



LEGISLATIVE ACTION COMMITTEE MEETING AGENDA
THURSDAY, FEBRUARY 13, 2020 | 6:00 PM
CITY OF SUNNYVALE | WEST CONFERENCE ROOM
456 WEST OLIVE | SUNNYVALE, CA 94088

Discussion & action may be taken on any of the following items:

1. Welcome and Roll Call (Vice Mayor Neysa Fligor, Chair) 6:00 PM
2. Consent Agenda
 - Approval of January 9, 2020 Legislative Action Committee Minutes
3. Discussion and consideration of: 6:10 PM
 - draft transportation priorities/guiding principles
 - housing priorities/guiding principles
 - endorsing Bay Area Region Express Transit Network (ReX)
4. Discussion and consideration of bills:
 - SB 50 update
 - SB 278 (FASTER)
 - SB 378 PSPS (San José sponsor) cost recovery – penalties for power companies
 - Requiring that large IOUs compensate customers, businesses, and local governments for costs incurred during a planned blackout.
 - Levelling modest hourly fees on large IOUs during planned blackouts to ensure that they are as brief and circumscribed as is reasonably possible.
 - Preventing large IOUs from making money off of planned blackouts (through changing electricity prices, arbitrage, and the like) and from charging customers for electricity use during a blackout.
 - Improving data collection and reporting on both the potential for and consequences of planned blackouts. Taken together, these measures will ensure that planned blackouts are used only when truly necessary, protecting our communities, businesses, and local governments in the process.
 - AB 291 (San José sponsor) This bill establishes a new state fund to support staffing, planning and other mitigation projects to help local governments become better prepared for disasters. Direct allocation of funds for emergencies, LCC and County supporting
 - Valley Water – Anderson Dam Seismic Retrofit Bill (awaiting a number and sponsor)
 - AB 1788 (Mid Pen Open Space)
 - **SB 795 (Support) – new SB 5 with identical language
 - **AB 2057 (Chiu) Seamless Bay Area Transit

5. Legislative Committee Members opportunity for bills to consider
6. Public Comment
7. Adjournment until TBD

6:35 PM

6:45 PM

** no action needed, already position to support

Times are approximate.

Note that Committee actions are presented to the Board of Directors Meeting for consideration.



LEGISLATIVE ACTION COMMITTEE MINUTES
THURSDAY, JANUARY 9, 2020 | 6:00 PM
CITY OF SUNNYVALE | WEST CONFERENCE ROOM
456 WEST OLIVE | SUNNYVALE, CA 94088

1. Vice Mayor Neysa Fligor, Chair, called the meeting to order at 6:03 PM.

Present:

Campbell – Liz Gibbons
Cupertino - Rod Sinks
Gilroy – absent
Los Altos - Neysa Fligor
Los Altos Hills - Michelle Wu
Los Gatos – absent
Milpitas - Carmen Montano
Monte Sereno - Rowena Turner
Morgan Hill – absent
Mountain View - Margaret Abe-Koga
Palo Alto - Liz Kniss
San José - absent
Santa Clara - absent
Saratoga - Manny Cappello
Sunnyvale – Gustav Larsson
Executive Director – Andi Jordan

Also in attendance:

Adina Levin –
Mayor Larry Klein – Sunnyvale
Kent Steffens – CM, Sunnyvale

2. Consent Agenda: November 14, 2020 Legislative Action Committee Minutes was approved unanimously.

Motion: Montano (Milpitas)
Second: Gibbons (Campbell)

AYES: Gibbons (Campbell), Sinks (Cupertino), Fligor (Los Altos), Wu (Los Altos Hills),
Montano (Milpitas), Turner (Monte Sereno), Abe-Koga (Mountain View), Kniss (Palo Alto),
Cappello (Saratoga), Larsson (Sunnyvale)

NOS:

ABSTENTIONS:

ABSENT: Tucker (Gilroy), Sayoc (Los Gatos), Constantine (Morgan Hill), Jones (San José), Davis (Santa Clara)

3. Legislative Action Committee introduction and discussion (Fligor & Jordan) – **no action taken**

- Legislative Action Committee process and role with Board of Directors
- Guiding Principles (adopted 2018)
- Housing Priorities (adopted 2019)
- Legislative Calendar
- Meeting with legislators

4. Discussion of draft transportation priorities/guiding principles. **No action taken.**

5. Discussion and consideration of bills:

- SB 50 update
- SB 278 (FASTER)

By consensus, the committee appointed a housing sub-committee:

Margaret Abe-Koga (Mountain View), Liz Gibbons (Campbell), Gustav Larsson (Sunnyvale), Liz Kniss (Palo Alto).

AYES: 10 - Gibbons (Campbell), Sinks (Cupertino), Fligor (Los Altos), Wu (Los Altos Hills), Montano (Milpitas), Turner (Monte Sereno), Abe-Koga (Mountain View), Kniss (Palo Alto), Cappello (Saratoga), Larsson (Sunnyvale)

NOS: 0

ABSTENTIONS: 0

ABSENT: 5 - Tucker (Gilroy), Sayoc (Los Gatos), Constantine (Morgan Hill), Jones (San José), Davis (Santa Clara)

6. Public Comment – no public comment was received.

7. Adjournment until February 13, 2020.

Respectfully submitted,
Andi Jordan
Executive Director

Approved on DATE

MOTION
SECOND

AYES:
NOS:
ABSTENTIONS:
ABSENT:

DRAFT

FASTER Bay Area: Guiding Principles for Engagement on a Regional Transportation Measure
North and West Sector Cities of Santa Clara County

Draft “principles for support” of FASTER Bay Area that could be endorsed by cities and advocated with legislators and other agencies.

1. Support for a Bold, Transformative Strategy: The Bay Area needs a new revenue source to create a transformative transportation system.
 - a. Simply adding funding to the currently fragmented and inefficient transit landscape is not transformative. A concrete decision-making and operating framework must be established to achieve the goals of a coordinated and connected transportation strategy.
 - b. From a user’s perspective, the system must be seamless and accessible.
 - c. This system must take advantage of new and evolving technologies and reexamining current systems and infrastructure.
2. Revenue mechanism: Reliance on sales tax must be part of a larger diverse mix of funding mechanisms, recognizing the need for an equitable distribution of costs to those who benefit.
3. Ensure efficiency and effectiveness of existing systems: While exploring transformative strategies, new revenues must support effective existing transit systems, including ongoing funding for Caltrain and other cost-effective transit systems.
4. Clear and accountable governance for funding allocations: Governance and funding allocations must reflect current and projected employment and population. A lead decision-making role for MTC must be supported by a meaningful committee structure that involves regional representation such as the Cities Association of Santa Clara County.

DRAFT Cities Association of Santa Clara County Position Paper on Transportation

The Cities Association of Santa Clara County (CASCC) is an association of the fifteen cities of the county that works collectively to discuss and find solutions on issues at a regional level. CASCC recognizes the need for increased focus and strategies related to transportation in the Bay Area and throughout the region. We believe investments in transportation to expand the Bay Area transit network that provide connections from job centers to existing housing, as well as a system that is seamless, accessible and affordable planned future housing are key components of a successful solution.

It is the consensus of the CASCC that:

1. We support a Bold, Transformative Strategy:
 - a. The Bay Area needs a new revenue source to create a transformative transportation system. Simply adding funding to the currently fragmented and inefficient transit landscape is not transformative. A concrete decision-making and operating framework must be established to achieve the goals of a coordinated and connected transportation strategy.

- b. From a user’s perspective, the system must be seamless and accessible.
 - c. This system must take advantage of new and evolving technologies and reexamining current systems and infrastructure.
- 2. We support a diverse mix of revenue sources: Reliance on sales tax must be part of a larger diverse mix of funding mechanisms, recognizing the need for an equitable distribution of costs to those who benefit.
- 3. We support ensuring efficiency and effectiveness of existing systems: While exploring transformative strategies, new revenues must support effective existing transit systems, including ongoing funding for Caltrain and other cost-effective transit systems.
- 4. We support a clear and accountable governance for funding allocations and management of the systems: Governance and funding allocations must reflect current and projected employment and population. A lead decision-making role for MTC must be supported by a meaningful committee structure that involves regional representation such as CASCC.



Cities Association of Santa Clara County: Position Paper on Housing

The Cities Association of Santa Clara County (CASCC) is an association of the fifteen cities of the county that works collectively to discuss and find solutions on issues at a regional level.

CASCC recognizes the need for increased housing opportunities, especially for people earning below the area median income. We fully **endorse** local and regional efforts to encourage the production of more housing, preserve and increase subsidized below market rate housing at moderate- and below-income levels, and provide benefits to minimize the impact for current residents in rapidly changing neighborhoods.

The CASA Compact is a high-level document with only limited detail. Small and medium sized cities were not well represented in it's creation yet represent 66% of the Bay Area population. CASCC wants to ensure that their member cities' voices are heard as the details of legislation are being crafted. CASCC further encourages MTC, ABAG and the State Legislature collaborate with all cities on the ideas contained within the CASA Compact so that we can collectively formulate workable solutions to address the Bay Area's housing needs. It is the consensus of the CASCC that:

We support legislation that will provide voters statewide with the opportunity to apply a 55 percent threshold for revenue generating ballot measures for investments in affordable housing and housing production.

We support legislation that will return e-commerce/internet sales tax revenue to the point of sale – not the point of distribution as currently mandated – to provide cities that have a significant residential base with a commensurate fiscal stimulus for new housing.

We support Governor Newsom's investments proposed in the state budget that will benefit California cities including a substantial increase in state funding for affordable and workforce housing and to address the growing homelessness crisis in our state.

We support incentives for the production of new accessory dwelling units to streamline the entitlement of those ADU's.

We support removing barriers to planning complete communities, ensuring that adequate resources are available for new schools and parks to serve our growing population.

We support additional transportation investments to expand the Bay Area transit network that provide connections from job centers to existing housing as well as planned future housing.

We support establishing tenant protections as cities deem appropriate for their residents.

We support maintaining local control of the entitlement process. We urge the State to recognize that cities control entitlements, while developers build. Cities should therefore primarily be measured by entitlements when calculating RHNA attainment, and not penalized when funding is inadequate to build affordable housing.

We support ABAG, an elected body, to serve as the governance structure that administer new affordable housing funds and monitor housing production rather than establishing yet another agency to take on that role.

We oppose a one-size-fits-all approach to housing densities and land-use decision-making.

We oppose any diversion of existing revenue sources from cities.

Cities in Santa Clara County are actively addressing the housing shortage.

- All 15 cities have State-approved plans for new housing growth.
- Permits for 30,000 new residential homes have been approved since 2015 which represents over 50% of the state's housing goal for Santa Clara County of 58,836 new homes by 2023.
- Over 6,000 new residential units were approved in Santa Clara County in 2018.
- Santa Clara County voters increased local taxes to support \$950 million in affordable housing funds. As of 2018, \$234 million has been invested for 1,437 new multi-family units and 484 rehabilitated units.
- The Cities Association of Santa Clara County is leading the effort to form a 2023-2031 RHNA Sub-Region within the County.

About us: The Cities Association of Santa Clara County is an association of the fifteen cities of the county and the elected representatives of more than 1.9 million Bay-Area residents. Since 1990, the city representatives have been gathering to discuss and find consensus and solutions for regional issues. The cities of our association are diverse and include cities of a few thousand people and a city of a million people.

DRAFT Updated CASCC Position Paper on Housing

The Cities Association of Santa Clara County (CASCC) is an association of the fifteen cities of the county that works collectively to discuss and find solutions on issues at a regional level. CASCC recognizes the need for increased housing opportunities, especially for people earning below the area median income. We fully endorse local and regional efforts to encourage the production of more housing, preserve and increase subsidized below market rate housing at moderate- and below-income levels, and provide benefits to minimize the impact for current residents in rapidly changing neighborhoods. CASCC wants to ensure that their member cities' voices are heard as the details of legislation related to housing are being crafted. CASCC further encourages MTC, ABAG and the State Legislature to collaborate and engage with all cities on proposals to solve this housing deficit; this will allow us to collectively formulate workable solutions to address the Bay Area's housing needs.

It is the consensus of the CASCC that:

*We support legislation that will provide voters statewide with the opportunity to apply a 55 percent threshold for revenue generating ballot measures for investments in affordable housing and housing production.

*We support legislation that will return e-commerce/internet sales tax revenue to the point of sale – not the point of distribution as currently mandated – to provide cities that have a significant residential base with a commensurate fiscal stimulus for new housing.

*We support Governor Newsom and the State Legislature allocating funds that will benefit California cities including a substantial increase in state funding for affordable and workforce housing and to address the growing homelessness crisis in our state.

*We support accessory dwelling units to be considered as part of a jurisdiction's Resource Housing Needs Allocation (RHNA)

*We support incentives for the production of new accessory dwelling units to streamline the entitlement of those ADUs.

*We support removing barriers to planning complete communities, ensuring that adequate resources are available for new schools and parks to serve our growing

*We support additional transportation investments to expand the Bay Area transit network that provide connections from job centers to existing housing as well as planned future housing.

*We support establishing tenant protections as cities deem appropriate for their residents.

*We support maintaining local control of the entitlement process.

We urge the State to recognize that cities control entitlements, while developers build. Cities should therefore primarily be measured by entitlements when calculating RHNA attainment, and not penalized when funding is inadequate to build affordable housing. We support ABAG, an elected body, to serve as the governance structure that administer new affordable housing funds and monitor housing production rather than establishing yet another agency to take on that role. We oppose a one-size-fits-all approach to housing densities and land-use decision-making. We oppose any diversion of existing revenue sources from cities.

Cities in Santa Clara County are actively addressing the housing shortage (following information based on data available in 2019).

- All 15 cities have State-approved plans for new housing growth.
- Permits for 30,000 new residential homes have been approved since 2015 which represents over 50% of the state's housing goal for Santa Clara County of 58,836 new homes by 2023.
- Over 6,000 new residential units were approved in Santa Clara County in 2018.

- Santa Clara County voters increased local taxes to support \$950 million in affordable housing funds. As of 2018, \$234 million has been invested for 1,437 new multi-family units and 484 rehabilitated units.

- All CASCC cities have applied for the SB2 funding.

Finally, CASCC is available and ready to continue to be a partner and leader in finding workable solutions to solve this housing crisis.

Endorse the Regional Express (ReX) Transit Network concept!

To make ReX a reality, it will take support from people and organizations all over the Bay Area. If you're excited about the possibilities ReX opens up for you and your community, become an endorser.

ReX will:

- Give everyone — existing and potential transit riders — a better way to get around the region
- Boost transit ridership and complement existing transit
- Increase transportation equity and access for underserved communities
- Create new opportunities for transit-oriented development

Endorsing ReX here indicates your general support for the concept and doesn't signify endorsement of any particular route or infrastructure investment. The specifics will change as it moves from concept to reality. Anyone, including an endorser, is welcome to share input and feedback about how ReX could serve your community better.

ReX

BAY AREA REGIONAL EXPRESS TRANSIT NETWORK

The ReX (Regional Express) Transit Network is designed to make it easy to get around the Bay Area quickly and conveniently. ReX will run on an interconnected system of managed express lanes on the region's freeways, integrating our local and rapid transit systems into a comprehensive network. ReX fills the gaps in our current transportation system, adds transit frequency and capacity, and connects key destinations across the region, including dozens of underserved communities that urgently need more affordable, safe transportation options.



ReX is built on a simple premise: that someone at any ReX Express Hub can get to any other Hub quickly and conveniently regardless of time of day. Free-flowing freeway express lanes will make travel competitive with—and at peak hours, faster than—driving a solo vehicle.

The map to the left shows the approximate location of major ReX stations (Hubs) with connections to BART, SMART, and Caltrain lines. The map on the back page shows the draft route network. ReX routes and stations will naturally evolve as a result of more detailed technical analysis and community input.

TransForm is a 501(c)(3) nonprofit organization that promotes walkable communities with excellent transportation choices to connect people of all incomes to opportunity, keep California affordable, and help solve our climate crisis.

To endorse the ReX concept or to learn more, please visit our website:

www.TransFormCA.org/rex

Regional Policy Director: Chris Lepe
ReX System Designer: Alan Hoffman

A World-Class Rider Experience

ReX gives riders the express transit experience they want, building on extensive market research conducted across the US.

ReX is designed to be:

Fast. ReX reduces door-to-door transit travel times for many regional trips, bringing more opportunities closer to more people.

Frequent. ReX vehicles arrive often, cutting wait times and time spent making transfers.

Convenient. ReX and ReXlink services get transit riders closer to popular destinations.

Safe. ReX improves the experience of waiting for transit with stations that emphasize protection from the elements and from moving vehicles.

How ReX Works

The idea behind ReX is simple:

Locate 30 ReX Express Hubs around the region at major transportation nodes and regional destinations.

Connect Hubs with direct, rapid, and very frequent routes.

Link key destinations surrounding the hubs with direct, rapid, and frequent connections (such as shuttles and loops, described below).

Reach into surrounding areas with direct feeder lines and connect as well with regional rapid transit and bus services.

Create first-class stations (Hubs and other ReX system stations) that fully meet customer needs and expectations, and that make transfers easy.

Where Are ReX Hubs Located?

ReX Express Hubs are located to maximize access to key destinations surrounding them and link effectively with existing transit:

Key regional transit stations including BART, MUNI, Caltrain, Amtrak, ACE, SMART, and local transit centers;

Major destinations such as downtowns, large office parks, other job centers, hospitals, colleges, and recreational and entertainment venues.;

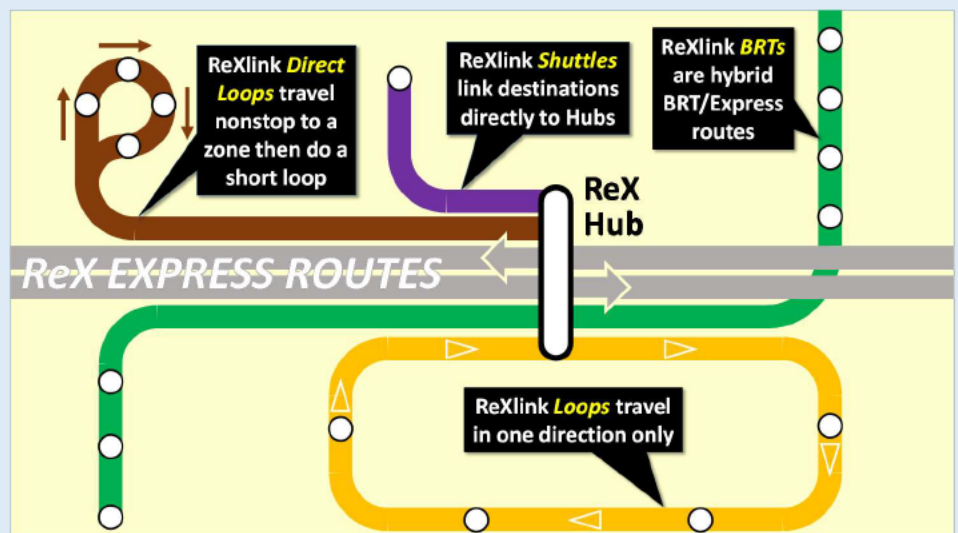
Shopping malls/retail centers such as the Southland, Sunvalley, and NewPark malls; and

Dense, walkable communities where many current and potential transit riders live.

ReXlink: Connecting Hubs to Destinations

ReXlink Routes are high-frequency feeders that tie ReX Express Hubs to surrounding destinations. At Hubs, they serve the same platforms as ReX Express Routes, making transfers seamless and easy.

There are four kinds of ReXlink routes: Loops, Direct Shuttles, Direct Loops, and hybrid BRT (Bus Rapid Transit)/Express routes. With 10 minute frequencies all-day, ReXlink makes it convenient to get to and from ReX Express Hubs.



Stations

Several types of stations serve ReX Express and ReXlink routes.

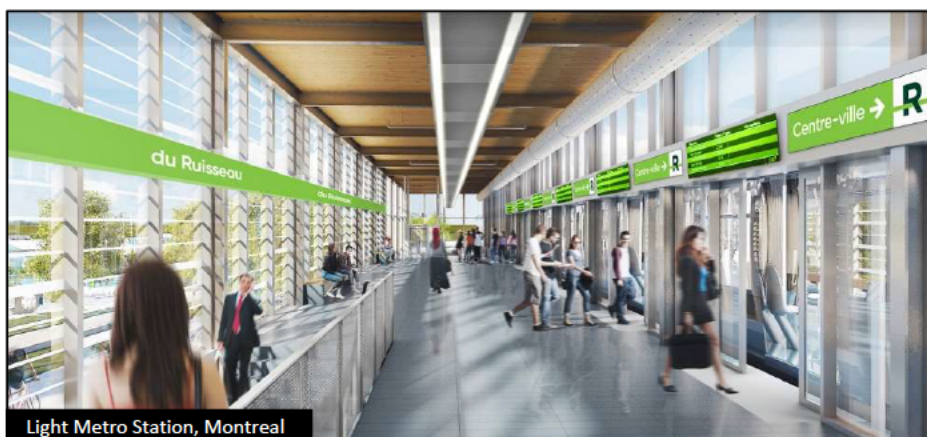
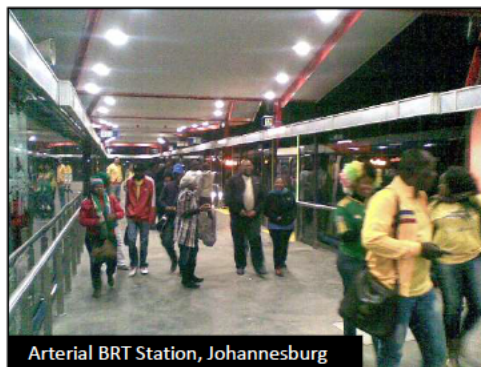
ReX Express Hubs are the principal nodes on the express network. ReX and ReXlink services all serve the same platforms; passengers wait in semi-enclosed facilities, separated from vehicles by sliding glass doors, such as in the Montreal example below.

All ReX stations rely on a barrier system, with people paying to enter a station and “tapping off” when leaving. Hub Stations use level boarding and multiple-door entry, just like metro systems.

As transfer centers, Hubs are candidates for retail services such as food halls and pharmacies, as well as significant public spaces.

Many ReX stations could support Transit-Oriented Development, adding many locations for this critical segment of new housing.

ReXlink Stations are smaller versions of Hub Stations. They are modeled on global BRT stations, such as the examples on the right, as well as new BRT stations being built across the Bay Area.



Next Steps

TransForm has produced a detailed report on the ReX concept, which is available for downloading on our website.

This report explains:

- Routes and proposed station locations;
- Current and projected residential and employment density and travel patterns;
- Analysis of the system’s ability to serve Communities of Concern (Environmental Justice populations);
- Service coverage of the network (areas served);
- Infrastructure requirements as well as future possibilities;
- Projected travel times;
- Initial projections as to capital and operating costs; as well as
- Questions and answers about ReX.

TransForm is collaborating with the MTC, transit agencies, elected representatives, stakeholders, and community members to help move ReX forward.

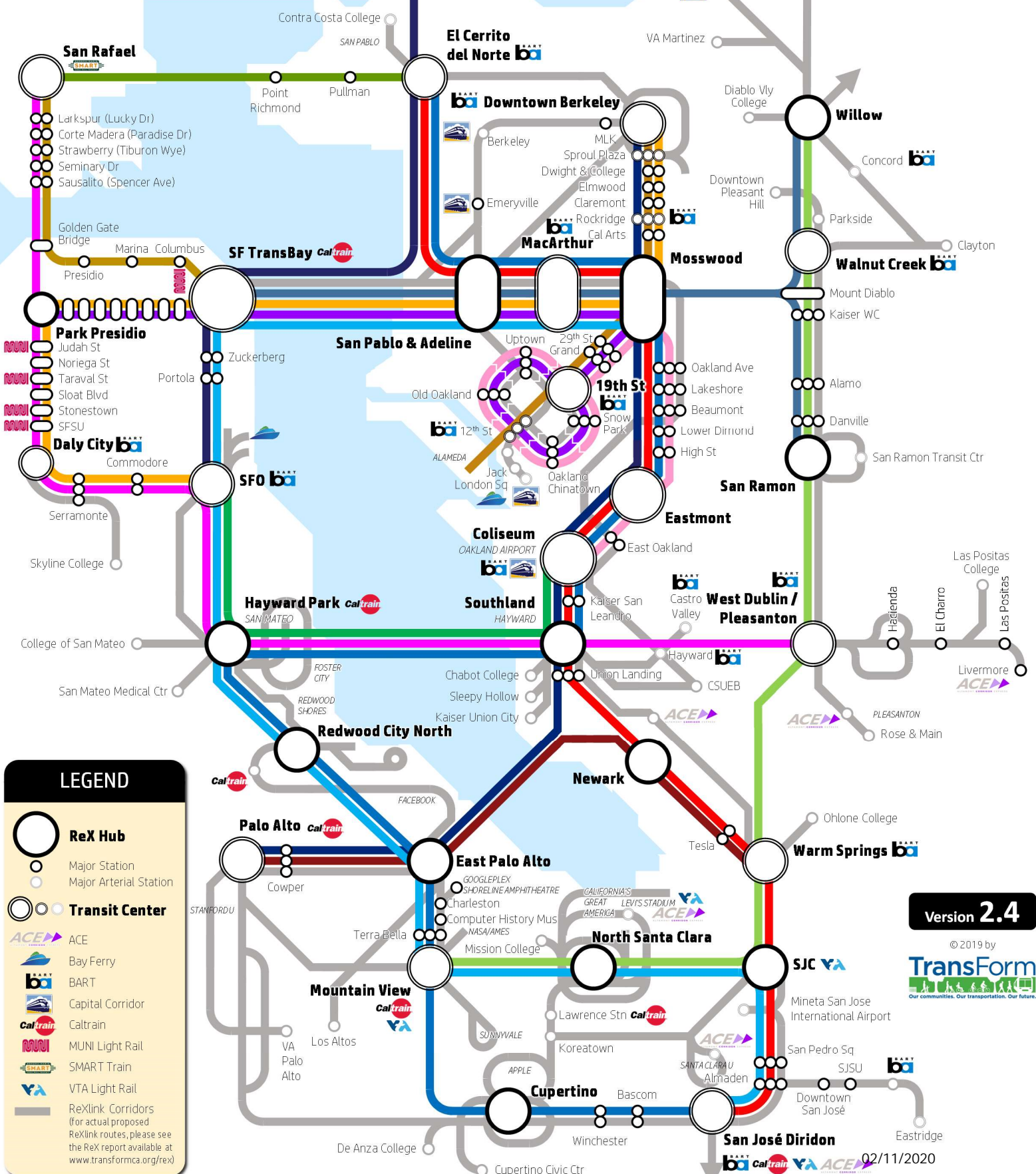
Get Involved!

Help us make ReX a reality! Individuals and groups interested in getting involved with ReX should visit TransForm’s website at:

www.transformca.org/rex

ReX Express Routes:

BK10	Berkeley	Alameda	QA10	Coliseum	Oakland Circle
DD10	San José Diridon	El Cerrito del Norte	PA10	Palo Alto	Berkeley
DD20	San José Diridon	El Cerrito del Norte	PA20	Palo Alto	Warm Springs
DD30	San José Diridon	Mosswood	PK10	Park Presidio	Oakland Circle
MN10	San Rafael	West Dublin	SF10	SFO	Coliseum
MN20	San Rafael	El Cerrito del Norte	SF20	SFO	Berkeley
MN30	San Rafael	SF TransBay	SF30	SFO	Vallejo
MV10	Mountain View	Willow	TB20	SF TransBay	Willow
			TB30	SF TransBay	San Ramon



LEGEND

- ReX Hub** (Large white circle)
- Major Station (Small white circle)
- Major Arterial Station (Medium white circle)
- Transit Center** (Circle with smaller inner circle)
- ACE (ACE logo)
- Bay Ferry (Bay Ferry logo)
- BART (BART logo)
- Capital Corridor (Capital Corridor logo)
- Caltrain (Caltrain logo)
- MUNI Light Rail (MUNI logo)
- SMART Train (SMART logo)
- VTA Light Rail (VTA logo)
- ReXlink Corridors (for actual proposed ReXlink routes, please see the ReX report available at www.transformca.org/rex)

Version 2.4

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TransForm
Our communities. Our transportation. Our future.

CONSENT

Bill No: SB 278
Author: Beall (D)
Amended: 3/28/19
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 9-0, 1/14/20
AYES: Beall, Dahle, Dodd, Galgiani, McGuire, Morrell, Rubio, Umberg,
Wieckowski
NO VOTE RECORDED: Bates, Roth, Skinner

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Metropolitan Transportation Commission

SOURCE: Author

DIGEST: This bill requires the Metropolitan Transportation Commission (MTC) to update guidelines for purposes of developing county transportation plans, as specified.

ANALYSIS:

Existing law:

- 1) Establishes MTC as a local area-planning agency to provide comprehensive regional transportation planning for the region comprised of the nine San Francisco Bay Area counties.
- 2) Requires MTC to continue to actively, on behalf of the entire region, seek to assist in the development of adequate funding sources to develop, construct, and support transportation projects that it determines are essential to the region.
- 3) Requires each county in the region, together with cities and transit operators within the county, to develop or update a transportation plan for the county and the cities within the county every two years.

- 4) Requires MTC to develop guidelines to be used in the preparation of county transportation plans and to adopt revised guidelines by January 1, 1995.

This bill:

- 1) Requires MTC to, in the process of developing funding sources for transportation projects within the nine county region, prioritize transportation projects that provide the greatest regional benefit.
- 2) Requires MTC to update guidelines for the development of county transportation plans by January 1, 2021, and further requires MTC to update the abovementioned guidelines every four years thereafter.

Comments

- 1) *Author's statement.* According to the author, “this bill makes the necessary changes to outdated provisions that govern local transportation planning requirements. Currently, MTC is not required to update its planning guidelines after 1995 for transportation plans prepared by the county or its county transportation commission. This bill directs MTC to update those planning guidelines and prioritize significant transportation projects for the region.”
- 2) *MTC.* Created in 1970, MTC is the government agency responsible for regional transportation planning and financing in the San Francisco Bay Area. MTC was created primarily to coordinate transportation services in the Bay Area's nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. To that end, the Commission is designated as the regional transportation-planning agency for the region by the State of California and the metropolitan planning organization by the federal government.

Several of MTC's core functions include administering transit funding through the Transportation Development Act, programming projects eligible for the State Transportation Improvement Program, and administering/ awarding funds from a number of federal grant programs. Additionally, MTC oversees the administration of toll revenues collected on the seven State-owned bridges in the Bay Area through the Bay Area Toll Authority and manages a number of regional operational programs, including but not limited to, the 511-call center, the Freeway Service Patrol, freeway call boxes, ridesharing, and regional signal timing programs.

- 3) *Transportation planning.* With respects to transportation planning, the Federal Transit Administration (FTA) notes, “transportation planning plays a

fundamental role in a state, region, or community's vision for its future. It includes a comprehensive consideration of possible strategies; an evaluation process that encompasses diverse viewpoints; the collaborative participation of relevant transportation-related agencies and organizations; and open, timely, and meaningful public involvement.”

FTA further notes, “transportation planning is a cooperative process designed to foster involvement by all users of the system, such as businesses, community groups, environmental organizations, the traveling public, freight operators, and the general public, through a proactive public participation process.”

As mentioned, state law requires MTC to prepare a regional transportation plan to identify and address the nine county region's overall transportation goals and serves as the plan to meet a variety of state and federal transportation and environmental requirements. State law further requires each county within the Bay Area, in collaboration with cities and transit operators within the county, to develop and update a county transportation plan every two to four years. At the county level, these plans serve as the long-range planning and policy document that guides ongoing transportation decisions for all transportation modes and users within a county. As the regional public agency, MTC is required to adopt planning guidelines for county transportation plans by January 1, 1995. However, state law does not require MTC to update guidelines for county transportation plans after 1995.

Since 1995, throughout the years, significant pieces of legislation directly impacting the transportation planning process have been enacted including, but not limited to, AB 32 (Nunez, Chapter 488, Statutes of 2006) and SB 375 (Steinberg, Chapter 728, Statutes of 2007). Meanwhile, planning guidelines for Bay Area county transportation plans have not been required to be updated since 1995. This bill simply aims to remedy outdated provisions by requiring MTC to update guideline requirements for county transportation plans and to continue updating these guidelines on an ongoing basis to ensure county transportation plans are in alignment with ever-changing state and federal regulations.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 1/22/20)

None received

OPPOSITION: (Verified 1/22/20)

None received

Prepared by: Manny Leon / TRANS. / (916) 651-4121
1/22/20 15:23:43

****** END ******

(Without Reference to File)

ASSEMBLY THIRD READING

AB 291 (Chu)

As Amended January 23, 2020

Majority vote

SUMMARY:

This bill establishes a new state fund to support staffing, planning and other mitigation projects to help local governments become better prepared for disasters.

Major Provisions

- 1) Establishes the Local Emergency Preparedness and Hazard Mitigation Fund (Fund) in the State Treasury to support staffing, planning, and other mitigation priorities to help local governments meet emergency management, preparedness, readiness, and resilience goals.
- 2) Provides that the availability and disbursement of funds is contingent upon appropriations by the Legislature.
- 3) Directs the California Office of Emergency Services (Cal OES) to establish a Local Hazard Emergency Preparedness and Hazard Mitigation Fund Committee (Committee) under the supervision of the Standardized Emergency Management System Advisory Board (SEMS Board), as specified.
- 4) Requires the newly established Committee to report to the SEMS Board at least every six months.
- 5) Requires the Committee to adopt guidelines identifying eligible uses, which would include implementing hazard mitigation projects, developing emergency operations plans, upgrading or establishing emergency facilities, and training in disaster response.
- 6) Requires local governments, who wish to be eligible to receive funds under the new Fund, to maintain their local hazard mitigation, multiyear training and exercise, and threat and hazard identification and risk assessment plans.
- 7) Specifies additional eligible activities, reporting requirements aimed at measuring the effectiveness of investments in mitigation and preparedness activities, and how Cal OES should allocate monies in the Fund.

COMMENTS:

Hazard Mitigation: Hazard mitigation is any action taken to reduce or eliminate long-term risk to human life and property from natural hazards. In California the definition is expanded and includes natural and man-made hazards. The essential steps of Hazard Mitigation are identifying hazards, conducting a vulnerability analysis, developing a hazard mitigation strategy, and implementing activities or projects to reduce the risk of loss of life and property due to natural or intentional disasters.

Federal Hazard Mitigation Grant Programs: While California receives federal hazard mitigation grants, funding is largely based on the damages of federally declared disasters. This bill aims to provide a new and reliable funding stream to help local governments prepare for emergencies and reduce hazard-related risks.

According to the Author: "Over the years, local disasters have been deadly and devastating. Local communities need resources to prepare and combat impending future events. Revenues and programs of local governments have decreased dramatically in recent years, while competition for scarce resources has resulted in a decrease in financial support for local preparedness programs. Since 2003, there has been a significant reduction in emergency managers statewide and many emergency management programs have been transferred within local governments, or assigned to someone as an extra responsibility. This bill will provide much-needed funding to local governments for emergency preparedness."

Arguments in Support: The California Emergency Services Association states, "this bill presents the framework for an astute and comprehensive pathway toward building, and in many instances revitalizing, essential and successful local emergency management programs."

Arguments in Opposition: None on file.

FISCAL COMMENTS:

According to the Assembly Committee on Appropriations, "significant cost pressures, likely in the hundreds of millions of dollars, to fund and administer the proposed grant program. While this bill does not specify the size of the overall program, previous iterations of this bill included a \$500 million appropriation. Total annual costs could be lower or higher and will depend on a corresponding appropriation."

VOTES:

ASM GOVERNMENTAL ORGANIZATION: 15-1-5

YES: Gray, Aguiar-Curry, Berman, Bonta, Cooley, Cooper, Daly, Gallagher, Gipson, Jones-Sawyer, Low, Quirk-Silva, Robert Rivas, Blanca Rubio, Salas

NO: Lackey

ABS, ABST OR NV: Bigelow, Brough, Eduardo Garcia, Mathis, Melendez

ASM APPROPRIATIONS: 13-0-5

YES: Gonzalez, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Maienschein, Petrie-Norris, Quirk, Robert Rivas

ABS, ABST OR NV: Bigelow, Brough, Megan Dahle, Diep, Fong

UPDATED:

VERSION: January 23, 2020

CONSULTANT: Mike Dayton / G.O. / (916) 319-2531

FN: 0002670

THIRD READING

Bill No: SB 378
Author: Wiener (D), et al.
Amended: 1/21/20
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 10-1, 1/15/20
AYES: Hueso, Chang, Dodd, Hertzberg, Hill, McGuire, Rubio, Skinner, Stern,
Wiener
NOES: Moorlach
NO VOTE RECORDED: Bradford

SENATE APPROPRIATIONS COMMITTEE: 4-2, 1/23/20
AYES: Portantino, Durazo, Hill, Wieckowski
NOES: Bates, Jones
NO VOTE RECORDED: Bradford

SUBJECT: Electrical corporations: deenergization events: procedures:
allocation of costs: reports

SOURCE: City of San José

DIGEST: This bill requires numerous provisions related to an electrical investor-owned utility's (IOU) decision to proactively shut off power, including requiring reimbursements of specified costs, specified penalties for shutting off power, and other reporting.

ANALYSIS:

Existing law:

- 1) Establishes the California Public Utilities Commission's (CPUC) regulatory authority over public utilities, including electrical corporations. (California Constitution, Article XII, §§3 and 4)

- 2) Requires every public utility to furnish such reports as the CPUC may require. (Public Utilities Code §584)
- 3) Requires the CPUC to establish the Wildfire Safety Division within the commission to undertake specified tasks. (Public Utilities Code §726)
- 4) Transfers all function of the Wildfire Safety Division, effective July 1, 2021, to the Office of Energy Infrastructure Safety. (Government Code §15470)
- 5) Requires each electrical corporation to annually prepare and submit a wildfire mitigation plan to the CPUC for review and approval, as specified. Requires a wildfire mitigation plan of an electrical corporation to include, among other things, protocols for de-energizing portions of the electrical distribution system that consider the associated impacts on public safety, as well as protocols related to mitigating the public safety impacts of those protocols, including impacts on critical first responders and on health and communications infrastructure. (Public Utilities Code §8386)
- 6) Authorizes the CPUC to impose fines and civil penalties for the violation of the California Constitution, statutes, or an order, decision, or requirement of the CPUC by a public utility. (Public Utilities Code §1701.6)

This bill:

- 1) Requires each electrical corporation to annually submit a report to the Wildfire Safety Division and, after June 30, 2021, to the Office of Energy Infrastructure Safety, that includes the age, useful life, and condition of the electrical corporation's equipment, inspection dates, and maintenance records for its equipment, investments to maintain and improve the operation of its transmission and distribution facilities, and an assessment of the current and future fire and safety risk posed by the equipment.
- 2) Requires the CPUC, in consultation with Public Advocate's Office, on or before June 1, 2021, to establish a procedure for customers, local governments, and others affected by a deenergization event to recover costs accrued during the deenergization event from an electrical corporation, within specified time periods. This bill requires an electrical corporation, on or before June 1, 2021, to establish a memorandum account to track expenses paid to customers, local governments, and others for claims resulting from a deenergization event.
- 3) Requires the CPUC to establish rules to determine whether the expenses paid can be recovered from ratepayers.

- 4) Prohibits an electrical corporation from billing customers for any non-fixed costs during a deenergization event or from charging customers increased amounts after a deenergization event in order to offset losses accrued during a deenergization event.
- 5) Requires, on or before June 1, 2021, that any profit accrued by an electrical corporation, due to a deenergization event that is determined by the CPUC to have been undertaken in an unreasonable or imprudent manner, be remitted or credited to its ratepayers, and that any loss be borne by the electrical corporation's shareholders.
- 6) Requires an electrical corporation to provide notification of a pending deenergization event as early as possible to the cities and counties within its service territory and to other local governmental entities upon their request, and to share information relating to a deenergization event with local governmental entities, as specified.
- 7) Requires the CPUC to biennially produce a report on the economic, environmental, public health, and public safety impacts of deenergization events, using information provided by electrical corporations and independent analysis.
- 8) Provides that an electrical corporation is subject to a civil penalty of not less than \$250,000 per 50,000 affected customers for every hour that a deenergization event is in place, and requires that the penalty be borne exclusively by the electrical corporation's shareholders, if the CPUC determines that the electrical corporation failed to act in a reasonable and prudent manner in its implementation and execution of a deenergization event.

Background

About proactive power shutoffs. Proactive power shutoffs are efforts by electric utilities to deenergize an electrical line or circuit in order to prevent the line from igniting a fire during certain conditions, especially high wind forecasts in areas that experience a high wildfire threat. Recently coined "Public Safety Power Shutoffs (PSPS)," these power shutoffs are intended to be temporary, but may endure for multiple days, as electricity is not restored until the conditions that triggered the shutoff have subsided and the electric lines are visually inspected to ensure there is no damage that can spark a fire. In some instances, customers who are served by circuits that do not pose a fire risk may also experience the loss of electricity if their electric lines are downstream from lines that do pose a fire risk.

Recent history with power shutoffs. Although there is some history with proactive power shutoffs, their use as a tool to prevent sparking fires is a more recent development that has expanded and grown in-use due to California's recent experience with catastrophic wildfires ignited by utility infrastructure. The practice began by San Diego Gas & Electric (SDG&E) after several utility infrastructure ignited catastrophic fires in 2007. Proactive power shutoffs were one of the many measures SDG&E implemented to reduce the risk of fire ignited by its infrastructure (other measures included installing steel poles and expanding ground and aerial inspections). Although the use of proactive power shutoffs were met with opposition and concerns about its use, ultimately the CPUC acknowledged SDG&E's authority to deenergize lines in order to protect public safety, noting this authority in Public Utilities Code §451 and §399.2. In April 2012, the CPUC adopted a decision (D. 12-04-024) that required SDG&E to provide notice and mitigation, to the extent feasible and appropriate, whenever the utility deenergized electric lines. Additionally, the CPUC required SDG&E to provide specified reporting after a proactive power shutoff event and noted the CPUC may conduct a post-event review to determine whether the utility was reasonable.

CPUC extends proactive power shutoffs protocol requirements to other utilities. Following the catastrophic fires in 2017 (including Thomas and North Bay Fires), in July 2018, the CPUC adopted a staff resolution (ESRB-8) to extend the reasonableness, public notification, mitigation and reporting requirements in the SDG&E decision to all electric IOUs, including Pacific Gas and Electric (PG&E) and Southern California Edison (SCE). Under Resolution ESRB-8, the CPUC also requires utilities to meet with local communities before employing the power shutoff practice in a particular area, requires feasible and appropriate customer notifications prior to a de-energization event, and requires notification to the Safety and Enforcement Division of the CPUC after a decision to deenergize facilities. In adopting the resolution, CPUC commissioners expressed a desire that the power shutoffs would only be used as a "last resort" by the utilities.

October 2018 PSPS events. In October 2018, for the first time proactive power shutoffs were used by the three electric IOUs, with each having at least one PSPS event, including the largest conducted by PG&E who shutoff power to about 60,000 customers for a couple of days. The multiple day event resulted in many customer complaints and media stories regarding the loss of power in several communities. After the October 2018 events, the CPUC, California Office of Emergency Services (CalOES), and the California Department of Forestry and Fire sent a joint agency letter to all three electric IOUs establishing expectations for potential PSPS events in light of "recent actions" by the three IOUs to deenergize power lines during high wildfire danger weather conditions. Within a week, the

three electric IOUs responded with a joint letter of their own in which they identified general areas that would benefit from additional discussion with the agencies, including implementation details, data needs, and customer information.

SB 901 requires power shutoff protocols. SB 901 (Dodd, Chapter 626, Statutes of 2018) included a requirement to adopt protocols for deenergization events. In December 2018, the CPUC opened a rulemaking proceeding (R. 18-12-005) to delve more deeply into the use of proactive power shutoffs as a wildfire prevention tool, including further examining de-energization policies and guidelines. In May 2019, the CPUC made its decision on Phase 1 of the proceeding (D. 19-05-042), adopting communication and notification guidelines for the electric IOUs to expand on those required in the July 2018 resolution. In August 2019, the CPUC opened a second phase of the proceeding to address identification and communication with access and functional needs populations, communication with customers while the power is turned off, communication during deenergization, mitigation measures, coordination with relevant agencies (including first responders), and transmission-level deenergization. CPUC President Batjer, the presiding commissioner to the proceeding, has recently re-scoped the proceeding with an expected decision adopted in May 2020.

September/October 2019. At the end of September 2019, under high-speed Diablo wind conditions, PG&E sent PSPS notifications to a widespread region of its service territory and ultimately shutdown power in roughly two events to 76,000 customers in the North Bay and Sierra Foothill areas. This was the first back-to-back power shutoff event for PG&E in the same geographic area. These power shutoffs set the stage for continued PSPS activity throughout the month of October, as there were additional multiple proactive power shutoff events throughout the month within the service territories of each of the three large electric IOUs. In some cases, especially in the PG&E territory, these events bled into each other with customers experiencing extended days with loss of power, as the utility did not have enough time to complete inspections of the deenergized electric lines before the next PSPS event was triggered. In total, over two million California residents endured the loss of power in communities located in about 40 of the state's 58 counties. These incidents became even more challenging as wildfires in both northern California (including the Kincade Fire) and southern California (including Saddleridge and Maria Fires) also meant some evacuations needed to be executed with a lack of reliable communication services, traffic signal outages, schools closed, and hospitals struggling to keep the lights on, even with their existing backup generators. Additionally, customer efforts to understand what infrastructure and which locations lost power were hampered as electric IOU Web sites were down – including those of PG&E and SCE – due to the increased traffic

to each of the utilities' Web sites, which they were not prepared to manage. There were also reports about unreliable maps and confusing information regarding geographic areas that would be affected. This confusion was especially acute in the PG&E territory. Customers who rely on electricity for medical devices struggled to find alternative sources of power or transportation to get to any of the limited community resource centers available to them, or to make contact with anyone who could help. State agencies and local agencies, including the California Health and Human Services Agency, county offices of emergency services, cities, and special districts (including first responders and water utilities) all struggled to respond to challenges created by the power shutoffs.

Post-event actions. In the midst of the October PSPS incidents, Governor Newsom sent a letter to the CPUC and to PG&E expressing his concerns and expectations noting that the PSPS as executed were "unacceptable." He directed PG&E to rebate all affected customers with \$100 credit for residential customers and \$250 credit for small businesses. The utility originally balked at the rebates, until a couple weeks later when the utility agreed to rebates/credits for customers affected by the October 9th event. Additionally, the CPUC sent letters to the three largest electric IOUs and held an emergency meeting on October 18, 2019, regarding the PSPS events in PG&E territory. PG&E's Chief Executive Officer Bill Johnson expressed his views that the company had areas to improve but that PSPS would be needed, potentially for as long as 10 years, until the utility could implement sufficient other measures, such as grid hardening, sectionalizing, and other measures that would reduce the need for PSPS. The CPUC also sent letters to the utilities directing them to share information with first responders about customers who require electricity to operate medical devices and sent another letter regarding the need to share information with the counties and tribal governments. Subsequently, the CPUC announced it would open an investigation into the conduct of the electric utilities to ensure they appropriately balanced the requirements to provide safe and reliable service when planning and executing their recent PSPS events. The CPUC has also opened a proceeding to investigate PG&E's actions and determine whether the utility should be sanctioned for violations regarding how it conducted the October 2019 power shutoffs. The proceeding is focused on the Web site failures, lack of proper customer notifications, lack of adequate call center staffing, and other concerns. Additionally, on November 18, 2019, the State Senate through the Senate Energy, Utilities, and Communications Committee held an eight-hour long oversight hearing to better understand the impacts, failures, and challenges of the October power shutoff events and to identify actions to prevent similar incidents in the future.

Comments

Balancing the public safety pendulum. Power shutoffs are one of the tools in the electric utility's toolbox to help mitigate against fires. However, as the October 2019 events illustrate, the use of power shutoffs can also result in public safety harm, as the loss of power can have wide-ranging impacts. The notion that the electric utility would proactively shutoff power to multiple circuits due to fire risk is a cultural shift for electric utilities and the customers they serve. Yet, as a reaction to the increased risks, impacts, and costs of wildfires, California's electric utilities have sought to proactively shutoff power as a tool to reduce igniting wildfires. However, the use of power shutoffs can be a very blunt tool in communities that lose power – further exacerbated by the existing threat of wildfire – as the loss of power can severely challenge even the best evacuation plans. Public safety risks exist even in cases where there isn't a looming wildfire threat as the loss of power can render a community paralyzed as businesses close, vehicles can't be fueled, communications services can be disabled, and hospitals can be inundated with nonemergency and emergency visits for those seeking electricity. The public safety risks can grow with the duration of the power shutoff event and inadequate communication and notification. Therefore, power shutoffs, even when planned, create issues that are imperative to address to ensure the decision to shutoff power is balanced with the risks posed to public safety and costs borne by others from the loss of power. These issues include ensuring utilities are being reasonable and judicious in deciding whether to shutoff power, ensuring adequate notification and mitigation, the need for the state to provide adequate oversight and coordination, if needed, in response to these events, and ensuring that the utilities are considering all risks, not just those to their systems.

SB 378. This bill is an attempt to address the need to better balance the pendulum. This bill attempts to address some of the financial costs associated with the loss of power, including prescribing compensation to customers, businesses, and local governments. After a November 2019 marathon informational hearing by this committee, it would seem reasonable for the legislature to further weigh-in on the use and consequences of unreasonably executed power shutoffs. The Governor and CPUC have also expressed a desire to not repeat the events of October 2019. As noted above, the CPUC is in the midst of two active proceedings concerning the use of power shutoffs, including expanding protocols about their use and execution by electric utilities. Nonetheless, the members of the Legislature may wish to provide additional direction to the CPUC as Californians, particularly those in PG&E's service territory, are not likely to see an end to the use of power shutoffs in the near-term. The author has stated his goal with this bill is "to create some incentive for IOUs to use planned blackouts more judiciously and in a more

targeted fashion.” In light of the events that transpired in October 2019, there would seem to be merit to address these issues.

Need for further refinement. In light of the parallel efforts by the CPUC and Governor’s Office, as well as, the continued discussions in the Legislature regarding the use of power shutoffs, this bill, as currently drafted, is a continued work-in-progress. The CPUC, working with Boston Consulting Group, has recently proposed a substantial revision of the framework for electric utility wildfire mitigation plans that encompass specified metrics (roughly 50 metrics) to standardize the determinations and reviews of whether a utility is taking active steps to reduce its wildfire risk and reduce the need for widespread proactive power shutoffs. These metrics would help to create a dashboard-styled format to better judge the performance of each electric IOU’s wildfire mitigation plans, which include the power shutoff protocols. Additionally, the Governor’s Office and CalOES are working closely with each electric IOU to better prepare for the upcoming wildfire season in order to reduce the widespread nature and duration of proactive power shutoffs. As this bill moves forward, the author and legislature may wish to further refine this bill to ensure that the measures in this bill adjust the public safety pendulum in a manner that will improve public safety by ensuring electric IOUs utilize proactive power shutoffs judiciously. If the pendulum is too far to one side, electric IOUs may be reluctant to utilize proactive power shutoffs which could result in more catastrophic wildfires. Conversely, the use of widespread proactive power shutoffs for extended durations could result in additional public safety harm. Furthermore, the financial implications of using or not using proactive power shutoffs must also be balanced to ensure they appropriately incent judicious actions by electric utilities, but don’t result in overburdening utilities with costs that could unfairly affect ratepayers. The areas in this bill that merit continued refinement include: scope and timing of any required compensation related to the use of proactive power shutoffs, appropriate metrics to calculate penalty amounts, and ensure required reporting is not unnecessarily duplicative.

Related/Prior Legislation

SB 167 (Dodd, Chapter 403, Statutes of 2019) required electrical corporations to include impacts on customers enrolled in specified programs as part of the protocols for deenergizing portions of their electric distribution system within their wildfire mitigation plans.

AB 1054 (Holden, Chapter 79, Statutes of 2019) created additional safety oversight and processes for utility infrastructure, recast recovery of costs from wildfire

damages to third-parties, and authorized an electrical corporation and ratepayer jointly funded Wildfire Fund to address future related wildfire liabilities.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, wildfire mitigation plans by electric utilities, which includes a requirement for protocols for power shutoffs, and cost recovery by electric corporations of wildfire-related damages.

SB 1028 (Hill, Chapter 598, Statutes of 2016) required electric CPUC-regulated utilities to file annual wildfire mitigation plans and requires the CPUC to review and comment on those plans.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The CPUC estimates costs of \$1.7 million annually (special fund) and nine positions to (1) establish a procedure for recovery of costs due to de-energization events, (2) conduct enforcement proceedings to penalize electric corporations, (3) perform audits, and (4) produce a biannual report on the economic, environmental, and public health and safety impacts of de-energization events.
- Unknown but potentially significant fee revenue, possibly in the hundreds of millions of dollars annually, for penalties levied on IOUs by the CPUC due to de-energization events that it determines were not justified.

SUPPORT: (Verified 1/23/20)

City of San José (source)

Berkeley City Council

California Association of Food Banks

Cities of Dublin, Livermore, Oakland, Pleasanton, and San Ramon

County of Alameda

County of Yolo

Food Bank of Contra Costa and Solano

Oakland City Council

Rural County Representatives of California

San Francisco Public Utilities Commission

Town of Danville

Valley Clean Energy

OPPOSITION: (Verified 1/23/20)

California Chamber of Commerce
Coalition of California Utility Employees
Pacific Gas & Electric
PacifiCorp
San Diego Gas & Electric Company
Southern California Edison

ARGUMENTS IN SUPPORT: According to the author:

SB 378 addresses the root cause of [blackout addiction] by:

- Requiring that large IOUs compensate customers, businesses, and local governments for costs incurred during a planned blackout.
- Levelling modest hourly fees on large IOUs during planned blackouts to ensure that they are as brief and circumscribed as is reasonably possible.
- Preventing large IOUs from making money off of planned blackouts (through changing electricity prices, arbitrage, and the like) and from charging customers for electricity use during a blackout.
- Improving data collection and reporting on both the potential for and consequences of planned blackouts.

Taken together, these measures will ensure that planned blackouts are used only when truly necessary, protecting our communities, businesses, and local governments in the process.

ARGUMENTS IN OPPOSITION: Those opposed to this bill express concerns regarding penalizing electric utilities for using an authorized safety measure – power shutoffs – to prevent wildfires. The Coalition of California Utility Employees, California Chamber of Commerce, and the electric utilities opposed to this bill express concerns with penalizing utilities for preventing wildfires and believe this bill could result in more fires, property damage, and loss of life. They generally argue that this bill’s financial impacts – including the proposed required compensation and the penalties – would result in more fires by limiting electric utilities from using a proactive power shutoff when the conditions merit its use or force electric utilities to re-energizing electric lines prematurely before fire-threat conditions have subsided.

Prepared by: Nidia Bautista / E., U., & C. / (916) 651-4107
1/24/20 14:34:08

**** END ****



SENATOR JIM BEALL, SENATOR MIKE MCGUIRE, AND SENATOR ANTHONY PORTANTINO

SB 795 Building Affordable and Inclusive Communities

Principle Coauthors: Senator Roth & Assemblymember Mullin

Coauthors: Senators Bradford, Caballero, Hueso, Wieckowski, and Wiener; Assemblymembers Gloria, Kalra, and Low

ISSUE

At the time of its dissolution in 2012, Redevelopment Agencies (RDA) were the largest single source of funding for affordable housing and spent over \$1 billion on its construction annually. This lost revenue, in addition to budget cuts at the federal level, created a significant gap in the construction and availability of affordable units.

The aim of this legislation is to thoughtfully tackle the housing crisis by responding to the needs of cities and counties. It will create desperately needed housing opportunities for hard-working Californians and also help alleviate poverty, create jobs, and meet our statewide environmental goals without affecting school funding.

BACKGROUND

California's housing crisis is staggering: 2.2 million extremely low-income and very low-income renter households are competing for only 664,000 affordable rental homes. This leaves more than 1.54 million of California's lowest-income households without access to housing. Furthermore, low-income families are forced to spend more of their income on rent, which leaves little else for other basic necessities. Many renters must postpone or forego homeownership, live in more crowded housing, commute further to work, or, in some cases, choose to live and work elsewhere. This also leaves low-income families more vulnerable to becoming homeless.

Historically, the Community Redevelopment Law (CRL) allowed local government to establish a redevelopment area and capture a portion of the increase in property taxes generated within the area (referred to as "tax increment") over a period of decades. The law required redevelopment agencies to deposit 20% of tax increment into a Low and Moderate Income Housing Fund (L&M fund) to be used to increase, improve, and

preserve the community's supply of low- and moderate-income housing available at an affordable-housing cost.

In 2011, the Legislature enacted legislation to dissolve RDA's in response to the Great Recession and a need to close a massive budget shortfall. The elimination of RDAs returned billions of dollars of property tax revenues to schools, cities, and counties to fund core services.

Since the elimination of RDAs, local governments and lawmakers have searched for ways to raise the capital needed to invest in public works projects including affordable housing.

A number of new laws have brought back some of the tools of RDAs to help combat our growing affordable housing crisis. Most notably is the establishment of Enhanced Infrastructure Finance Districts. These tools have not been widely used by local governments for many reasons including the need for local governments to opt-in and partner on IFDs and a lack of state financial support.

THIS BILL

This bill allows local governments to collaborate on state-approved redevelopment plans, which would be funded by reducing their contributions to local Education Revenue Augmentation Funds (ERAFs). Funding can be used for the following five purposes: (1) affordable housing, (2) transit-oriented development, (3) infill development, (4) revitalizing and restoring neighborhoods, and (5) planning for projects that mitigate the effects of climate change.

The funding mechanism will allow local governments that have opted-in and have an approved project plan to use local property tax. This bill will commit \$2 billion in ongoing state funding (ramping up from \$200 million over 9 years) and will ensure schools are held harmless to meet the Prop 98 guarantee.

At a minimum, 50% of the program's funding must be used to construct affordable housing. Of the 50% funds for affordable housing, a minimum of 80% must be used for low-income housing (below 80% AMI) and be consistent with the Low Income Housing Tax Credit program. The remaining 20% can be used for moderate-income housing (80% to 120% AMI). Provisions also ensure that housing is, and remains, affordable to renters.

The bill also creates a Sustainable Investment Incentive Committee to review and approve or disapprove proposed projects. The Committee will be comprised of individuals appointed by the Legislature and the Governor.

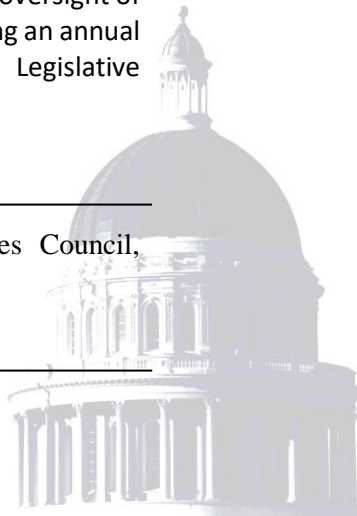
Each applicant that has received financing pursuant to the program for any fiscal year shall provide a report to the Committee. The Committee will provide oversight of the funds and will be responsible for providing an annual report on program outputs to the Joint Legislative Budget Committee.

SUPPORT

State Building and Construction Trades Council,
ALF-CIO (Sponsor)

FOR MORE INFORMATION

Sunshine Borelli
Office of Senator Jim Beall
(916) 651-4015
Sunsine.Borelli@sen.ca.gov



City of Palo Alto

Office of the Mayor and City Council

February 6, 2020

The Honorable Jim Beall
California State Senate
State Capitol Building, Room 2082
Sacramento, CA 95814

RE: SUPPORT for SB 795 (Beall, McGuire, and Portantino) — Building Affordable and Inclusive Communities

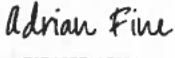
Dear Senator Beall,

On behalf of the City of Palo Alto, I would like to offer our support for SB 795. This bill addresses the housing crisis by incentivizing affordable housing development through a reduction in local government contributions of property tax revenue to schools, without affecting school funding levels.

As you are aware, Palo Alto has taken steps to address the shortage of affordable housing in our City. For example, we have amended our ordinances to relax local regulations related to parking, density, floor area ratio, and more. And our Council adopted an Affordable Housing Overlay District, which allows for the development of 100% affordable rental housing in areas near transit not currently zoned for residential use.

As we continue to work towards creating additional housing in our City, we support your efforts in SB 795 to unlock revenue for housing and related infrastructure. This bill would allow the reallocation of funds to build new affordable housing, create transit-oriented developments, and for protecting communities from sea-level rise, wildfires, and floods. We are excited about the possibility of doing even more for our community, and we are happy to support your bill.

Sincerely,

DocuSigned by:

E8DA2E71AE0849C...
Adrian Fine
Mayor, City of Palo Alto

Cc:
Senator Jerry Hill
Assemblyman Marc Berman
Palo Alto City Council
Santa Clara County Cities Association
Ed Shikada, Palo Alto City Manager