Scope:	Coordinate programs SGC members in way that is consistent with requirements for disadvantaged communities, GHG reporting, and transit priority projects.
Agency:	Strategic Growth Council, in consultation with Air Resources Board
Process:	No public process is defined
Statute:	Public Resources Code § 75200.1
5. Affordable Housing & Sustainable Community Guidelines and Selection Criteria	
Scope:	Develop guidelines that are consistent with extensive eligibility and policy objectives included in the statute (See Pub. Resources §§ 75210 to 75214).
Agency:	SGC with member agencies and departments; ARB, other state entities as needed
Process:	At least two workshops (one north, one south); draft guidelines published 30 days in advance; consider comments from local and regional governments, stakeholders; conduct outreach to disadvantaged communities.
Statute:	Public Resources Code § 75215
6. Guidelines for Transit and Inter-City Rail Capital Program	
Scope:	Extensive criteria provided by statute
Agency:	California State Transportation Agency
Process:	At least two public workshops with draft posted at least 30 days prior.
Statute:	Public Resources Code § 75222
7. Guidelines for Low Carbon Transit Operations Program	
Scope:	Develop guidelines that describe methodologies that recipient transit agencies shall use to demonstrate that proposed expenditures will meet the established criteria
Agency:	CalTrans (working with ARB)
Process:	Undefined
Statute:	Public Resources Code Section 75230(f)

VI. ILLUSTRATIVE REVENUE ESTIMATE

The "ballpark" projections below are only "illustrative." We cannot predict future auction revenues. But planners and economists make such projections all the time—see (for example) any forecast in a regional transportation plan. The table estimates revenues from FY 14-15 through FY 19-20 (but the two auctions in the first half of FY 20-21 are not included). Its based on the following assumptions:

- *Total Allowances.* ARB has published the number of state allowances that will be sold each year through 2020. But this assumption may be "optimistic" if the state elects to give more allowances away in lieu of sale if (for example) there is significant public concern about the economic effects (*e.g,* price of gas increases).
- *75% Sell Rate for Allowances.* Not all allowances sell at every auction. The table below includes a very "back-of-the-envelope" guess that 75% of the allowances will actually sell. Some would call this assumption "conservative."
- *Price.* Under current policy, the minimum price for allowances increases by 5% plus an inflation factor each year. This table starts with the minimum price in the first half of FY 14-15 and adds 5% (with no inflation factor) each year. The LAO noted in its *Cap and Trade Report* for the FY 14-15 Budget that "several economists" have estimated that the average price would be between $15 and $20 per ton. Thus, this could also be a conservative assumption.

The total revenue under these assumptions (counting the omitted two auctions) is approximately $8.8 billion, well shy of the $12 to $45 billion range cited by the LAO. Accordingly, the table below may be a conservative estimate—which is why they are presented here for illustrative purposes only.

FISCAL YEAR	14/15	15/16	16/17	18/19	17/18	19/20
Allowances Offered (in millions)	125	195	182	128	155	68
75% Sell Rate (in millions)	93.75	146.25	136.5	96	116.25	51
Minimum Price	**$11.34**	**$11.91**	**$12.50**	**$13.78**	**$13.13**	**$14.47**
TOTAL AUCTION REVENUES	**$1,063,125,000**	**$1,741,398,750**	**$1,706,570,775**	**$1,323,248,724**	**$1,526,068,097**	**$738,124,679**
20% - Afford Housing & Sustainable Communities	***$212,625,000***	***$348,279,750***	***$341,314,155***	***$264,649,745***	***$305,213,619***	***$147,624,936***
10% - Transit Capital	***$106,312,500***	***$174,139,875***	***$170,657,078***	***$132,324,872***	***$152,606,810***	***$73,812,468***
5%- Transit Operations	***$53,156,250***	***$87,069,938***	***$85,328,539***	***$66,162,436***	***$76,303,405***	***$36,906,234***
"SUSTAINABLE" TOTAL	**$372,093,750**	**$609,489,563**	**$597,299,771**	**$463,137,053**	**$534,123,834**	**$258,343,638**

VII. SELECTED LANGUAGE from SB 862

SECTION 1. (a) The Legislature finds and declares all of the following:

. . . . (omitted text)

(6) As required by existing law, the use of the moneys appropriated from the GGRF for the Cap-and-Trade Expenditure Plan furthers the regulatory purposes of AB 32 by facilitating the achievement of reductions in greenhouse gases in the state. The Cap-and-Trade Expenditure Plan includes the following programmatic investment areas:

(A) Transit, Affordable Housing, and Sustainable Communities.

(B) High-Speed Rail.

(C) Low Carbon Transportation.

(D) Energy Efficiency and Renewable Energy.

(E) Natural Resources and Waste Diversion.

(7) Programs included in the Cap-and-Trade Expenditure Plan include the following:

(A) Expenditures for low-carbon transportation that include, but are not limited to, cleaning up cars, trucks, buses, and freight movement to meet federally mandated clean air requirements and long-term greenhouse gas emissions reduction goals, funding for heavy-duty freight, electric vehicle programs and rebates, and off-road vehicles.

. . . . (omitted text)

(D) The Affordable Housing and Sustainable Communities Program, which authorizes the Strategic Growth Council to fund land-use, housing, transportation, and land preservation projects to support infill and compact development that reduces greenhouse gas emissions. These projects, which were described in the AB 32 Scoping Plan, facilitate the reduction of the emissions of greenhouse gases by improving mobility options and increasing infill development, which decrease vehicle miles traveled and associated greenhouse gas and other emissions, and by reducing land conversion, which would result in emissions of greenhouse gases.

(E) The Transit and Intercity Rail Capital Program, which authorizes the California Transportation Commission to provide grants, based on determinations of the Transportation Agency, to fund capital improvements and operational investments that will modernize California's transit systems and intercity, commuter, and urban rail systems to reduce emissions of greenhouse gases by reducing vehicle miles traveled throughout California.

(F) The Low Carbon Transit Operations Program, which authorizes the Controller to provide funding allocations based on project evaluation from the Department of Transportation and the State Air Resources Board, to fund operation investments to increase transit ridership and reduce emissions of greenhouse gases by reducing vehicle miles traveled throughout California.

(G) The High Speed Rail Program, which authorizes the High Speed Rail Authority to utilize funds to begin the initial operating segment and the Phase I Blended System, and further environmental and design work on the statewide high speed rail system. The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2940) of Division 3 of the Streets and Highways Code), approved by the voters in 2008, specifies that the high-speed train system, once it is completed and becomes operational, will contribute significantly toward the goal of reducing emissions of greenhouse gases and other air pollutants and will help reduce California's dependence on foreign energy sources. As recognized in the AB 32 Scoping Plan, implementation of a high speed rail system will

facilitate the reduction of emissions of greenhouse gases and other air pollutants by providing the foundation for a large-scale transformation of California's transportation infrastructure, displacing millions of vehicle miles traveled on the road, reducing demand for air travel, and increasing train ridership to ensure that the state's greenhouse gas emission reductions are maintained and continued.

. . . . . (omitted text)

SEC. 3. Section 16428.9 of the Government Code is amended to read:

16428.9. (a) Prior to expending any moneys appropriated to it by the Legislature from the fund, a state agency shall prepare a record consisting of all of the following:

(1) A description of each expenditure proposed to be made by the state agency pursuant to the appropriation.

(2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

(3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

(4) A description of how the state agency considered the applicability and feasibility of other nongreenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

(5) A description of how the state agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

(b) The State Air Resources Board shall develop guidance on reporting and quantification methods for all state agencies that receive appropriations from the fund to ensure the requirements of this section are met. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 does not apply to the procedures developed pursuant to this subdivision.
(omitted text)

SEC. 5. Section 39711 of the Health and Safety Code is amended to read:

39711. (a) The California Environmental Protection Agency shall identify disadvantaged communities for investment opportunities related to this chapter. These communities shall be identified based on geographic, socioeconomic, public health, and environmental hazard criteria, and may include, but are not limited to, either of the following:

(1) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.

(2) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

(b) The California Environmental Protection Agency shall hold at least one public workshop prior to the identification of disadvantaged communities pursuant to this section.

(c) Chapter 3.5 (commencing with Section 11340) of the Part 1 of Division 3 of Title 2 of the Government Code does not apply to the identification of disadvantaged communities pursuant to this section.

SEC. 6. Section 39715 of the Health and Safety Code is amended to read:

39715. *(a) The state board, in consultation with the California Environmental Protection Agency shall develop funding guidelines for administering agencies that receive appropriations from the fund to ensure the requirements of this chapter are met. The guidelines shall include a component* for how administering agencies should maximize benefits for disadvantaged communities, as described in Section 39711.
(b) The state board shall provide an opportunity for public input prior to finalizing the guidelines.
(c) Chapter 3.5 (commencing with Section 11340) of the Part 1 of Division 3 of Title 2 of the Government Code does not apply to the guidelines developed pursuant to this section.

SEC. 7. Section 39719 is added to the Health and Safety Code, to read:

39719. *(a) The Legislature shall appropriate the annual proceeds of the fund for the purpose of reducing greenhouse gas emissions in this state in accordance with the requirements of Section 39712.*

(b) To carry out a portion of the requirements of subdivision (a), annual proceeds are continuously appropriated for the following:

(1) Beginning in the 2015–16 fiscal year, and notwithstanding Section 13340 of the Government Code, 35 percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as following:

(A) Ten percent of the annual proceeds of the fund is hereby continuously appropriated to the Transportation Agency for the Transit and Intercity Rail Capital Program created by Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

(B) Five percent of the annual proceeds of the fund is hereby continuously appropriated to the Low Carbon Transit Operations Program created by Part 3 (commencing with Section 75230) of Division 44 of the Public Resources Code. Funds shall be allocated by the Controller, according to requirements of the program, and pursuant to the distribution formula in subdivision (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of, the Public Utilities Code.

(C) Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program created by Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

(A) Acquisition and construction costs of the project.

(B) Environmental review and design costs of the project.

(C) Other capital costs of the project.

(D) Repayment of any loans made to the authority to fund the project.

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

SEC. 20. Section 75121 of the Public Resources Code is amended to read:

75121. (a) The Strategic Growth Council is hereby established in state government and it shall consist of the Director of State Planning and Research, the Secretary of the Natural Resources Agency, the Secretary for Environmental Protection, the Secretary of Transportation, the Secretary of California Health and Human Services, the Secretary of Business, Consumer Services, and Housing, the Secretary of Food and Agriculture, *one member of the public appointed by the Speaker of the Assembly, one member of the public appointed by the Senate Committee on Rules,* and one member of the public to be appointed by the Governor. The public members shall have a background in land use planning, local government, resource protection and management, or community development or revitalization *and shall serve at the pleasure of the appointing authority*.
(b) Staff for the council shall be reflective of the council's membership.

SEC. 21. Division 44 (commencing with Section 75200) is added to the Public Resources Code, to read: **Transit, Affordable Housing, and Sustainable Communities Program**

PART 1. Affordable Housing and Sustainable Communities

CHAPTER 1. General Provisions

75200. *For the purposes of this part, the following terms have the following meanings:*

(a) "Council" means the Strategic Growth Council established pursuant to Section 75121.

(b) "Disadvantaged communities" means communities identified as disadvantaged communities pursuant to Section 39711 of the Health and Safety Code.

(c) "Program" means the Affordable Housing and Sustainable Communities Program established pursuant to Section 75210.

75200.1. *Consistent with Section 75125, the council, in consultation with the State Air Resources Board, shall review and coordinate the activities of member agencies of the council for the programs included in this part. The council shall review these programs, including grant guidelines of each program, consistent with Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code, including the recommendations of the investment plan, Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code, and Chapter 4.2 (commencing with Section 21155) of Division 13 of this code.*

CHAPTER 2. Affordable Housing and Sustainable Communities Program

75210. *The council shall develop and administer the Affordable Housing and Sustainable Communities Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives, including the following:*

(a) Reducing air pollution.

(b) Improving conditions in disadvantaged communities.

(c) Supporting or improving public health and other cobenefits as defined in Section 39712 of the Health and Safety Code.

(d) Improving connectivity and accessibility to jobs, housing, and services.

(e) Increasing options for mobility, including the implementation of the Active Transportation Program established pursuant to Section 2380 of the Streets and Highways Code.

(f) Increasing transit ridership.

(g) Preserving and developing affordable housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(h) Protecting agricultural lands to support infill development.

75211. *To be eligible for funding pursuant to the program, a project shall do all of the following:*

(a) Demonstrate that it will achieve a reduction in greenhouse gas emissions.

(b) Support implementation of an adopted or draft sustainable communities strategy or, if a sustainable communities strategy is not required for a region by law, a regional plan that includes policies and programs to reduce greenhouse gas emissions.

(c) Demonstrate consistency with the state planning priorities established pursuant to Section 65041.1 of the Government Code.

75212. *Projects eligible for funding pursuant to the program include any of the following:*

(a) Intermodal, affordable housing projects that support infill and compact development.

(b) Transit capital projects and programs supporting transit ridership.

(c) Active transportation capital projects that qualify under the Active Transportation Program, including pedestrian and bicycle facilities and supportive infrastructure, including connectivity to transit stations.

(d) Noninfrastructure-related active transportation projects that qualify under the Active Transportation Program, including activities that encourage active transportation goals conducted in conjunction with infrastructure improvement projects.

(e) Transit-oriented development projects, including affordable housing and infrastructure at or near transit stations or connecting those developments to transit stations.

(f) Capital projects that implement local complete streets programs.

(g) Other projects or programs designed to reduce greenhouse gas emissions and other criteria air pollutants by reducing automobile trips and vehicle miles traveled within a community.

(h) Acquisition of easements or other approaches or tools that protect agricultural lands that are under pressure of being converted to nonagricultural uses, particularly those adjacent to areas most at risk of urban or suburban sprawl or those of special environmental significance.

(i) Planning to support implementation of a sustainable communities strategy, including implementation of local plans supporting greenhouse gas emissions reduction efforts and promoting infill and compact development.

75213. *A project eligible for funding pursuant to the program shall be encouraged to promote the objectives of Section 75210, and economic growth, reduce public fiscal costs, support civic partnerships and stakeholder engagement, and integrate and leverage existing housing, transportation, and land use programs and resources.*

75214. *In implementing the program, the council shall support the goals established pursuant to Chapter 830 of the Statutes of 2012 by ensuring a programmatic goal of expending 50 percent of program expenditure for projects benefiting disadvantaged communities. To the extent feasible, the council shall coordinate outreach to promote access and program participation in disadvantaged communities.*

75215. *(a) Prior to awarding funds under the program, the council, in coordination with the member agencies and departments of the council, the State Air Resources Board, and other state entities, as needed, shall develop guidelines and selection criteria for the implementation*

of the program.

(b) Prior to adoption of the guidelines and the selection criteria, the council shall conduct at least two public workshops to receive and consider public comments. One workshop shall be held at a location in northern California and one workshop shall be held at a location in southern California.

(c) The council shall publish the draft guidelines and selection criteria on its Internet Web site at least 30 days prior to the public meetings.

(d) In adopting the guidelines and selection criteria, the council shall consider the comments from local governments, regional agencies, and other stakeholders. The council shall conduct outreach to disadvantaged communities to encourage comments on the draft guidelines from those communities.

(e) Program guidelines may be revised by the council to reflect changes in program focus or need. Outreach to stakeholders shall be conducted, pursuant to subdivisions (a), (b), and (c) before the council adopts changes to guidelines.

(f) Upon the adoption of the guidelines and selection criteria, the council shall, pursuant to Section 9795 of the Government Code, submit copies of the guidelines to the fiscal and appropriate policy committees of the Legislature.

(g) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development and adoption of the guidelines and selection criteria pursuant to this section.

75216. *(a) The council shall leverage the programmatic and administrative expertise of relevant state departments and agencies in implementing the program.*

(b) The council shall coordinate with the metropolitan planning organizations and other regional agencies to identify and recommend projects within their respective jurisdictions that best reflect the goals and objectives of this division.

75217. *The executive director of the council shall report the progress on the implementation of the program in its annual report required pursuant to subdivision (e) of Section 75125.*

PART 2. Transit and Intercity Rail Capital Program

75220. *(a) The Transit and Intercity Rail Capital Program is hereby created to fund capital improvements and operational investments that will reduce greenhouse gas emissions, modernize California's intercity, commuter, and urban rail systems to achieve all of the following policy objectives:*

(1) Reduce greenhouse gas emissions.

(2) Expand and improve rail service to increase ridership.

(3) Integrate the rail service of the state's various rail operators, including integration with the high-speed rail system.

(4) Improve rail safety.

(b) The Transportation Agency shall evaluate applications for funding under the program consistent with the criteria set forth in this chapter and prepare a list of projects recommended for funding. The list may be revised at any time.

(c) The California Transportation Commission shall award grants to applicants pursuant to the list prepared by the Transportation Agency.

75221. *(a) Projects eligible for funding under the program include, but are not limited to, all of the following:*

(1) Rail capital projects, including acquisition of rail cars and locomotives, that expand,

enhance, and improve existing rail systems and connectivity to existing and future rail systems, including the high-speed rail system.

(2) Intercity and commuter rail projects that increase service levels, improve reliability, and decrease travel times.

(3) Rail integration implementation, including integrated ticketing and scheduling systems, shared-use corridors, related planning efforts, and other service integration initiatives.

(4) Bus rapid transit and other bus transit investments to increase ridership and reduce greenhouse gas emissions.

(b) In order to be eligible for funding under the program, a project shall demonstrate that it will achieve a reduction in greenhouse gas emissions.

(c) The program shall have a programmatic goal of providing at least 25 percent of available funding to projects benefiting disadvantaged communities, consistent with the objectives of Chapter 830 of the Statutes of 2012.

(d) In evaluating grant applications for funding, the Transportation Agency shall consider both of the following:

(1) The cobenefits of projects that support implementation of sustainable communities strategies through one or more of the following:

(A) Reducing auto vehicles miles traveled through growth in rail ridership.

(B) Promoting housing development in the vicinity of rail stations.

(C) Expanding existing rail and public transit systems.

(D) Implementing clean vehicle technology.

(E) Promoting active transportation.

(F) Improving public health.

(2) The project priorities developed through the collaboration of two or more rail operators and any memoranda of understanding between state agencies and local or regional rail operators.

(3) Geographic equity.

(4) Consistency with the adopted sustainable communities strategies and the recommendations of regional agencies.

(e) Eligible applicants under the program shall be public agencies, including joint powers agencies, that operate existing or planned regularly scheduled intercity or commuter passenger rail service or urban rail transit service. An eligible applicant may partner with transit operators that do not operate rail service on projects to integrate ticketing and scheduling with bus or ferry service.

(f) A recipient of funds under the program may combine funding from the program with other funding, including, but not limited to, the State Transportation Improvement Program, the Low Carbon Transit Operations Program, the State Air Resources Board clean vehicle program, and state transportation bond funds.

75222. *(a) Applications for grants under the program shall be submitted to the Transportation Agency for evaluation in accordance with procedures and program guidelines adopted by the agency.*

(b) The Transportation Agency shall conduct at least two public workshops on draft program guidelines containing selection criteria prior to adoption and shall post the draft guidelines on the agency's Internet Web site at least 30 days prior to the first public workshop. Concurrent with the posting, the agency shall transmit the draft guidelines to the fiscal committees and to the appropriate policy committees of the Legislature.

(c) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development and adoption of procedures and program guidelines for the program pursuant to this section.

PART 3. Low Carbon Transit Operations Program

75230. *(a) The Low Carbon Transit Operations Program is hereby created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities.*

(b) Funding for the program is continuously appropriated pursuant to Section 39719 of the Health and Safety Code from the Greenhouse Gas Reduction Fund established pursuant to Section 16428.8 of the Government Code.

(c) Funding shall be allocated by the Controller consistent with the requirements of this part and with Section 39719 of the Health and Safety Code, upon a determination by the Department of Transportation that the expenditures proposed by a transit agency meet the requirements of this part and guidelines developed pursuant to subdivision (f), and the amount of funding requested that is currently available.

(d) Moneys for the program shall be expended to provide transit operating or capital assistance that meets all of the following criteria:

(1) Expenditures supporting new or expanded bus or rail services, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance, and other costs to operate those services or facilities.

(2) The recipient transit agency demonstrates that each expenditure directly enhances or expands transit service to increase mode share.

(3) The recipient transit agency demonstrates that each expenditure reduces greenhouse gas emissions.

(e) For transit agencies whose service areas include disadvantaged communities as identified pursuant to Section 39711 of the Health and Safety Code, at least 50 percent of the total moneys received pursuant to this chapter shall be expended on projects or services that meet requirements of subdivision (d) and benefit the disadvantaged communities, consistent with the guidance developed by the State Air Resources Board pursuant to Section 39715 of the Health and Safety Code.

(f) The Department of Transportation, in coordination with the State Air Resources Board, shall develop guidelines that describe the methodologies that recipient transit agencies shall use to demonstrate that proposed expenditures will meet the criteria in subdivisions (d) and (e) and establish the reporting requirements for documenting ongoing compliance with those criteria.

(g) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development of guidelines for the program pursuant to this section.

(h) A transit agency shall submit the following information to the Department of Transportation before seeking a disbursement of funds pursuant to this part:

(1) A list of proposed expense types for anticipated funding levels.

(2) The documentation required by the guidelines in developed pursuant to subdivision (f) to demonstrate compliance with subdivisions (d) and (e).

(i) Before authorizing the disbursement of funds, the department, in coordination with the State Air Resources Board, shall determine the eligibility, in whole or in part, of the proposed list of expense types, based on the documentation provided by the recipient transit agency to ensure ongoing compliance with the guidelines developed pursuant to subdivision (f).

(j) The department shall notify the Controller of approved expenditures for each transit agency, and the amount of the allocation for each transit agency determined to be available at that time of approval.

(k) The recipient transit agency shall provide annual reports to the Department of Transportation, in the format and manner prescribed by the department, consistent with the internal administrative procedures for use of fund proceeds developed by the State Air Resources Board.

(l) The Department of Transportation and recipient transit agencies shall comply with the guidelines developed by the State Air Resources Board pursuant to Section 39715 of the Health and Safety Code to ensure that the requirements of Section 39714 of the Health and Safety Code are met to maximize the benefits to disadvantaged communities as described in Section 39711 of the Health and Safety Code.

VIII. SB 852 (FY 14-15 Budget Allocations)

A. For Affordable Housing and Sustainable Communities

0650-101-3228—For local assistance, Office of Planning and Research, Program 31-Strategic Growth Council ( ) $129,201,000

1. The funds appropriated in this item may be available for transfer to the Department of Transportation, the Department of Housing and Community Development, the Department of Conservation, and the Natural Resources Agency for support costs and local assistance associated with administering the affordable housing and sustainable communities program.
2. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for expenditure and encumbrance until June 30, 2017, for support and local assistance.

B. State Transit Assistance (Low Carbon Transit Operations)

2640-101-3228—For local assistance, State Transit Assistance, for allocation by the Controller pursuant to subdivisions (b) and (c) of Section 99312, Section 99313, and Section 99314 of the Public Utilities Code ( )…….……$25,000,000

1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than $14,355 of the amount appropriated in this item shall reimburse the Controller for expenditures for administration of State Transit Assistance funds.
2. Funds appropriated in this item shall not be allocated prior to the enactment of implementing legislation and fulfillment of any specified requirement of that legislation. This implementing legislation shall establish requirements that funds be used to support additional transit services thatresult in additional greenhouse gas emission reductions to further the regulatory purposes of the California Global Warming Solutions Act of 2006, in accordance with Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code, including the recommendations of the investment plan, and Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code.

C. Transit and Intercity Rail Capital Program

Page 117 -118. 2660-101-3228—For local assistance, Department of Transportation, payable from the Greenhouse Gas Reduction Fund 24,791,000

1. Funds appropriated in this item shall be available for transit and intercity rail capital programs for allocation by the California Transportation Commission until June 30, 2016, and available for encumbrance and liquidation until June 30, 2020.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-301-3228. These transfers shall require the prior approval of the Department of Finance.

D. General Provision Relating to Timing of Allocations

(Page 683) SEC. 15.13. (a) Any appropriation from the Greenhouse Gas Reduction Fund, except for (1) appropriations in Items 2665-301-3228 and 2665-306-3228 and (2) appropriations for state operations expenditures necessary for program administration, including statewide coordination and reporting activities by the State Air Resources Board for cap and trade expenditures, shall be subject to the restrictions specified in subdivision (b).

(b) No department shall encumber or commit more than 75 percent of any appropriation prior to the fourth cap and trade auction in the 2014–15 fiscal year. Upon determination of the final amount of auction proceeds after the fourth cap and trade auction, the Department of Finance shall make a final determination for the expenditure of the remaining auction proceeds. The Department of Finance shall notify the Joint Legislative Budget Committee no later than 30 days after the final determination.

California
Strategic Growth Council

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

Overview of Affordable Housing and Sustainable Communities Program Concept

Strategic Growth Council

July 10, 2014

California
Strategic Growth Council

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

Proposed Timeline

Mid AUGUST 2014	Three Public Workshops on Guideline Development
Early OCTOBER 2014	Draft Guidelines presented to Council
OCTOBER 2014	Three Public Workshops on Draft Guidelines
DECEMBER 2014	Final Guidelines presented to Council for Approval
JANUARY 2015	Funding Solicitation Released
APRIL 2015	Applications Due
JUNE 2015	Awards Announced

California
Strategic Growth Council

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

2014-15
Greenhouse Gas Reduction Fund Investments

Category	Department	Program	2014-15
Sustainable Communities and Clean Transportation	High-Speed Rail Authority	High-Speed Rail Project	$250 m
	State Transit Assistance	Low Carbon Transit Operations Program	$25 m
	Caltrans	Transit and Intercity Rail Capital Program	$25 m
	Strategic Growth Council	***Affordable Housing and Sustainable Communities Program***	***$130 m***
	Air Resources Board	Low Carbon Transportation	$200 m
Energy Efficiency and Clean Energy	Dept. of Community Services and Development	Energy Efficiency Upgrades/Weatherization	$75 m
	Energy Commission	Energy Efficiency for Public Buildings	$20 m
	Dept. of Food and Agriculture	Agricultural Energy and Operational Efficiency	$15 m
Natural Resources and Waste Diversion	Dept. of Fish and Wildlife	Wetlands and Watershed Restoration	$25 m
	Dept. of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	$42 m
	Cal Recycle	Waste Diversion	$25 m
		TOTAL	**$832 m**

Legal Background for the Affordable Housing and Sustainable Communities Program

California
Strategic Growth Council

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

2006	AB 32	California Global Warming Solutions Act
2008	SB 375	Sustainable Communities and Climate Protection Act
2012	SB 535	Requires auction proceeds benefit and invest in Disadvantaged Communities
2012	AB 1532	Establishes public process and directs funds to reduce GHGs and achieve co-benefits
2012	SB 1018	Established the Greenhouse Gas Reduction Fund and accountability requirements
2014	SB 862	Created the Affordable Housing and Sustainable Communities Program

Role of the California Air Resources Board

Evolution of State Support for Sustainable Communities

Research & Best Practices

- Statewide TOD Study & Database
- Statewide Infill Study
- Smart Mobility 2010
- Infill Financing Options Analysis

Planning

- Integrated Regional Partnership Program
- Downtown Rebound Planning Grants
- Regional Blueprint Program
- Modeling Incentives Grants
- Sustainable Communities Planning Grants

Implementation

- Multifamily Housing Program
- Catalyst Pilot Program
- TOD and Infill Infrastructure Grant & Loan Program
- Urban Greening Grants
- Active Transportation Program

SGC Affordable Housing & Sustainable Communities Program

Examples of Sustainable Communities Implementation

HCD Proposition 1C Programs

Transit-Oriented Development (TOD) and Infill Infrastructure (Infill) Programs

TOD		Infill
$300M		$850M
Housing Loans	Infrastructure Grants	Infrastructure Grants
64% to Loans 34 contracts	36% to Grants 14 contracts	100% Grants 124 contracts
Housing Project must be within ¼ mile of qualifying transit station		Project must be a qualifying infill site
Loans Fund: affordable housing	Grants Fund: Wide variety of infrastructure including streets, sidewalks, sewer, utilities, bike and pedestrian improvements, transit stations and linkages, parks, traffic mitigation – in support of a qualifying project.	

*HCD has administered three rounds of funding for these programs

TOD/Infill Program Examples

1050 B St., San Diego
$4M TOD Grant
229 Affordable Units

MacArthur Transit Village, Oakland
$17M TOD Grant
$17M Infill Grant
448 Total Units
89 Affordable

MacArthur Park Apartments, Westlake MacArthur Station, LA
$16M TOD Loans, $1M TOD Grant
172 Affordable Units

Union City Intermodal, Union City
$8M TOD Grant
344 Total Units
155 Affordable

Affordable Housing and Sustainable Communities Program Concept

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

The SGC is authorized to fund land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce GHG emissions. These projects facilitate the reduction of the emissions of GHGs by improving mobility options and increasing infill development, which decrease vehicle miles traveled and by reducing land conversion, resulting in a reduction of GHG and other emissions.

((Sec. 1(a)(7)(D), SB 862, Chapter 36, Stats. 2014)

Statutory Requirements

- Demonstrate GHG reductions
- Consistent with State Planning Priorities
- Implement regional Sustainable Communities Strategy*
- 50% of funding invested:
  - To benefit Disadvantaged Communities
  - To provide housing opportunities for lower income households

*If a Sustainable Communities Strategy is not required for a region by law, a regional plan that includes policies and programs to reduce greenhouse gas emissions will meet this requirement.

Eligible Uses

Statutorily-eligible projects for funding include the following (PRC Sec. 75212):

- Affordable Housing
- Transit
- Active Transportation
- Non-infrastructure Active Transportation Projects
- Transit-Oriented Development Projects
- Complete Streets Capital Projects
- Other GHG and Criteria Air Pollutant Reduction projects or programs
- Ag land protection strategies that support infill development
- SCS Implementation Plans

Proposed Program Structure

- SGC provides central authority for program implementation
- Proposed parallel structure for implementation
  - AHSC component administered by HCD on behalf of SGC
  - Ag lands component administered by Natural Resources Agency on behalf of SGC
- Recommended distribution through a competitive process
- Funding would be distributed as loans and grants, as appropriate

Public Policy Objectives

Projects are also to support related and coordinated public policy objectives, including:

- Reducing air pollution
- Improving conditions in disadvantaged communities
- Supporting or improving public health
- Improving connectivity and accessibility to jobs, housing and services
- Increasing options for mobility, including active transportation
- Promoting water conservation
- Increasing transit ridership
- Preserving and developing affordable housing for lower income households
- Protecting agricultural lands to support infill development
- Project scoring criteria shall support benefits per AB 1532 and SB 535 and other co-benefits

Roles and Responsibilities

Strategic Growth Council

- Policy Direction
- Approve Guidelines
- Approve Projects for Funding
- Oversight of Implementation

SGC & Member Agency Staff

- Hosts Public Guideline Workshops
- Develops Draft Guidelines
- Oversees Proposal Review Process

Implementing Agencies

- Contracts with Awardees
- Manages Contracts
- Monitors Implementation
- Reports to SGC on Project Progress

Role of Metropolitan Planning Organizations (MPOs)

- Per SB 862, “council shall coordinate with the metropolitan planning organizations and other regional agencies to identify and recommend projects within their respective jurisdictions that best reflect the goals and objectives of this division.”

California
Strategic Growth Council

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

Proposed Timeline

Mid AUGUST 2014	Three Public Workshops on Guideline Development
Early OCTOBER 2014	Draft Guidelines presented to Council
OCTOBER 2014	Three Public Workshops on Draft Guidelines
DECEMBER 2014	Final Guidelines presented to Council for Approval
JANUARY 2015	Funding Solicitation Released
APRIL 2015	Applications Due
JUNE 2015	Awards Announced

Questions/Comments?

Cap-and-Trade Auction Proceeds:
Greenhouse Gas Emission Reduction Fund Investments
Air Resources Board Roles and Upcoming Milestones

Air Resources Board (ARB) Statutory Responsibilities:

- Administer the Greenhouse Gas Reduction Fund (GGRF)
- Develop funding guidelines for agencies that receive GGRF appropriations that cover:
  - Expenditure record requirement to ensure investments further the purposes of AB 32
  - SB 535 requirement to maximize the benefits of investments to disadvantaged communities; California Environmental Protection Agency (CalEPA) to identify the communities and consult with ARB
  - Methodologies to quantify greenhouse gas emission reductions and other co-benefits
  - Project tracking and reporting to provide accountability and transparency
- Provide consultation to the Strategic Growth Council on development of Affordable Housing and Sustainable Communities Implementation Program
- Provide consultation to Department of Transportation on Low Carbon Transit Operations
- Manage the GGRF appropriation for Low Carbon Transportation
- Hold a public hearing on the triennial investment plan

Near-Term Milestones for Program Implementation

July 2014	• ARB releases Interim Guidance for expenditure records and fiscal procedures
Aug 2014	• CalEPA releases the draft cutpoint for identification of disadvantaged communities for public comment (based on CalEnviroScreen 2.0) • ARB releases preliminary concepts for Interim Guidance on investment in disadvantaged communities for public comment • CalEPA and ARB hold joint public workshops on identification of disadvantaged communities and preliminary concepts for Interim Guidance
Sep 2014	• CalEPA finalizes identification of disadvantaged communities • ARB staff updates the Board at its September 18-19 public meeting and receives feedback on development of Interim Guidance • ARB releases Interim Guidance for use by State and local agencies
Oct 2014 to Mid 2015	• ARB, in consultation with CalEPA and administering agencies, develops full funding guidelines, holds public workshops to solicit public comment, and presents proposed guidelines to the Board for approval • ARB and agencies begin developing methodologies to quantify greenhouse gas reductions and other co-benefits; ARB will prioritize programs using emission reductions as a criterion in a competitive process to select projects • Administration begins process to update the three-year investment plan (due Jan 2016)

This Page Intentionally Left Blank

REPORT

AGENDA ITEM NO. 14

DATE: August 7, 2014

TO: Executive/Administration Committee (EAC)
Regional Council (RC)
Transportation Committee (TC)
Community, Economic and Human Development (CEHD)
Energy and Environment (EEC)

FROM: Hasan Ikhrata, Executive Director, Ikhrata@scag.ca.gov, 213-236-1944

SUBJECT: SCAG Sustainability Planning Grants Program – New Member Project Applications

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION FOR EAC AND RC:
Approve staff recommendation.

RECOMMENDED ACTION FOR EEC, CEHD AND TC:
Receive and File.

EXECUTIVE SUMMARY:
Consistent with previous staff reports to the Regional Council regarding the City of Bell's Sustainability Planning Grant applications, and encouraging jurisdictions to become SCAG members, staff seeks approval from EAC/Regional Council to add project applications from two new member cities, the City of Bell and the City of Fountain Valley, to the approved list of Sustainability Planning Grant projects.

STRATEGIC PLAN:
This item supports SCAG's Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 4: Develop, Maintain and Promote the Utilization of State of the Art Models, Information Systems and Communication Technologies.

BACKGROUND:
On September 12, 2013, the Regional Council approved seventy-three (73) Sustainability Planning Grant projects and directed staff to proceed with funding projects with available funds for Phases I and Phase II projects (total of 44 projects). The remaining projects will be part of Phase III and will proceed as additional funds become available in FY 2014-2015.

The City of Bell submitted two project applications that were included in the list approved by the Regional Council pending SCAG membership. The City of Bell became a member of SCAG in November, 2013.

The City of Fountain Valley did not submit a project application because of its non-member status. The City of Fountain Valley joined as a member of SCAG in December 2013 and submitted a Sustainability Planning Grant application in June 2014. SCAG staff has reviewed the application and confirmed that it meets other Sustainability Planning Grants program project selection criteria and is eligible for funding.

SCAG staff recommends including two new projects, one each from Bell and Fountain Valley, with a maximum project value of $200,000, in Phase III of the Sustainability Planning Grant projects.

FISCAL IMPACT:
Funding is included in SCAG's FY 2014-15 Overall Work Program (OWP) Budget. Staff's work budget for the current fiscal year are included in FY 2014-15 OWP 065.SCG02663.02.

ATTACHMENT:
None