

AGENDA FEBRUARY 12, 2014 CITY COUNCIL LAW & REGULATION COMMITTEE 5:30 P.M. CITY COUNCIL CHAMBERS 311 VERNON STREET

- 1. CALL TO ORDER
- 2. ROLL CALL (Appointed Committee Members)
 Councilmember/Committee Member: Bonnie Gore
 Mayor/Committee Chair: Susan Rohan
- 3. PLEDGE OF ALLEGIANCE
- 4. PUBLIC COMMENTS

NOTICE TO THE PUBLIC

Persons may address the Law & Regulation Committee on items not on this agenda. Speakers shall restrict their comments to issues that are within the subject jurisdiction of the Law & Regulation Committee and limit their comments to three (3) minutes per person. The total time allocated for Public Comment is 25 minutes. The Brown Act, with certain exceptions, does not permit the Committee to discuss or take action on issues that are not listed on the agenda.

- 5. MINUTES
 - 5.1 Minutes of Prior Meetings

October 23, 2013 Law & Regulation meeting, (File 0103-32). CONTACT: Sonia Orozco (916) 774-5263 sorozco@roseville.ca.us

- 6. PRESENTATIONS
 - 6.1 Interpretation and Implementation of SB 743

Memo from Principal Planner Kathy Pease and Government Relations Administrator Mark Wolinski and Public Affairs and Communications Director Megan MacPherson providing information to the Law and Regulation Committee (L&R) on Senate Bill 743 (SB 743). On September 27, 2013 Governor Brown signed SB 743 (Steinberg) into law. The primary elements of the bill relate to environmental quality, transit-oriented infill

projects, judicial-review streamlining for environmental leadership development projects, and specifically, streamlining for the proposed entertainment and sports center in the City of Sacramento. City staff, other municipalities and agencies throughout the state tracked the bill throughout the 2013 legislative with little concern until now. Recently, staff participated in a meeting with a traffic engineering firm and a representative from the Governor's Office of Planning and Research (OPR). As a result of that meeting, it has come to Staffs attention, that there may be unintended consequences with how the law is interpreted and implemented. A summary of Staff's concerns is provided below for the Committee's understanding of the issues and for the Committee's input. Among other things, SB 743 was adopted to further the goals of AB 32 to reduce greenhouse gas and to look for ways to streamline the California Environmental Quality Act (CEQA). The language appeared to concentrate on very limited areas that would meet the definition of an infill or transit priority area. Staff supported this approach because it is consistent with the goals of the City of Roseville's General Plan Pedestnan Overlay District which recognized that in limited areas such as Downtown and Riverside areas it was appropriate to encourage walkability. However, it appears that in OPR's interpretation of the law, that it will apply to all jurisdictions and all areas, not just infill, and will eliminate the use of "traffic level of service" from being analyzed in CEQA documents. The primary concern staff has with OPR's interpretation of the law is that it necessarily results in unintended consequences. The consequences are as follows:

- The interpretation would result in OPR amended CEQA Guidelines that would exempt traffic as a CEQA impact thereby eliminating LOS from consideration in environmental documents for projects.
- The interpretation would be a one size fits all approach that would not recognize suburban or rural transportation constraints or constituent concerns.
- The interpretation would require the City to adopt a new traffic model that is costly, complex, and is an unfunded mandate.
- The elimination of LOS would potentially impact the City's ability to collect traffic mitigation fees and/or require certain levels of roadway development/improvements as part of a project. It also could make the City's fee programs vulnerable to legal challenge.
- The interpretation could result in amendments to the City's General Plan since a General Plan cannot be out of compliance with State law. Currently the General Plan includes policies on level of service standards.
- A final concern with the law is that the implementation of the new Guidelines must be enacted in 2015. This means there is no provision allowing municipalities a phasing in of the new requirements. They must be ready to fully meet the new requirements once they are approved. This will likely impact any projects currently in the queue, which are expected to be completed in the spring 2015. An example is the Amoruso Ranch Specific Plan. Staff is currently kicking off the traffic study, expected to be completed this summer, with an environmental document potentially completed by the end of the year. If OPR directs that a new model is required, all of the work done this year may have to be redone. This will result in costs and delays to project applicants.

The costs of coordinating these issues are contained within the City's current budget. However, please note that if the City has to discontinue use of its current traffic model for a new model as a result of implementation of SB 743, this could result in an impact to the General Fund. City staff is scheduling meetings with Senator Nielsen and Assembly member Gaines to update them and discuss staff's concerns regarding these issues.

Staff is also working with the City's state lobbyist firm, Gonzalez and Son, to research the matter further and develop responses and strategies to address the issues created by OPR's interpretation of the new statute. Committee input requested.

(Law & Regulation Committee Communication No. 5886 - File 0103-32).

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6.2 Update - Tax and Federal Mortgage Programs Reform

Memo from Government Relations Administrator Mark Wolinski and Public Affairs and Communications Director Megan MacPherson providing information to the Law & Regulation Committee (L&R). Last year staff reported to the Committee on tax and federally operated mortgage program reforms that were being discussed by Congress. The following is an update on those efforts. The Senate Finance Committee and the House Ways and Means Committee had a strong focus in 2013 of moving tax reform forward and revamping the federal tax code for the first time in more than 25 years. In addition to tax reform there was a growing interest by Congress and the administration to reform the mortgage programs administered by the federal government. Although committee hearings were held and reports and studies were developed, no major reform measures were passed. There is a growing belief that a comprehensive tax reform package will be difficult to move forward this year due to the change of leadership in the Senate Finance Committee. An area of tax reform that remains a primary concern for Roseville and for many other municipalities and agencies is the tax-exempt status of municipal bonds. Senator Wyden has caused concern in the municipal bond markets previously by introducing bills that would change the exemption for interest on municipal bonds to a traditional tax credit. The Senator has previously supported direct-pay bonds, and it is unclear if Wyden is committed to tax-credit bonds or if he really wants more direct-pay bonds. Wyden is aware of the opposition to direct-pay bonds by a vocal segment of congress. Some indications are that he will not try to resurrect Build America Bonds because the legislation does not have bi-partisan support. Many market participants think the President will continue to include a 28% cap on the value of the tax-exemption for municipal bonds in his fiscal 2015 budget, which is supposed to be released in March. They also expect the President to once again propose America Fast Forward bonds, direct-pay bonds that could be used to finance a range of projects, including those eligible for private-activity bond financing. Some analysts believe that the President might include a different option in his budget that will raise greater complications and maybe more restrictions than the 28% cap. The president has recently put an emphasis on addressing income inequality, and there's been a perception that municipal bonds only benefit the wealthy. In addition to monitoring how any tax-reform proposals would affect municipal bonds, the US Conference of Mayors, National League of Cities and the National Governors Association (NGA) are watching to see if there would be any change to the deduction of state and local taxes. NGA deputy director of policy David Quam said they are watching both of those issues closely, noting that doing away with this deduction would essentially raise the cost of state and local taxes. Regarding Mortgage Reform, there was movement last year in the form of bill introductions and regulatory reform focused on mortgage reform, the reform of government sponsored enterprises (GSEs) and the reform of the Federal Housing Administration (FHA). Congress has also seen several developments in the effort to reform the housing finance system. The proposals are to wind down Fannie Mae and Freddie Mac (the government-sponsored enterprises, or GSEs) and to reform the Federal Housing Administration (FHA). Staff and the city's federal lobbyist, The

Ferguson Group, will continue to closely monitor the actions by Congress on all the bills discussed and any new developments on tax and mortgage program reform. Staff will continue to bring updates back to the Committee for review and input.

(Law & Regulation Committee Communication No. 5888 - File 0103-32).

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6.3 Update to the 2009 California Climate Adaptation Strategy

Memo from Environmental Coordinator Mark Morse. Government Relations Administrator Mark Wolinski and Public Affairs & Communications Director Megan MacPherson with a report for the Law & Regulation Committee (L&R) regarding an update to the 2009 California Climate Adaptation Strategy. . The undertaking will result in a policy guidance document that highlights climate risks, actions and accomplishments that have occurred as a result of the 2009 Adaptation Strategy. The updated strategy is intended to provide further recommendations for policies and guidelines in the coming years. The state is pursuing a broad, integrated strategy to reduce greenhouse gas (GHG) emissions, to continue building on its reputation as a leader in this area and to build the foundation for a new clean energy economy. The state believes these efforts will reduce the magnitude and impact of climate change, but they will not prevent it from occurring. Furthermore, the state has taken the position that the strategy update is necessary given the long-term nature of effective planning, and to begin preparing for these impacts. The state recognizes that actions needed to meet these challenges have a financial cost, but it maintains that taking these actions will cost far less than taking no action. Since every step that is taken today will help save valuable resources in the future. To that end, the plan details current efforts already underway. The following nine broad areas highlighted in the adaptation strategy are identified as being impacted by climate change. The strategy provides real world, realistic recommendations for actions that can be taken to help ensure a better future. The adaptation strategy recommends seven strategies defined by the strategy apply to all nine broad areas and will help safeguard California.

Safeguarding our Everyday Lives from Climate Change: Nine Broad Areas

- A Changing Water Future: Develop an urban water use plan that reduces reliance on distant, unpredictable sources.
- Keeping the Lights On: Promote development of smart grids that are connected, but localized.
- Cooling California: Promote strategies to keep Californians cool and guard against longer, more frequent heat weaves, which are already responsible for a growing number of hospitalizations and deaths.
- Do Better Today, Live Better Tomorrow: By reducing our carbon output today, we can lessen the extent of impacts in the future.

Safeguarding our Natural World:

- Nature Moves with the Climate: As climate patterns shift, so will nature. Providing
 habitat connectivity and chances for adaptation will help allow species and habitats
 to survive.
- Help Nature Protect Herself: Improve forest and other habitat resilience.

Safeguarding California - What Science and Lawmakers Can Do:

- Knowing the Real Impacts: Sound science will highlight risks, and help provide a path to solutions.
- Help is on the Way: Assess adequacy of emergency responders.
- Better Together: Collaborate with federal and local government.

Seven Strategies to Safeguard California: Cross Sector Themes:

These nine focused areas touch every part of modern life for people and nature: 1) Agriculture, 2) Biodiversity and Habitat, 3) Emergency Management, 4) Energy, 5) Forestry, 6) Ocean and Coastal Ecosystems and Resources, 7) Public Health, 8) Transportation, and 9) Water. For these nine areas, common themes were identified during the development of the plan. This important identification resulted in identifying seven strategies that cut across all areas that can be acted upon.

- All core functions of government must make the risks Californians face from a changing climate an integral part of their activities.
- Provide risk reduction measures for California's most vulnerable populations.
- Identify significant and sustainable funding sources for investments that reduce climate risks, human loss, and disaster spending.
- Support continued climate research and data tools to inform policy and risk reduction activities.
- Maximize returns on investments by prioritizing projects that produce multiple benefits and promote sustainable stewardship of California's resources.
- Prioritize climate risk communication, education, and outreach efforts to build understanding among all Californians.
- Promote collaborative and iterative processes for crafting and refining climate risk management strategies.

Staff believes the most effective approach the city can take to understand and provide input to the state's climate strategy is to stay actively engaged in the list of documents previously outlined in the report. City departments are currently involved in activities pertaining to many of the documents and by doing so have the greatest opportunity to impact areas important to the city. Staff requests input from the Committee on areas of concern or interest.

(Law & Regulation Committee Communication No. 5889- File 0103-32).

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7. REPORTS/COMMENTS/COMMITTEE/STAFF

- Bay Delta Conservation Plan
- 8. ADJOURNMENT

