



## SACOG Board of Directors

Item #10-2-22  
Report

February 10, 2010

### Executive Director's Report

*The following is a brief status report on some of the major issues and projects currently being advanced by SACOG.*

#### CONSENT CALENDAR:

The docket is mainly consent items again this month, in part because we do not believe any of them are controversial, and in part to keep the meeting short so we have time for the mini-retreat. However, if any of you have questions or concerns about any of the consent items please don't be hesitant to pull it for full board discussion and action.

#### KEY BOARD ITEMS:

**Mini-Retreat:** A Board mini-retreat will be held following the adjournment of the Board meeting. Steven Levy will present the new regional growth projections on Employment, Population and Housing. This discussion will be very interesting and informative. Also, Andy Belknap will discuss the SACOG's draft Strategic Plan which will be presented to the Board for adoption at the March board meeting.

**ARRA II:** Congress is considering a second round of stimulus funding, the *New Jobs for Main Street Act of 2010* program. Staff is working proactively to be prepared to program an approximately \$61 million in projects that SACOG can program for the four-county region and will bring any updates to the Board at the meeting.

**Agricultural Worker Transportation Program:** The AWTP has entered the implementation phase, including the execution of business plan recommendations. The Board will be asked whether or not SACOG should join an existing program run by Kings County Area Public Transportation Authority (KCAPTA).

#### OTHER ISSUES:

In a speech by Governor Schwarzenegger at the Climate Change summit in Copenhagen he made reference to having a similar climate change summit but for city, regional, and state representatives. The Governor offered the U.N. to host the summit in California. A comment was made during the Climate and Air Quality Committee meeting that the SACOG Board should write a letter of support for the idea and move that Sacramento be the host city for this summit. Staff would like direction from the Board regarding such a letter.

#### CALENDAR:

Mar 4 @ 10:00 a.m.	Transportation Committee	SACOG
Mar 4 @ 1:00 p.m.	Land Use & Housing Committee	SACOG

Mar 8 @ 10:00 a.m.	Climate & Air Quality Committee	SACOG
Mar 8 @ 1:00 p.m.	Government Relations & Public Affairs Committee	SACOG
Mar 18 @ 9:00 a.m.	SACOG Board of Directors	SACOG
Apr 2 @ 8:00 a.m.	Blueprint Anniversary Event	Sac State Ballroom

**RECEIVE AND FILE:**

These items were information items sent through the Committee cycle. If you have any questions, please call me prior to the meeting. Backup material for each item is attached and any of these items can be discussed during Other Matters, if the Board so chooses.

1. State Advocacy Update
2. 2010 EPA Climate Rules

Mike McKeever  
Executive Director

**Attachments**

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## **Receive & File #1**

February 10, 2010

### **State Advocacy Update**

SACOG's state advocate, Jack Molodanof, prepared the attached memo with a summary of the governor's budget proposal. The Legislature continues to hold hearings on the budget during the special session called by the governor. February 19 is the last day to introduce bills in the second year of the 2009-10 session. The current status of bills being tracked in 2009 is attached. Staff and Mr. Molodanof gave the latest updates on the budget and legislation at the February 8 Government Relations & Public Affairs Committee meeting.

Attachments

# MOLODANOF GOVERNMENT RELATIONS

## Memorandum

To: SACOG  
From: Jack Molodanof  
Re: Governor's Budget Proposal  
Date: January 13, 2010

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### Governor's Budget Proposal

The Governor released his budget proposal to close the \$19.9 billion state deficit. The proposal includes reduction in state spending; various fund shifts and relies heavily on federal money. The most significant proposal with respect to transportation funding is the complicated tax swap scheme, which will eliminate permanent operational funding for transit and rail. The estimate funding loss to transit is approximately \$1.5 Billion. Below are some highlights.

### **Transportation-Prop 42 and HUTA**

The Governor's proposal eliminates the current "sales tax" on gas (currently at 6% through FY 2010-11); the source of revenue for Prop 42. Instead, the proposal would replace that funding by increasing the excise tax on gas or "gas tax" (Highway Users Tax Account or HUTA) by 10.8 cents. The new 10.8 cent gas tax would be allocated as follows: 1) \$629 million for the STIP; \$629 million for local streets and roads (identical to Prop 42 amounts); and \$603 million for Transportation bond debt service. However, if the budget situation continues to worsen, the legislature could attempt to delay or divert payments to local governments, which could impact Prop 42 and/or HUTA funds.

It is not clear how the new gas tax distribution will impact funding for future years. Furthermore, since the funding source is no longer from the sales tax on gas, Prop 42 and Prop1A no longer protect these funds.

### **Transit**

The tax swap has the most significant impact on transit funding. Since the proposal eliminates the revenue source for Prop 42, funding for the Public Transit Account and

spillover is also eliminated, which means the loss of critical transit operation dollars. Under current law, approximately \$1.5 billion would be provided for transit in 2010-11. If this proposal is adopted, another source of revenue will have to be identified to support transit operations.

### **Redevelopment Agency property Tax Shift**

The Redevelopment Agency Tax shift proposed last year budget remains, including the shift of the additional \$350 million for 2010-11. This is subject to pending litigation.

### **Williamson Act**

The Governor's proposal does not fund Williamson Act subvention funds to local governments.

SACOG State Legislative Tracking 2010

Advocacy Principle	Bill	Author	Subject	Status	Attachment B	
					Current Committee	SACOG Status
Project Delivery	<a href="#">SB 694</a>	Correa	requires low-bid contracting for all local projects	Third read	Sen. Appropriations	
	<a href="#">AB 878</a>	Caballero	Infrastructure financing	Hearing canceled at author's request	Asm. Local Gov	
Project Financing	<a href="#">SB 409</a>	Ducheny	Consolidates rail transportation operated by various entities into one Department of Railroads	Third read	Sen. Appropriations	
	<a href="#">ACA 9</a>	Huffman	changes the 2/3-voter approval requirement of local jurisdictions to 55%	To inactive file on motion of Torrico	Asm. Appropriations	
	<a href="#">ACA 15</a>	Arambula	changes the 2/3-voter approval requirement of local jurisdictions to 55% only for transportation purposes	Inactive	Asm. Appropriations	
	<a href="#">SB 205</a>	Hancock	authorizes countywide transportation agency with voter approval to impose an annual \$10 fee on motor vehicles to be used for transportation purposes	Sencond read. Amended. Re-referred to APPR	Asm. Appropriations	June info
Climate Change/ AB 32 Implementation	<a href="#">SB 721</a>	Steinberg	creates the Climate Action Team to coordinate the states overall climate policy	Held under submission	Sen. Appropriations	
	<a href="#">AB 231</a>	Huffman	establishes a new state account to receive AB 32 fees and offset payments	Passed Asm.; Referred to Sen. EQ 6/26	Sen. EQ	
	<a href="#">SB 425</a>	Simitian	works with employers to reduce the number of single-occupant vehicle trips	held in committee under submission	Sen. Appropriations	
SB 375 Implementation	<a href="#">AB 1135</a>	Skinner	requires vehicle owners to report odometer reading of their vehicle at the time of vehicle registration	Held under submission	Asm. Appropriations	
Infrastructure Bonds	<a href="#">AB 287</a>		Increases staff for high speed rail	Not yet introduced		
Goods Movement	<a href="#">SB 632</a>	Lowenthal	port infrastructure and air quality improvement plans	Inactive	Asm. Appropriations	June info
Williamson Act	<a href="#">SB 715</a>	Wolk	reform and improvement of the Williamson Act	Hearing canceled at author's request	Asm. Ag	Board Supports



**Receive & File #2**

February 10, 2010

**2010 EPA Rule-Making Process on Climate Change Emissions**

The EPA is expected to release new rules this year related to climate change emissions. Larry Greene, Executive Director/Air Pollution Control Officer for the Sacramento Metropolitan Air Quality District, provided the attached presentation to the Climate and Air Quality Committee at its last meeting.

Attachment



# **GHG – EPA Rules impacting District Operations**

**Larry Greene**

**Executive Director/**

**Air Pollution Control Officer**

# **EPA Rulemaking on the Horizon**

**There are Five EPA Actions that will impact the Air District operations.**

- Settlement on the California GHG Waiver**
  - Mandatory Reporting Rule**
  - Mobile Source Rule**
  - Endangerment Finding**
  - Tailoring Rule**

## California Waiver

- In September 2004 ARB passed a rule limiting GHG emissions from cars & trucks
- This rule was challenged by the auto industry and supported by numerous states
- In May 2009 the Obama Administration negotiated a settlement granting ARB the required approval
- Final EPA emissions standards and NHTSA fuel efficiency standards for cars & trucks are expected in Spring 2010 (March Mobile Source Rule)

## **Mandatory Reporting Rule**

- Published October 30, 2009**
- Requires large industrial sources to report GHG emissions to EPA.**
- Emissions set at 25,000 tons per year of emissions of CO<sub>2</sub> and other GHG gases.**
- Roughly the same sources as current federal Title V permitting program.**
- Covers about 85% of sources.**
- First reports due in Jan 2011.**

## Endangerment Finding

- State of Mass. initiated legal action with the US Supreme Court deciding in April 2007:

EPA must review the impact of GHG and determine if they threaten public health.

This review was completed in 2009 and an endangerment finding was made on Dec. 7<sup>th</sup> 2009 by the EPA Administrator.

“GHG endanger public health and welfare”

With such a finding EPA must regulate GHG.

# Tailoring Rule

- The Clean Air Act generally requires permits for emissions above 100 or 250 tons per year
- Clean Air Act triggered with Mobile Source Rule (Spring 2010) emissions targets are too low.
- The Tailoring Rule is the legal framework for EPA to differ from the CAA for GHG emissions
- The rule outlines a more practical process for regulating stationary GHG emissions
- Districts (CAPCOA and NACAA) are asking for a more flexible rule and have offered suggestions.
- EPA is expected to finalize the Tailoring Rule in Spring 2010 concurrent with Mobile Source Rule.