

# California Strategic Growth Council

June 3, 2014 Meeting Minutes—Draft  
Amended 10/7/14

## **Council Members and Representatives Attendance:**

Chair Ken Alex, Director, Governor’s Office of Planning and Research (OPR); Vice-Chair Bob Fisher, Public Member; Secretary Matt Rodriguez, California Environmental Protection Agency (CalEPA); Secretary Brian Kelly, California State Transportation Agency (CalSTA); Secretary Anna Caballero, California Business, Consumer Services, and Housing Agency (BSCH); Secretary Diana Dooley, California Health and Human Services Agency (CHHS); Secretary John Laird, California Natural Resources Agency (CRNA); Secretary Karen Ross, California Department of Food and Agriculture (CDFA); Undersecretary James Goldstene, Business, Consumer Services, and Housing Agency (BSCH)

**1:05 p.m.**

## **Agenda Item #1: Call to Order**

Chair Ken Alex called meeting to order.

**1:07 p.m.**

## **Agenda Item #2: ACTION: Approval of March 3 Council Meeting Minutes**

Council Member Laird motioned to approve the minutes. The motion passed unanimously. The votes for Yes-No-Abstain are 5-0-0.

**1:09 p.m.**

## **Agenda Item #3: INFORMATION: Introduce new SGC staff members: Denny Grossman and Suzanne Hague**

### **Executive Director McCoy, SGC:**

The California High Speed Rail Authority has funded a Planning Advisory position and we are pleased to have hired Suzanne Hague as the Senior Advisor for Community Development and Planning for the SGC. Suzanne is an urban designer/planner with expertise in community revitalization, housing and real estate development. She has consulted nationally on complex, high profile planning development projects, including the post-Katrina New Orleans rehabilitation projects. Most recently, she has been with the Environmental Protection Agency serving as their on-the-ground coordinator in the Strong Cities, Strong Communities program in the San Joaquin Valley and I would like Suzanne to come up and say a few words and introduce herself.

### **Suzanne Hague, Senior Community Development and Planning Specialist, SGC:**

This position feels like a natural extension of the work I have been doing on the ground in Fresno. The SGC has been a great partner to that work; we’ve been focused with this White House initiative “Strong Cities, Strong Communities” on supporting the cities at the local level. In my opinion, High Speed Rail is the most exciting planning project in the country; it’s ambitious, forward thinking, and necessary. There are a lot of opportunities for myself and all of us to help support the project in supporting local communities to do more sustainable land use planning. I’m interested to know from the SGC’s respective agencies how the SGC and High Speed Rail can help each of you to better fulfill your missions. Thank you for this opportunity.

**Executive Director McCoy, SGC:**

California High Speed Rail Authority has also funded another position for SGC and that is a Regional Advanced Mitigation Coordinator. To fill this position, the SGC is pleased to have hired Dr. Dennis Grossman to serve as the Senior Advisor for Environmental Science and Policy. For twelve years, Denny was the chief ecologist of the National Nature Conservancy; his primary endeavors included advancing conservation planning methods at the national and international scale. Over the past few years, Denny has been working with the international finance institutions on large scale infrastructure projects around the world and it is my pleasure to introduce you to Denny Grossman.

**Denny Grossman, Senior Advisor for Environmental Science and Policy, SGC:**

I am also grateful for this opportunity. RAMP represents what I think is required to do planning anywhere intelligently and live in places in the future that we can envision and that we want to live in. Over the years, I have learned that just having the right information and the right tools is not enough to have good planning; it is putting them in the hands of the right people.

There are a couple things that are always missing: 1) We expect corporations and financial institutions to have the broad view of the public's interests and the stakeholder interests and I don't think that's a fair expectation; it needs to come down to the public agencies that can envision the future and figure out what needs to happen and have the policies to make that happen. 2) People need to look into the future and try to figure out what the implications of what today's decisions will make in the future and incorporate those in decision making. 3) To look at cumulative effects of conservation and development decisions and to put all of those together. This position will allow me to have a considerable role in terms of managing the process to implement all these things that we desperately need. I feel that everything I have achieved has prepared me for this position, so thank you and I look forward to working with you all.

**Chair Alex:**

I just want to thank the High Speed Rail Authority for recognizing the connection between mitigation and planning. We had really exceptional applicants for both positions and are extremely pleased to have our two top picks to accept the positions and be here to work on this project.

**Council Member Dooley, CHHS:**

I was so struck by the talent and excitement of these two positions and reflected on the evolution of the work of this council and the leadership, Mike, that you have provided; the vision, and commitment that puts us in this position to first reach out for the funds and to offer to partner with the California High Speed Rail Authority and then to be in the position to recruit the kind of talent we have is a real testament to progress the council has made. I'm excited for the continuing work of this High Speed Rail project, so thank you, Mike.

**Council Member Brian Kelly (CalSTA) arrives.**

**1:18 p.m.**

**Agenda Item #4: Information: Executive Report**

**Executive Director McCoy, SGC:**

Most of our work is ongoing work and much of it is not in a conclusive state. Some things that are at conclusive states are on the agenda; the Granting program and infill development report. There are few others I would like to call your attention to.

The first is the Sustainable Communities Implementation Program; it was articulated in the Governor's budget proposal for Cap and Trade expenditures. It envisioned SGC managing \$100 million to develop with partners on the ground projects that collectively targeted the expertise of multiple agencies on the council in bringing funding and technical advice to local government implementation. There are now three proposals regarding the SGC's role in funding these activities and we await the outcome.

Under SB 375 implementation, we want to find ways to express that urban design can affect the health of the residents of urban areas in planning scenarios. Urban footprint connects the co-benefits of various urban design parameters, including the co-benefits of a more active lifestyle that can result from better urban design. We have assembled a Technical Advisory Committee to improve the data and the management of that data within the model to better connect the relationship of health and urban design. The Technical Advisory Committee that has been assembled is an all-star crew; it involves people from all over the United States, including the U.S. Center for Disease Control and our own California Public Health Department, as well as researchers at various universities. We have high hopes that this model can help communities and public elected officials better understand what happens when they approve a project.

We have talked about infrastructure planning and California's planning priorities. The Department of Finance has asked us to prepare a statement that reminds participants to document their use of California's planning priorities to inform their infrastructure budget requests. We want departments and agencies to point us towards that guidance that they already use and make it a matter of the Five Year Infrastructure Plan public record. We are looking forward to turning that corner and working with the Department of Finance on that.

**Undersecretary Goldstene, BSCH:**

In your report, you give us an update on MPO self-assessment and that you're going to be releasing something this summer. Can you give us an update on the process since the last meeting and what is envisioned for the summer because I know we may not be able to see the report as a group before you send it out.

**Executive Director McCoy, SGC:**

Secretary Rodriguez made some good points at our last meeting regarding the necessity to have a broader audience comment on the process of developing SCS (Sustainable Community Strategies). The process itself is worthy of consideration and that's what we set out to do when we asked the MPOs about their relationship to the state in crafting these plans. We plan to reach out to the departments and agencies of the SGC to seek input on that. This is not a closed process and we're asking for public comments and we hope to reach out to a broader community of participants around the state to get their views on this as well.

**Chair Alex:**

If folks have comments on any item or generally, please fill out a card and submit it to the front. We are moving to Item #5.

**1:26 p.m.**

**Agenda Item #5: INFORMATION: Council Communications and Updates**

**Council Member Laird, CRNA:**

I want to welcome Suzanne and Denny, but comment that we are lucky to have Denny here and I think one of the stumbling blocks that has existed in the RAMP program is there are contributions from various of our agencies and one of the stumbling blocks is we are trying to meld all this together, but without adequate leadership, it's hard for water people to get past water and transportation people to get past transportation and I think that is the benefit of having Denny. It is going to require some work by us and others with our agencies to make RAMP as a unified thing work and I stand ready to do that part. That is the challenge as we seek to move it in other places in the state as well. In the Executive Director's report, there was a mention of the fact that the Cap and Trade money is in conference and the budget negotiations and we are waiting to see how it turns out. In the Governor's Proposal, many of the things that would come here are a multiyear appropriation, so there is time to decide what to do, but the piece that might be Agricultural Land Conservation, I don't think can wait for that process, because we are dealing with—as I keep saying the Williamson Act is hanging by a thread, some counties are deciding to formerly pull out, us having a decision of what comes next and to use that as some piece of the bridge to it. It is my hope that if it holds, we do it sooner rather than later and to my council members, if anyone has an interest in Ag Land

preservation, I have been meeting with relevant agencies and stakeholders to take the temperatures of where people are. If councilmembers have opinions, I would love to hear your comments to make sure we factor that in.

I just want to mention a few updates as the agency that deals with fire and water, we have the latest confirmation of the Sierra Snow Pact measurement and right now we are at three percent of normal. In the Southern Sierra, we are at zero percent. While the Governor has declared a state of emergency and things are happening, it has caused a real focus in a way that a lot of the issues that this council deals with are being raised and we've been trying to get people to talk about a more efficient use of water and how you do it, it has moved to the front page, whether it's ground water management, recycling, and different things. It's an opportunity to have everyone weigh in. In the last meeting, we adopted the Water Action Plan and now over \$500 million was appropriated towards the Emergency Drought Bill and trying to get the integrated water management money out the door or to speed it up. Ironically, the Secretary of Interior and I had a major fire awareness press conference in San Diego telling everybody, quoting the Governor from the previous day saying, "don't be stupid" and then it was within several days that some people were stupid. In San Diego, we had conditions where it was basically very hot, three percent humidity, winds at twenty-five to fifty miles per hour. Everything that happens in October was happening in May, so it's raising all those issues in the context of the urban and non-urban interface and all the things that are SGC issues. This puts pressure on us to do our work because we have been doing it in ways that people weren't paying much attention, yet it is at the heart of things that are going on and various events.

The delta is a piece of what we are doing and we've extended comment period for EIR by 45 days to match it with a new implementing agreement that was released on Friday. It will be forty-five days from June 13<sup>th</sup> and we encourage people to make comments.

**Vice-Chair Fisher:**

I just want to report on three areas: infill, schools, and transportation.

Regarding infill finance, we are going to get an update later from Economic and Planning Systems on their recommendations. I met with Secretary Caballero to discuss ways, and with James Goldstene, on how the SGC can reduce infill barriers and support development of housing. I'm working with SGC staff, including Suzanne Hague, to identify opportunities to support infill development in conjunction with existing SGC planning grant awardees.

Regarding schools, we had a meeting with Secretary Batjer at the Government Operations Agency as well as the Office of Public School Construction to determine whether there are opportunities to support changes to encourage school siting in infill locations.

Regarding transportation, we initiated conversations between the CTC-- the Transportation Commission and State Transportation Agency and had a discussion with Secretary Kelly to identify ways to encourage investments and projects which support infill development. CTC would like to present to SGC at the September meeting regarding RAMP, I'm sorry, I mean the Regional Transportation Planning Guidelines and State Transportation Investment program, hopefully we'll get that on the agenda, as well as have SGC staff present about our efforts relating to SCS implementation and infrastructure at the CTC meeting. It's important to encourage dialogue between CTC and SGC given the amount of investment that passes through CTC with regards to transportation and roads.

I have a general question for the Council and that is, as we look forward to the 2016 revision of the Regional Transportation Planning Guidelines, are there topics that member agencies want to see discussed during these sessions in open meetings? We don't need an answer today, but I would encourage you all to think about it.

**Council Member Matt Rodriguez arrives.**

**Chair Alex:**

Secretary Rodriguez, we are item #5, and checking to see if you have any updates for us?

**Council Member Rodriguez, CalEPA:**

The Air Resources Board has finalized their approval of the Scoping Plan for AB3 2 implementation in May. Additionally, the board, as I recall, has certified the EIR or the environmental assessment that goes along with the Scoping Plan. There were some changes being directed by the board that will be made and it will become final then. We will look at continued implementation of AB 32. We'll be using the Scoping Plan as a basis for our future actions.

**Undersecretary Goldstene, BSCH:**

I want to introduce our new Deputy Secretary for Housing Policy at the Business Consumer Services Housing Agency, Susan Riggs. Susan, just give a little bit of your background, because it's very impressive.

**Susan Riggs, Deputy Secretary for Housing Policy, BSCH:**

I have been at the agency for about three months now and I'm very pleased to be here. I have been in affordable housing for fifteen years, starting in a public sector role with the Local Housing Authority in San Diego and moving into a role with the California Association of Realtors, then practice law in the area of affordable housing and redevelopment law, then ended at a trade association in San Diego, so relocated here from San Diego just a few months ago.

**Undersecretary Goldstene, BSCH:**

You have an impressive background and I wanted to introduce you to the Council.

**Susan Riggs, Deputy Secretary for Housing Policy, BSCH:**

I'm looking forward to working with you all.

**Chair Alex:**

First, under SB 743, OPR is directed to issue new regulations/draft guidelines on changing how traffic delay is evaluated under CEQA. We're looking to move from what's called "level of service" to looking to project impacts on number of vehicle miles traveled (VMT) within a particular region. The old system found a lot of impacts for infill development; the new system finds impact for Greenfield development. Our draft guidelines will be out this month, so I encourage you to go to OPR website and sign up for the listserv to get a copy.

Second, I do want to note on the Cap and Trade front that it is encouraging that all three proposals that Mike McCoy mentioned include money that would go through the SGC. I mentioned that in part because up to now, this Council has been funded by Prop 84 dollars and after today, there will be no more funding for SGC that is not in the Cap and Trade portion of the budget. So if you support the work of this Council, that may be worth keeping in mind and considering. Secretary Laird talked about money potentially for preservation of agricultural land. The Cap and Trade dollars could conceivably be used across the agencies represented by this council. There's a substantial amount of interests by local entities, particularly MPOs and those that work on transportation, in ensuring that give that they had to implement SB 375 that they have a significant voice on how those dollars are spent. This council is committed to having a significant local voice if we have the chance to do so.

Finally, I want to mention something that OPR has done in conjunction with the Local Government Commission; we made a proposal on behalf of the Governor and the Local Government Commission to AmeriCorps to fund a unique program, which was approved. We got an AmeriCorps grant and we are going to send 47 young professionals into local communities (starting in October) to work on climate change related issues identified by local communities. They will rotate through six month stints and three rotations, so right now we are recruiting young professionals and garnering interest from local communities. If it goes well we expect that this may become a national program. Take a look and help us recruit. I wanted to give Pat Eklund a chance to talk.

**Pat Eklund, City of Novato:**

Thank you very much for the opportunity. I serve on the ABAG executive board, representing the eleven cities to the Executive Board. I want to encourage Mr. McCoy and this council, when you do the MPO assessment, that you reach out to ABAG and I encourage you to do the same for San Diego, SCAG, and AMBAG as well. A lot of times both agencies aren't looked at. I would encourage you also to not only ask for feedback from the staff but also the board members, cities and counties.

**Chair Alex:**

Much appreciated and I'm sure you'll take note of that. Let's move to Item #6, which is the round 3 of Prop 84 Urban Greening Grant Program recommendations for funding.

**1:45**

**Agenda Item #6: Approval of Round 3 of Prop. 84 Urban Greening Grant Program Recommendations for Funding**

**Polly Escovedo, Program Manager, Urban Greening Program, CNRA:**

Good afternoon, my name is Polly Escovedo and I am the Program Manager of the Urban Greening Program and it is a pleasure to be able to present to you the recommendations for approval for forty proposals--that's thirty-seven projects and three plans for a total of \$23.9 million dollars. \$21 million of that is from a current appropriation and the remainder of that is carry-over money.

When we were first charged with managing this program, we were asked to not do business as usual, we were asked to look for the highest quality of projects, we were asked to get folks to focus on long term sustainability and climate change, and we were asked to not recommend projects for funding just because there was money on the table. In other words, we were asked to use this program as an opportunity to affect change and since this is, as pointed out earlier, our last round of Proposition 84 grant awards, I thought I would take a moment and highlight five areas the group has seen considerable forward progress since we started this program. The first is the involvement of the health communities. There was a big push early on to include a healthy community statement within the guidelines and each year we see the number of support letters come through increase, but this year, at least four of our proposals are part of the Kaiser Hillzone with money coming in and being contributed from those programs.

The next two are areas that were near and dear to Mr. Fisher's heart, and these were things that he really had us focus on and bring attention to and that was involvement in the community and partnerships.

Third is the partnerships. Where now is the project proposals come through that has been unilaterally proposed by an entity. Partnerships are being formed early in the process and this is something that we just hammered in to folks through the years.

The fourth is multiple benefits. Entities understand that we want the most from their project, whatever that project is. We're a unique program in that we fund a variety of activities from parks to space, creek restoration, green streets, filtration systems, recreational trails, bike trails. We do a little bit of everything, so whatever the "it" is, we want to make sure that we're grabbing as many benefits as we can.

The fifth is water conservation, which we've been touching on that. While this program is always had a bias towards long-term sustainability water conservation, we had added leverage this year. We had the Governor's executive orders, I think no less than two regarding the drought. We had the secretaries release the Water Action Plan. Then we also had a statewide inner office memo by Secretary Laird directing his department how to manage urban greening projects with this drought. We literally took this message to the streets and we're just completely thrilled by the results.

I think another testament, in addition to my five, is that this is the first year where we have included a substitution list. In the past, we've left money on the table. I think that's a testament to how far folks have come, so all of that

is to say we are very proud of the recommendations that we're bringing forth to you today and we know that you will be proud to have your name associated with these.

(Polly Escovedo then highlighted a few of the projects)

The total estimate project cost for all forty proposals is about \$62 million; Urban Greening is about thirty-nine percent of that with the remaining sixty-one percent it looks to be about eleven percent in federal dollars, fifteen percent in other state dollars, and thirty-five percent with matching local funds. The targeted funds that are \$75,000 and lower are for disadvantaged communities. Those 8 to 9 projects will be for the disadvantaged communities. The remaining is eighty-three percent going to disadvantaged communities or twenty-four out of the twenty-nine projects.

SB 732 did a nice job of determining where the priorities would go in this regard. Geographic distribution for these projects: ten percent for Central Valley, sixty-five percent to Southern California, twenty-five percent to the Bay Coastal. This program was designed to have high density requirements, so the natural sway of awards goes to the Bay and to Southern California. When you couple the high density in Southern California with the lack of greening and the amount of heart scape, and the push to try to capture storm water, then the percentages came out as expected.

So before I open it up to question, I just want to thank the council for trusting us with the management of the program. Our mantra is that we're building a healthier California one project at a time and we believe that these projects we've recommended for funding today will help California achieve that goal. This concludes my presentation and we recommend the council to approve the recommendations as submitted.

**Chair Alex:**

Comments? Questions? Diana?

**Undersecretary James Goldstene leaves. Council Member Karen Ross and Anna Caballero arrive.**

**Council Member Dooley motions to approve staff recommendations. Council Member Laird seconds.**

**Chair Alex:**

So we have a motion and a second. Discussion? John?

**Council Member John Laird, CRNA:**

I was briefed on this entire package in a long meeting and I'm comfortable with this and congratulate you. I know you went to see everyone, so this was not a process that was done by paper; it involved hands on in doing it. I wanted to just highlight a question I had in the briefing, which was you just said that the percent by area. Traditionally, in this group, there's a real concern for geographic equity in California, but the underlying thing here was density. I became persuaded after a long discussion that this is an equitable distribution based on where the density is. There may not be a project in Modoc County, but there is no density in Modoc County. That was the thing that I really had to understand was that if people wanted to shoot at geographic distribution, this is an equitable, one, given the criteria. This is not an equitable one if you look at per capita where the population is because there's not density in certain places that justify the efforts set forth in this statute and I just thought that that was an important thing to mention. I look forward to supporting the motion.

**Council Member Kelly, CalSTA:**

I just wanted to ask a couple of questions about the development of the program. I think you mentioned in your presentation that were was - you threw out the number \$62 million, and I want to make sure I understood that it was the value of the project after funding comes in both by the vote here and supplemental funding from either the federal or local?

**Polly Escovedo, CNRA:**

Yes, this is what the entities have estimated the total costs of all the projects.

**Council Member Kelly, CalSTA:**

So you're getting a three to one leveraging effect based on the investment of these state funds. I see the overall program over a few years is \$90 million was the size of the program in SB 732?

**Polly Escovedo, CNRA:**

It's \$63 million to award.

**Council Member Kelly, CalSTA:**

Do you put out an annual or another publication that summarizes the entirety of the program? Specifically on the Urban Greening Report?

**Polly Escovedo, CNRA:**

Yes, there is an annual report each year specifically on the Urban Greening Program.

**Chair Alex:**

First of all, I really want to echo your statement at the beginning. The folks who volunteered from agencies and departments to review these projects, and I see them taking them home in the evening to look through them and evaluate and provide comments, are really greatly appreciated. This is excellent and thank you for your work.

**Polly Escovedo, CNRA:**

I think I might have used the word "fun" in my briefing because we were just thrilled with what we found in going out to these communities and a lot of them are forward thinking and were so receptive and we did a lot of preaching. It was good stuff, thank you.

**Chair Alex:**

We have a motion and a second, so all in favor say "aye".

**Polly Escovedo, CNRA:**

Are we going to do public comment?

**Chair Alex:**

I didn't get any - ok we have one public comment. So I was using the old system.

**Robin Sherrer:**

My name is Robin Sherrer and I'm representing myself. I'm a neighbor of McLaren Park and the Mansell Corridor.

I'm very grateful that you are going to this, and I'm not sure how to go about making sure that the mature trees that are along this corridor are maintained during this project. Recon Park, which has been doing a tremendous job in San Francisco, has been taking down quite a few mature trees and there are quite a few of them in McLaren Park, so I thank you very much for funding it. I just don't know how to address making sure that the trees along that area are maintained.

**Chair Alex:**

I think Polly may be able to help you with that. If not, I have some thoughts.

**Polly Escovedo, CNRA:**

Well some neighbors visited us on that site visit. I know that the community is heavily involved, so this is one where you can now go on the city's website and they have updates available. There is a public process and they're having community meetings. The community is encouraged to come and give their input.

**Chair Alex:**

I can add that In San Francisco, removal of mature trees is not a simple process. They have to get it approved for each tree to be removed.

**Council Member Dooley motioned to approve the Urban Greening Grant staff recommendations. Council Member Laird seconds. The motion passed unanimously. The votes for Yes-No-Abstain are 8-0-0.**

**2:09 p.m.**

**Agenda Item #7: ACTION: Approval of Round 3 of Prop. 84 Sustainable Communities Planning Grant and Incentives Program Recommendations for Funding**

**Deputy Director Allison Joe, SGC:**

This is an important moment for the SGC because it is the turning point. We are about to wrap up the last of our Prop 84 funds. I want to acknowledge the Urban Greening staff at the Resources Agency, the Sustainable Communities Planning Grant staff at the Department of Conservation, and the Natural Resources Agency itself for being the steward of the Prop 84 funds. Secretary Laird, we appreciate everything that your budget/finance admin staff do. I want to thank the others that were involved in the development of this program, including those who worked with us on the guidelines, the stakeholders, the state agency staff, and SGC staff. I will have Natalie Garcia come in and provide of the initial background so that work is really appreciated. This is an example of how SGC staff relies on and collaborate with other agency to get this stuff done. With that, I want to introduce David Thesell and he'll give a bit of background on what's going on.

**David Thesell, Department of Conservation:**

I'm here to give background and an update on the Department of Conservation's role. As you know, we've been managing this process on your behalf for the past four years. I'm going to give you some background and turn it over to Natalie, and Allison will give more details on the recommendations itself. Currently, we have ninety-five agreements in place for rounds one and two and managing over \$47 million in grants. This is the third and final round of funding, of which \$16.2 million remain. A little over a year ago, SGC staff and I were here before you with a plan of action for this next round of funding and I'm pleased to say that we have accomplished our goal. You have before you a set of recommendations that Allison and Natalie will go into, but I'll just share with you how we got here. Last summer, we assisted SGC staff in taking public comment on the round three guidelines, we assisted in holding four state wide listening workshops, which were held in Ronhert Park, Sacramento, Fresno, and Los Angeles. The comments received contributed to the ultimate guidelines approved by the council in November of last year. These guidelines, in part, became the solicitation itself, which were released in December.

Once released, we along with SGC staff, conducted four workshops to provide technical assistance in Monterey, Fairfield, Merced, and Los Angeles. They were very well attended with over 200 attendees, either in person or through video conference. The results of the outreach were increased communication through additional phone calls to Department of Conservation, greater understanding of process and criterion, and ultimately, I believe, higher scores. During the ninety day application period we provided technical assistants in scores of phone calls. We received eighty-eight eligible proposals requesting \$42 million, of which \$29 million was for the main pool and \$13 million for environmental justice. We screened all applications for eligibility and managed the review process. As we have with the other grant programs with our department, we utilized the Financial Assistance Application Submittal Tool (FAAST), which is administered by the State Water Control Board; this allowed virtually a paperless application and review process. Last month, along with SGC staff, the department managed scoring and helped facilitate a consensus meeting that was comprised of staff representing your agencies. We appreciate the reviewer's commitment to the process. The results were projects that were highly competitive and the scores certainly reflect that; the panelists agreed that individual scores reflected their evaluations and there were many more projects worthy of funding. The information before you is a result of a fair, competent, objective process the

Department of Conservation is proud to stand behind. We look forward to the next steps, with your approval, of getting the awardees and contracts focused so they can start working on the next steps for contracting and benefiting the community. I'm available for questions but I think I'm going to turn it over to Allison and Natalie.

**Program Analyst Natalie Garcia, SGC:**

Good afternoon, my name is Natalie Garcia and I am a staff member with the SGC. It has been my pleasure to work on this program - it's one of the first things I jumped into when I started here with the Council. I came from a background in foundation grant making, so this process has been a little bit different, but there's been a little bit of carryover. What I'm going to do is retrace a little bit of background, but not too much and then pass it over to Allison to talk about the specific recommendations.

I do want to share a bit of an overview of what we received. (Natalie presented a slideshow overview).

**Deputy Director Joe, SGC:**

Thank you, Natalie, for your hard work. This is a graphic representation of what we're recommending to the council today. In your packet, in Appendix A, is the list of recommended awardees; you will notice the recommendations reflect density. We have a good representation from coastal counties (Monterey, San Luis Obispo, and Santa Barbara). There are some small applicants (Holtville and Imperial County). We're looking at some good representation from Butte County and Redding as well.

This is a bit of a dense table, but we want to make sure there was an acknowledgment the geographic distribution and dollars per capita, both in current population estimates and future growth. This is the thing about planning - if we can't plan for future growth, we don't understand how much we're investing, then we're missing something in this discussion. What you see here is the breakdown geographically and by dollar amount of the recommended awards by regions, which is generally situated by MPO. The other thing we want to note, again with the environmental award, we also had similar structure in terms of equity in that sense. We really did want to encourage a wide variety of applicants and I think we got that through our environmental justice applications.

In the main pool we're looking at \$11.6 million of the total of the \$16 million. The environmental justice awards reflect twenty-eight percent of the total awards, which is higher than what we had originally promised and set aside for our applicants.

We're asking council to approve a substitution list, should funds be available from previous rounds or round three grants. This is no means a guarantee and in your agenda it recognizes that. This is a recommended council action to approve thirty-three recommended awards and the project substitution list. The one little bit of clarity is that small percentage reduction. I want to go through it to make sure there is a clear understanding. Because this is round three in the final round of funding, we got to application number thirty-two and it had a balance left over. We wanted to make sure we used remaining funds towards an additional eligible application. We looked at the next applicant and decided for the next qualified applicant. To fund that more completely, we decided to take a small percentage off all grants in order to get all thirty-three applications and we feel that it's a fairly minor reduction, so the recommended awards for those grants is a small reduction from the requested amount across the board.

**Council Member Laird, CRNA:**

How much is the reduction?

**Deputy Director Joe, SGC:**

It's 1.646% of every application. We're careful with our rounding errors; I just want to make sure it's clear and understood what that reduction meant.

**Council Member Dooley moved to accept Round 3 staff recommendation. Council Member Laird seconds.**

**Vice-Chair Fisher:**

This is our third of three years of grants. I guess my question to the Council is, are we done now and sort of never revisit this again or are there things we could do and should do in a responsibility to the tax payers that this is a good program, dollars were well spent, that planning actually ended in some kind of physical activity other than moving paper around, and that from a cost standpoint that this was an effective way to reduce greenhouse gases. Do we have an ongoing role here or do we just say goodbye?

**Chair Alex:**

Let me respond to that; in rounds one and two, the same question was raised by you and me and others. Liz Grassi from SGC has been working on follow up to that rounds one and two grants for much of her staff time at the SGC. In previous meetings, she has presented some of her follow up findings to determine how they've gone, what feedback they have, how we can improve grants going forward, and equally importantly, how we connect the projects that were done to further actions connected to those projects for funding. I would anticipate, assuming that the SGC gets further funding forward and have staff, that we would continue on into round three and promote the concept to not just leave grants sitting there.

**Vice-Chair Fisher:**

I also encourage us to find out the efficacy of these grants over time and reducing greenhouse gases. It would be a challenge to figure out what planning grants and dollars of planning grants and greenhouse gas reduction levels. This is an activity that's going to go on for a long time in California and globally. It would be helpful to have some kind of a sense as to cost of reductions through planning versus the cost of reductions through other means.

**Deputy Director Joe, SGC:**

To Mr. Fisher's earlier updates, SGC staff has been thinking about how to leverage the fact that we've funded such innovative grants to do the work that from a policy standpoint, we've been trying to get done on the ground. From the economist standpoint, I definitely see the value in trying to figure this out and make sure that the council and other locals who are trying to struggle to figure out the planning efforts understand the value of this. This adds to the importance of then funding implementation of these plans. It's hard to judge the value of these plans, but if you could get it built then that's the value.

**Council Member Laird, CRNA:**

Just one additional comment, because I think Bob's question was about looking at the effectiveness of these three grant rounds and determining the efficacy and knowing whether it will be lasting, but there was either a direct or implied question of whether or not we are going to do this again in some form. Obviously, the answers you asked in the first part will inform that, but it seems to me that there are trending changes in government and finance so that there are monies available from Cap and Trade and mitigations in different ways. If there is another bond, it seems to me that it's trending less towards specific carve outs and more towards goals and a plan and that people need to be more entrepreneurial and meet those goals rather than having money carved out for them. Hopefully, looking at these grants, would make the case for continuing these efforts in some form as things evolve. It really has to be done with an eye to some of those things changing and how things are available going forward.

**Vice-Chair Fisher:**

I encourage us on an annual basis to get report backs on the grants in totality. How many of these grants/plans are being put into use? Over time, we will have built up a knowledge about and know what worked and what didn't, but it is a multiyear activity.

**Deputy Director Joe, SGC:**

We will update the council on that. It's exciting because round one of the planning grants are starting to wrap up and complete their contracts. We're starting to see results on the ground and the market picking up. The plans are being implemented. There's an opportunity to report back and we'll definitely do that.

**Chair Alex:**

So we have some public comment. The first commenter is Virginia Johnson, followed by William Meeker and Kevin Gardiner.

**Virginia Johnson, County of Santa Cruz, Monterey Bay Community:**

I want to thank the council for this funding opportunity. Our project, which is the Monterey Bay Community Power Project, has been recommended for funding and we're very pleased and thankful. We're also one of the two energy projects, so we're really proud of that and we look forward to bringing back a successful project to your council.

**William Meeker, Community Development Director, City of Burlingame:**

We want to say thank you to the council and staff for consideration of City of Burlingame General Plan Update. The city, over the past decade, has demonstrated a serious commitment to sustainability practices through the adoption of several specific plans documents. We would like to use this funding to take this approach to planning in the community and these multiple documents and generate a general plan that includes the policy directive and builds upon that to recognize the key sustainability issues in the City of Burlingame and, more broadly, the Bay Area; that is, housing jobs balance, the need to find more affordable housing, and to create a comprehensive and cohesive planning document that can serve the community and reflects community in its keen interest in sustainability.

**Kevin Gardiner, City Planning Manager, City of Burlingame:**

We would like this project to be an example or model for the General Plan Update. We've been following the development of guidelines from OPR and particularly the mapping tools/templates. Furthermore, part of our work plan is to include an implementation into the zoning ordinance of development standards that support the policies, so really the sustainable policies go all the way down into the development review level. As a local government, we really appreciate this opportunity.

**Chair Alex:**

Thank you, hopefully we take some of what you do and put it on our general plans website. That'll at least answer part of Bob's question.

**Lucas Frerichs, Member of the Davis City Council, City of Davis:**

I'm here to speak in support of the rewarding of a Sustainable Communities Planning Grant to the City of Davis for our Downtown University Gateway District Plan. We have sought to collaborate with local partners, including Yolo County as well as our active partnership with UC Davis. We're also proud to have the support of SACOG. There's no question that infill projects can often be difficult to construct and this one is no exception; although we are all well aware of the types of community benefits that exist when infill is done right. We've been seeking a variety of tools and greatly appreciate the support of the SGC. Thank you on behalf of the citizens, staff and City of Davis and I respectfully ask for your aye vote on this important item.

**Chair Alex:**

Thank you. Nancy Wuerfel.

**Nancy Wuerfel:**

Good afternoon. My name is Nancy Wuerfel. I would like to know if I understand correctly that all grants through the SGC are going to end because the funding is ending, question mark. I'd like to know if the grants will begin again, and if so, under what circumstances, question mark. What will be the process whereby the goals for future grants will be determined? Is that the approval of this body? The legislature? The Governor? I'm just not one hundred percent clear on how we get to where we are going. Fourth, I would like thank you for the concept for evaluating what you've done. There's no sense in going forward in the future if we make the same mistakes over and over again, or if we don't appreciate the wisdom that you have gained, because you don't know you have gained it. Let's get going with learning from what we have done. I think this is a valuable process. I'm simply a

member of the public that is interested in my government and I came here from San Francisco today to let you know that I am concerned and interested in what we are all doing because we work together. I just want to let you know I am here, I am watching, and I would like to contribute, and the more you hear from me, the better off we all are. I don't mean me, Nancy, I mean the public. Thank you.

**Chair Alex:**

Well, thank you for that; let me try and respond to your specific questions. The funding at this point has been through Prop 84 funds. That money allocated for the SGC grants will be finished with this round of grants; there may be further grants, we hope and expect so, depending on whether the legislature approves the proposals we discussed earlier for Cap and Trade dollars. If that is the case, the legislature can provide specific guidance for how those grants, could be loan funds, for example, would be distributed. In addition, they could also provide direction for the Council and its staff to provide guidelines for future granting or maybe a combination of that. There may be other sources of funding ultimately. I expect sometime in this state there may be future propositions for things like what the SGC does and we are conceivably an entity that would receive those funds, but at the moment, that is unclear. Beyond that, I think the Council does agree that we benefit from hearing from you. Second, we hope to capture the knowledge, both positive and otherwise, from the efforts we have taken so far that seems like a better way to do things, so thank you for that. Okay, other questions, comments, discussion? Alright, there is a motion to accept these staff recommendations on the round three grants. All those in favor, say "aye". Opposed? Alright, it is approved. We have spent millions of dollars, so thank you to all those that were involved.

**Council Member Dooley motioned to accept the staff recommendation on Round Three grants. Council Member Laird seconds. The vote passed unanimously. The votes for Yes-No-Abstain are 8-0-0.**

**Chair Alex:**

Let's move to Agenda Item #8: Infill Finance Report by Economic & Planning Systems, Inc. (EPS): Initial Findings and Next Steps. Allison.

**2:45 p.m.**

**Agenda Item #8: PRESENTATION: Infill Finance Report by Economic & Planning Systems, Inc. (EPS): Initial Findings and Next Steps**

**Deputy Director Joe, SGC:**

This is more intended to be an informational item and there will potentially be discussion from the Council. As you may recall in February of last year, the SGC approved a staff recommendation to look at barriers to infill development and specifically, infill financing. What had been done by Mr. Fisher and his staff was to look at the major challenges to funding infill development and what that could mean for the state. What we did, the SGC staff actually engaged economic and planning systems to develop a report and study and they are going to walk us through the process and recommendations. The direction to them was to explore existing options, identify where there are challenges to making this really work, and to not be shy about it. Ultimately, what we want to do is get these projects built and recognize challenges. This is not necessarily a challenge to the Council itself to determine, it is food for thought in terms of if the goal is to build infill to support local communities in doing this, what are the real hurdles that the locals face ultimately, and can the state provide support to do so. The other thing I think we have talked about a lot to day is looking at infill and what role the SGC or the state might play on focusing on infill development. There are a number of opportunities that are coming up in the next year from transportation and housing and cap and trade discussion, and all sorts of things that will lend itself well to this conversation. I would like to introduce Walter Kieser from EPS, to lead us through the presentation.

**Walter Kieser, Senior Principal, EPS:**

Thank you very much, Allison. Again, my name is Walter Kieser and I'm a Senior Principal with the firm Economic and Planning Systems. I am here with my colleague, Ben Sigmund, who has been my primary colleague in conducting this study. (Walter Kieser presented a presentation on the study).

**Chair Ken Alex:**

First, thanks for doing the report and providing the information. We have been struggling with how to promote infill and we have working on this for quite a while, but let me open it up to Council Members for any questions and comments.

**Council Member Caballero, BSCH:**

We appreciate the information; it's a very thorough look at infill, which is one of the hardest developments to do by far. An issue that comes up as we look at infill projects, particularly as they are related to transit oriented development projects as they try to build up along transit lines, is that the minute you identify the transit line, all the property along that line starts to increase in value. That's because it does have a higher value because they know that it's potential for redevelopment. When you rezone it to a higher density, the value goes up, particularly in rural communities. Is there a way to have early land acquisition or a land value capture that would give us the ability to not have to figure out five different ways to increase taxes? I'm talking as a realist. You have good solutions, but it requires a number of increases.

**Walter Kieser, EPS:**

Absolutely, I learned this the hard way years ago when I did an assessment district. We created a lot of land and value, but when we got to court, the property taxes were three times with what we started with simply because of the value of improvement. There are strategies, some tried and true and some new that can address this. Land banking/land assembly such as redevelopment agencies once did, is a very important thing to be able do and hope one of the things that come out of IFD would be land assembly powers. There are some issues, but without it, it is tough and at least then you can purchase and hold and achieve public purposes and capture the value yourself. This topic of value capture from a regulatory standpoint is a hot topic. How through the regulatory process can you capture value that is created by the increase density in a way that is cognizant of the market forces at play, so you're not creating something that deters the development that you want. We hope through the work being done now, in a number of jurisdictions, would produce information that others could template upon. This is a function we see as very important.

**Council Member Kelly, CalSTA:**

Is this study still underway or have you concluded the study? Is there a physical study to review?

**Walter Kieser, EPS:**

Yes, this presentation is occurring in advance of the publication of our report. Through the course of our work, we've produced three working papers and we are in the process of consolidating them into a steady report, which will be a published document.

**Council Member Kelly, CalSTA:**

You list in slide six that there are significant challenges with building infill and TOD and I work, in my prior capacity, on Propositions 1B and 1C that had bond dollars available to incentivize infill and TOD, so I am familiar with these challenges. Many of your recommendations revolve around funding. I understand funding is a significant issue, but things like inadequate market demands, site assembly constraints, inadequate existing backbone infrastructure, land use policy, regulatory hurdles, community opposition, which is a key issue, do you go into any more specific recommendations than the actual study on those issues?

**Walter Kieser, EPS:**

We identify them and talk about some, certainly this programmatic approach I went over at the end. These are sensitive topics and some, we have direct control over. Our view was to at least point out and draw attention to these problems because money by itself will not get the job done. Market forces are harder to bend. That being said, investment in infrastructure can often influence market forces. When transit facilities come into play, and we hope it will happen in South Gate in Los Angeles, the market will change and part of what we want to do is invest in a way that influences and bends that market.

**Council Member Kelly, CalSTA:**

When you look around cities like Sacramento and Downtown Los Angeles, it appears that there is great growth and infill development; do you have a sense of that? While we are seeing these challenges, are we seeing growth in it and what are the best practices to deliver it and do you get into those things in the study?

**Walter Kieser, EPS:**

It is absolutely the case that it is happening; there is definitely a change. Infill is largely happening where there is a strong market (e.g. San Francisco and LA) and less so in more outlined areas like Sacramento and Fresno where people aspire to see this development. We are enjoying a market uptick after such a difficult spell. We think there are market forces in play that are favorable to this going forward. We haven't done a large state wide forecast, but from a market and economic standpoint, we see a lot of future in this development.

**Council Member Kelly, CalSTA:**

Thank you.

**Council Member Caballero, BSCH:**

From my perspective, what would be assuming that we're going to get a report here at the SGC, the lead in would be the activities that need to be taken internally at both state level and local level so that we can understand what the road maps are to get us to a place. Maybe we can get support for the kinds of revenue enhancement programs that are going to be necessary, because I think it's going to be important that we get our house in order. So, the more you can drill down on the things that we could do internally, that will be very helpful for us. SGC is an example of us trying to work across agency sectors to be able to achieve the new partnerships we will need to make this happen.

**Walter Kieser, EPS:**

We will do the best we can, but we are budget limited. The point you were making was on my mind. There's no point in talking about funding if there's no programmatic effort and this is an example of that. The state, regional, and local relations have been strained; this is a unique opportunity to make some changes. The grant program is an example of creating some good will and funding to begin to crack that, but absolutely a programmatic effort resulting from this study is essential and if additional work needs to be done to look into detail, then so be it.

**Vice-Chair Fisher:**

I see Linn Warren here and Tom Lockard here, first of all thank you for your time and work on this project. Do you have any comments based on what you heard from the Council and from Walter?

**Linn Warren, CalHFA:**

This was a pleasure to work on. I think there is a role for the state. As we look at credit markets, we think there are some failures; outlying areas are not as wealthy as others and I think the state has traditionally had a role in these areas to interject in either credit enhance or subsidies, whatever the appropriate intervention might be. This is the beginning of a road map for the state's involvement and we can jumpstart a number of starts. This is not solely about funding; much of what we do is about place based development within communities. It has to be holistic and it has to involve transportation, health, housing, and education. Our lessons from the past, particularly from Prop 1C, is this place based approach versus just building an infrastructure type development. Thank you for the opportunity. It was a lot of fun. Tom has some comments.

**Tom Lockard, Fundrise:**

There is a bit of conversation on assessments, but really we haven't seen this issued since 1996 because of Prop 218, so the ground has shifted. I see the ground shifting now with the end of redevelopment in the same way it did in 1978 with Proposition 13. It took four years to figure out what we were going to do; AB 8 didn't just appear, it took time to come up with the policy of dividing up the one percent county property tax rate. The notion that we need a two thirds vote to get anything done locally or the fact that we have a two thirds vote on a special tax

bond is really that carryover that we need a super majority to implement a tax. The technique has been used, but it is difficult to get two thirds of any group to agree. This notion of a super majority to approve any sort of revenue enhancement is difficult. If you apply this technique to infrastructure financing districts, it is not going to be used. It is a myth to imagine that it will actually create any value locally. You've really got to grapple with the notion of lowering the threshold. There should be some leadership on actually allowing local governments to make these decisions to vote in property taxes or to create an infrastructure financing district, keeping in mind the redevelopment. I am a big proponent on lowering the threshold and letting people take control of this locally, by having someone show some leadership and bring it down to fifty percent plus one. I tackled the Jarvis scam in 1991, I was the spokesperson against Proposition 218, and the way every conversation started at any media event was, "gee, Tom, why don't we want to vote on taxes?" We were defeated. You haven't seen anyone use an assessment district since, so with that I will hand it back to you.

**Chair Alex:**

Thanks, Tom.

**Vice-Chair Fisher:**

We're going to get a final draft report, what's your sense of where we go from here?

**Deputy Director Joe, SGC:**

What EPS and others talked about are real challenges. I think that Secretary Caballero, your point to what does that road map really look like if our goal is to build infill and to really curb sprawl in that sense, how do we finance this development, and how do we support local government in doing so. Staff, to some degree, can take some recommendations from EPS and also take input from others. It appears that there is some interest from the Council in pursuing that. I'd like to come back with staff recommendations on approach before we go too far down. Walter and I had some informational meetings at the Governor's Office and there are others who are interested in the findings of the report. This could be a useful beginning to discussions, even if SGC is not as directly involved. So my answer is to be continued for now.

**Executive Director McCoy, SGC:**

I would make two points, Mr. Fisher, in responding to that question. The first is, we asked for a very sober assessment of the potential for infill development and I think that's what we got. A colleague of mine at the University once asked whether or not the efforts the government is making towards infill were real or a civic magic ritual to make us feel better. We certainly don't want the latter to be the answer to how we try and produce a better urban fabric. Looking square in the face of what the limitations are is an important exercise. One of the immediate things that comes out of this is the spider diagrams and that the technique to assess feasibility are techniques that can be applied when we begin to look at cap and trade investments in urban areas. We're going to want to find projects that are one strand short from success and find ways to leverage our funding into areas to make them whole and get good projects that are viable, that the market can't quite reach at this point. There's immediately a useful product and a lot to mull over for long term consideration.

**Vice-Chair Fisher:**

Do the Council members have any input on this as the staff starts to think about this? How would we like to keep moving this forward? How do we engage the Council in further dialogue?

**Council Member Caballero, BSCH:**

I suggest seeing the report before we determine how we use it. There are currently activities going on; we are working at HCD looking at statewide housing needs. It may be that we take some of that information and determine if it fits some of the work that is going on there. OPR is looking at the General Plan Updates and part of that challenge is that many times the state gets very prescriptive about what it determines local government should do and that prescription doesn't work well with every community, but if there's a list of things local governments can do to help them achieve their infill goals, then maybe as a part of the general plan process, if in fact they have these limitations that will not help their infill projects, that's part of what we start doing. I think

there may be some lessons learned from that document, but I need to see that report. Once we get the draft, we can start talking internally, share it with staff and look at ways we can be a little more forward thinking in terms of looking at ways to incentivize.

**Chair Alex:**

Okay, thank you very much.

**Walter Kieser, Senior Principal, EPS:**

Thank you very much, it has been a pleasure. Thank you for your attention.

**Chair Alex:**

I have one public comment from Wendy Alfsen.

**3:43 p.m.**

**Agenda Item #9: General Public Comments**

**Wendy Alfsen, California Walks:**

I want to compliment you for taking on the challenge of even looking at infill development and looking at what you can do. In terms of community opposition, one of the things we are hearing around the state is if you will define infill to include all existing communities regardless of size, then you will eliminate a lot of the opposition which comes from the smaller communities, a smaller portion of the state, but who have political representation feeling that they are being left out. I live in the fifty percent of the denser part of state; there is this metro vs. rural, so it's very important to small communities that they could take their population share their density and get their infrastructure investment, etc; they face the same challenges on a different scale.

Secondly, having gone through the whole Bay Area process and having lived in Berkeley for more than twenty years and dealing with this all this time, and working at the local committee/task force kind of level, there are a lot of policy ways to attack these various challenges; structured parking costs, for instance. The state or local government should never subsidize those near transit. If you are going to do anything, you should lower the requirement and not encourage people who want to own three cars to buy a condo next to the BART station. If they still want to own three cars, they should live somewhere else; we shouldn't subsidize that. We should have policies, because the people who going to use transit more are those that are going to own fewer cars. There is no argument about that. You can drive as much as you want without owning a car if you have a city car share, so there are all of these different policies that enable us to move towards sustainable communities. It's not up to me to give you policy directions or even suggestions, but your very purpose and everything you've been doing in terms of strategic growth and sustainable communities is what you ought to insist be in all of this. Your agency has all the facts and the research and policy and nowhere to get the finance to make these things happen.

The final thing I want to say is that you want to keep your whole notion of redressing the disparity between advantaged and disadvantaged communities clearly in mind as you do this. Otherwise, you are going to have people living 60-100 miles away from where they work and we are going to have the same GHG, etc., so really having the state require people to take their fair share.

**Chair Alex:**

Thank you for that. With that, we'll give you the last word and we are adjourned. Thank you.

**3:49 p.m.**

**Agenda Item #10: Meeting Adjourned**

The meeting is adjourned.

# California Strategic Growth Council

**July 10, 2014 Meeting Minutes--Draft**

**Council Members and Representatives Attendance:**

Chair Ken Alex, Director, Governor's Office of Planning and Research (OPR); Vice-Chair Bob Fisher, Public Member; Secretary Matt Rodriguez, California Environmental Protection Agency (CalEPA); Secretary Brian Kelly, California State Transportation Agency (CalSTA); Secretary Anna Caballero, California Business, Consumer Services, and Housing Agency (BCSHA); Secretary John Laird, California Natural Resources Agency (CNRA); Secretary Karen Ross, California Department of Food and Agriculture (CDFA); Undersecretary Brian Annis, California State Transportation Agency (CalSTA); Assistant Secretary Janne Olson-Morgan, Health and Human Services Agency (CHHS)

**10:08 a.m.**

**Agenda Item #1: Call to Order**

Chair Ken Alex called the meeting to order.

The focus of the council meeting today is Cap and Trade funds. The subject is of great interest to many folks. The SGC has \$130 million from Cap and Trade funds to strategically provide as grants or loans and the purpose of this meeting is to start the discussion of what the process will be. This is the outset of what will be a public process and will have a very substantial place for public input and whatever processes we determine now as we go forward, we'll have opportunities to make course changes and corrections. I know that when money is at stake, that people have strong opinions about things and I would hope that we have a very good and constructive dialogue, because this is a substantial opportunity to make some decisions about a significant amount of money, all of which is to address greenhouse gas emissions; that is the purpose of AB 32, that is the purpose Cap and Trade, that is the purpose of what all our expenditures will be. Within that, there are a series of categories and other issues that are also very important, but they are all secondary in relation to reductions of emissions.-

Let me do a couple of housekeeping things. On the agenda, there are a couple of items, #2 and #3. Since items #2 and #3 are very connected to each other, I would like to combine the public comments of those items. I want to ask people to be concise. Think about three minutes as the appropriate total.

Let me turn it to Mike (McCoy).

**10:13 a.m.**

**Agenda Item #2: COUNCIL BRIEFING AND DISCUSSION: Affordable Housing and Sustainable Communities (AHSC) Program of the 2014-15 Greenhouse Gas Reduction Fund Investments**

**Mike McCoy, SGC Executive Director:**

In the spirit of the highly integrated and the inter-agency collaborative nature of the SGC and its proposed management of this program, we will be sharing the responsibilities for this presentation across the agencies

and we'll start with Allison Joe speaking for the SGC staff.

**Allison Joe, SGC Deputy Director:**

Hi, thank you very much for being here. SGC staff and key staff are excited to launch this program to begin the discussions about what we should be doing and how we can implement the Affordable Housing and Sustainable Communities Program, as provided in statute. We have a panel of a number of presenters, so we will keep it brief. We want to give enough information to provide a foundation for the council, as well as the public and others to understand what our statutory mandate is. We want to provide some opportunity for direction from the SGC Council as we begin to develop the guidelines. We have Edie Chang from Air Resources Board, Kate White from California State Transportation Agency, Randy Deems from California Department of Housing and Community Development, Susan Riggs from Business, Consumer Services and Housing Agency, and Mike McCoy from SGC will also be presenting. We will be available for questions at the end of the presentation.

**Chair Ken Alex:**

If you want to make a public comment, go to Adrienne Orilla in the front.

**Allison Joe, SGC Deputy Director:**

First, to get everyone to the right frame of mind in terms of what we're working from the proposed timeline of the developmental guidelines in this first year. We are looking at mid-August – next month – we will start to think about and working on guidelines development. SGC staff, a group of state agency and department representatives will take the workshops and use this as an appropriate time to develop guidelines, but also to allow for additional engagement with stake holders and to receive comments on the direction of the program.

(Allison presented a proposed timeline of the program).

I will ask Edie Chang to come up.

**Edie Chang, California Air Resources Board (ARB):**

I am a Deputy Executive Officer with the Air Resources Board.

I will discuss the role of the Air Resource Board in this. I have a handout and this provides detail of about what our statutory responsibilities are in relation to auction proceeds and the timeline for program implementation.

Under the statutory role, one of our primary statutory responsibilities is establishing funding guidelines for expenditure of auction proceeds. Some of it is establishing the record to make sure that we can show that these proceeds are being spent to further the purposes of AB 32. Another important component is establishing guidelines for SB 535 so agencies are consistently interpreting the requirements to spend money in disadvantaged communities and to benefit disadvantaged communities. Another component is quantification methodologies to make sure that agencies are quantifying greenhouse gas reductions in an established and consistent way. The statute asks us to collaborate and consult with SGC and we are pleased to do that, both in forums like this and in the development of the guidelines. We have staff working on SB 375 and will be helping to develop the guidelines. The second half of the page has the near-term milestones and we think that this really meshes well with the schedule that Allison (Joe) presented earlier. We scheduled the guidance so that there is an interim guidance available in the August time frame. We want to put interim guidance in draft form in August for SB 535, provide that in August for public comment and then finalize that interim guidance for agency use in September. We will also be developing the full program guidance and there will be a full public process with a plan to go to our board in spring of 2015. From the table that Allison (Joe) put up, there are a multitude of different projects that we will develop quantification methodologies; we will sequence them

according to priority.

I will pass this to Kate (White) right now.

**Kate White, CalSTA:**

I am Deputy Secretary at the State Transportation Agency.

I am going to talk about the evolution of state support for sustainable communities and how this program builds on cross sector, agency, and departmental collaboration to support sustainable communities.

(Kate presented a chart on the evolution of the program).

With that, I will turn it over to Randy Deems, Chief Deputy Director at HCD.

**Chair Ken Alex:**

Can I ask the speakers to define the acronyms?

**Kate White, CalSTA:**

TOD is Transit Oriented Development. MPO is Metropolitan Planning Organization. HCD is Housing and Community Development.

**Randy Deems, HCD:**

I'm Chief Deputy Director at Housing and Community Development.

It's fair to say that a lot of people think about affordable housing when they think HCD. Our mission is broader than that; it is community development as well and that includes infrastructure, economic development and we have programs administered over the years in those areas.

(Randy presented a slide highlighting two HCD programs that illustrated their mission).

With that, we're very excited of being a part of the team of developing the next step. I'll hand it over to Susan Riggs.

**Susan Riggs, BCSHA:**

I'm Deputy Secretary for Housing Policy with Business, Consumer Services, and Housing Agency.

A primary purpose of this meeting is to present a draft concept for your discussion. This is our best thinking today, given the statutory framework and experience gained under the related programs that Kate spoke about earlier. It's a work in progress and we'll evolve as we receive your input and members of the public's input at our August and October Public Comment Workshops.

(Susan presented slides on the program concept and statutory requirements).

**Chair Ken Alex:**

Let me interrupt you for a second there because one of the issues that I think we're going to hear about is what does it mean to be "administered by"?

**Susan Riggs, BCSHA:**

There are a lot of technical components required to administer a development-related program. Everything from underwriting guidelines to the contracting with each of the applicants, the review and ensuring the scoring and review of the applications is seen as impartial and viewed as a trustworthy process. All of those technical components of the program, outreach and interaction with potential applicants and awardees and then once the awards are made, there is a long period of time where there is going to be follow up and ensure that benchmarks are met and making sure that timeframes are being met and that the money is being spent in the way it is intended to be spent. These technical activities take a lot of time and expertise that HCD and CNRA have.

**Councilmember Laird, CNRA:**

Mr. Chair, can I ask a follow up? You've said it already, but let me try it a different way. For the sort of fire drill that some of us went through yesterday in phone calls and visits, the major point was somehow you're taking this money and you're giving it to Housing and Community Development without direct involvement from the Strategic Growth Council and you'll never see it again. It'll be lodged there and it'll never be changed.

So let me try to characterize slightly differently what you just said and make sure it's true. If we are reserving, we do not have the staff to do everything that you just said. We would have to hire a lot of additional staff when we're under this tight time deadline and as it is, I am not very happy about the fact that budget hearings are going to be in front of the legislature next spring and we won't have made the final awards and people will say, "what did you do during the year?". Well we responded to what everyone said about robust public process and as a result, we're going to have to say we're almost there after we've had this money for the bulk of the fiscal year and we're already talking about it next year. The point is that we're reserving all of the high level decisions here. They are not being surrendered in every way, but for the expertise that our staff doesn't have or the capacity or the breadth, that is where you're doing it within the overall direction or approval of the Strategic Growth Council. Is that a correct statement?

**Susan Riggs, BCSHA:**

That is a very helpful and accurate characterization.

**Councilmember Laird, CNRA:**

Okay, that seemed to not be understood by people that were contacting me yesterday. Believe me, there is going to be a robust public comment period here and people can raise where they don't think that that fits or is an issue, but thank you for that.

**Susan Riggs, BCSHA:**

(Susan continued her presentation on the staff recommendations).

With that, I'm going to turn it to Mike McCoy.

**10:48 a.m.**

**Agenda Item #3: ACTION: Delegation of Implementation Responsibilities of the Affordable Housing and Sustainable Communities (AHSC) Program**

**Mike McCoy, SGC Executive Director:**

Thanks to Susan and the rest of the team. I'm pleased to be able to make a few concluding comments on the concept we are bringing before you today. Secretary Laird actually covered much of what I was going to say with this slide, thank you very much, Secretary (Laird). I'll just go into a little more detail of what he

announced.

(Mike presented a slide on the roles and responsibilities of state agencies and of coordinating with MPOs).

Finally, because I can't look at this often enough to remind myself of how urgent everything we do is, and how Secretary Laird would like it to be even more urgent and believe me if we can, we will. This is a very aggressive schedule because we're trying to balance a vigorous public participation program with all the transparency that that promises, while at the same time moves swiftly towards implementing greenhouse gas reducing programs, which, after all, is something that everyone in this room cares about. We're going to try to walk that line between dispatch and participation and hope to get it right. It's going to require a great deal of intergovernmental coordination and the development of an active and constructive relationship with constituent groups and members of the public. I would like to turn this over to the council for consideration of our proposed action item, for discussion, for comment, and an opportunity to hear from the public.

**Chair Ken Alex:**

Let me start with thanking staff of both the Strategic Growth Council and of the agencies. You've already put a lot of work in it and as you know, it is an ambitious timeline and it's going to require a lot of coordination and effort as well. Before I open up to other councilmembers, can I ask you, do you have a specific action proposal? Do you have something specific you want us to look at? How are we going to get to the Action Item under #3?

**Mike McCoy, SGC Executive Director:**

You should have before you a brief staff report on the subject of the proposed action item. The action item itself is so short, it is entirely contained in the agenda.

**Chair Ken Alex:**

Let me turn to the council members and see what questions and comments people have before we move to the action item.

**Councilmember Laird, CNRA:**

One point I want to make – and I just hope that if in fact we don't have the grant awards the time of the legislative budget hearings next year – everybody that wanted the robust public participation will testify that we responded to them and that's one of the reasons why the awards haven't been made yet, so that that is really clear. The point I wanted to make is that there has been almost no conversation about the Ag Land preservation piece of this. Compared to the rest of it, it is really small, but I think it is important to mention that time is a considerable challenge with that issue. The Williamson Act that we have, as I keep saying is hanging by a thread, and we have to figure out what is coming next in terms of it morphing, it continuing, a new thing being put in its place, because this is inextricably tied to greenhouse gas emissions and there's just demonstrable evidence that the difference between unconverted Ag Land in its current use and converted to urban use is a substantial difference in greenhouse gas emissions. If you have a very effective program to protect against the conversion of prime Ag Land, you in essence are meeting goals of this legislation strongly. Because various counties are making their decision about continuing to participate, time is really important. It is in the recommendation separated so that it would come to the Natural Resources Agency and we are fine with that, but we recognize that the Department of Conservation will play a role. They are a part of the Natural Resources Agency, if we can just get it to the agency, we will figure it out. I just think those are important points to be made and that this offers us the opportunity to keep this issue out in front. Later today, the California Roundtable on Agriculture will release a call to action on the conservation of Ag Land. A part of the problem has been as much a political problem, which is that it seems like there is rather universal support for protection

of Ag Land from conversion to urban uses and a lot of groups have it as their fourteenth priority, even though they're screaming on it.

The thing that happens, too, is that people put out a great menu of all the things we can do without necessarily attaching to it what is of the upmost priority and what is achievable. I had a rather animated conversation with one advocate on this where he told me what other states do and I had to ask him, "which of the other states had Prop 13 in effect?" because he made it sound like they are able to make a major commitment in money and we aren't and we're making a conscious choice to do that. Well the voters have made a conscious choice of how we govern our finances in California. I really think that the call to action has to include a prioritization of two or three things that are achievable and fundable, rather than a menu of everything that's out there in the universe because we could do that ourselves. I just want to acknowledge that this is a piece of it. I really honor the administration and the legislators for putting that there in the process that brought us to today. We're grappling because \$38 million is in essence what the Williamson Act cost at the time the legislature and the previous Governor stopped funding it. If we have \$5 million here, if we are able to accomplish that, that's a drop in the bucket and that is really us trying to decide what is a priority coming next and it might be holding people in as best we can to the existing process while we decide what it is we could do going forward. In some ways, we have to look at prioritizing Ag Land that is most at risk of conversion immediately adjacent to urban areas and trying to do something strong to protect that. I say that sometimes to provoke people because if they don't like that, then what is it that moves up in priority that is comparable to that and is doable? I just wanted to speak to that part before we have public comment and move to that action. I hope that when we get there we can approve the recommendation in regard to Ag Land preservation and we are taking it as a mission. I also don't want to sit at any budget hearings next spring without having done something significant on this, so I could explain to the legislature why we are moving forward.

**Chair Ken Alex:**  
Secretary Ross?

**Councilmember Ross, CDFA:**  
Just to save time, I want to associate myself with that statement.

**Assistant Secretary Olson-Morgan, CHHS:**  
Thank you for the presentation; it was very thorough. One of the things that struck me was that there's a strong direction and intent to support disadvantaged communities, which I think raises two issues: both how we define those communities and identify them, but also how we support those communities. I don't expect that this will be resolved today, but to toss it into the mix that as you deal with disadvantaged communities, we know they have difficulty bringing grants together, project planning and so to start thinking from the outside about how to offer technical support so that the outreach is really feasible and that those disadvantaged communities can take the best advantage of this opportunity.

**Councilmember Caballero, BCSHA:**  
I'll be brief as well and associate myself with the things John (Laird) said. I think the real issue here is the budget passed a little over two weeks ago and the fact that we are having a hearing with this much information coming together in such a short period of time is a real indication of the commitment of the staff of all of our agencies coming together. They are very talented and they're putting their best thinking caps on, so I want to recognize and acknowledge everyone who has gotten us to this point. There is a lot of work left to do and we're going to have a lot of opportunity at this council level for us to talk about where we're going and how we're going to get there. I agree that disadvantaged communities are a big issue and looking at them from this lens will be different than we've done it in the past. The timeline is so aggressive that we really need to take

the talent we have within our agencies and departments and make sure that they're doing the heavy lifting that needs to be done. John, I didn't get any of the calls you got yesterday and probably for obvious reasons. I know there are concerns out there, but this council is going to be overseeing all of the work that's getting done and that's the commitment we all make to this process.

**Chair Ken Alex:**

Secretary Rodriguez?

**Councilmember Rodriguez, CalEPA:**

We are very aware at the council that the touchstone for all of this work we're about to embark on is AB 32 and implementation of AB 32. You've heard a lot of discussion about housing and agriculture, but we're all mindful of the fact that this all comes within the umbrella and scope of implementation of AB 32. There's a good reason for that – we've described the implementation of AB 32 in meetings and conferences over the last several years -- we have consistently identified that there are a number of ways we can address climate change and the problem presented by GHG emissions. The most obvious one is to change the fuels you're using so you're not emitting greenhouse gas. Another way to do it is to be more efficient so you have to use less energy so that you're emitting fewer greenhouse gases. Another way is look at how you are living. How much energy do you use and can we live our lives in a way that we can reduce the amount of emissions that get produced by our everyday activities? That is where this proposal is a critical component to that overall approach to reducing GHG emissions. This is something that has been widely identified.

What struck me over the last year is in discussions with other countries. Just this week I had a discussion with representatives from the German state of Baden-Wurttemberg and they talked about the significance of appropriate land use planning and how important that is to reducing vehicles miles traveled, how that is important to the way that we live, how that is important to how we support mass transit and it's a critical component to reduce GHG emissions. It's been interesting to me that China has 42 low carbon cities designated and that is a recognition of the fact that how you design your cities and how you design your communities is critical to the reduction of GHG emissions. I think that perhaps there was some loose terminology used in the description of what we're doing today when we talked about delegation and administration, but at the end of the day, what you will see here at the actions of the SGC is a number of agencies coming together in these meetings to make decisions on issues like land use, preservation of Ag Land, conversion of Ag Land, but that will all come within the scope of our mission, which is to reduce GHG emissions, to address climate change problems, so everybody should be assured that we are very mindful of the fact that that is our goal and our key mission in implementing these programs.

**Vice-Chair Bob Fisher:**

Not having agency responsibility gives me a little bit more free reign and when I look at the staff recommendations, there are things that I'm comfortable with and there are things that I'm less comfortable with. As I read the last line of the action item, "implementation will include, but not limited to, working with the Council to develop program guidelines." I'm concerned about any single agency taking the lead in developing program guidelines. I read the "working with council" phrase in there, but when I hear "administration evaluating applications", I think that is purely work of the multi-agencies that are involved in the SGC. Things like monitoring the agreements, the grants and loans administration, I could see delegating that. I'm concerned about delegating these larger areas to any single agency. Having been through the process of the former grants that we did, the Urban Planning and the Greening Grants, the agency that is the lead influences the program in ways that maybe I don't fully understand and I just want to be really clear that this is SGC work, that the SGC work, from the beginning is about cross-agency collaboration. This is in no way meant to devalue the work that goes on under Secretary Caballero, who in her short time with the Council has been

very interested in our work. I just want to be very careful here about delegating things to a single agency that can't help but influence the type of work that's before it.

**Chair Ken Alex:**

Bob (Fisher), can I? I want to put this in a form of a question. The staff recommendation uses the word "implement" and the slide uses the word "administer" and I wonder if anybody wants to comment on that nomenclature first and whether there is significance to that or not.

**Mike McCoy, SGC Executive Director:**

Unfortunately, we did all come to an agreement as a group, across the agencies that are working on this, that we would consistently use the word "administer" and "administrate" to refer to the activities of the Council, Council staff, and working across the agencies. We would use the word "implement" when referring to the agencies who will carry out the day-to-day work that's necessary to actually contract and do the other elements of the program.

**Chair Ken Alex:**

So, the use of "implement" here, at least the way you're using it, is the narrower version of it.

**Mike McCoy, SGC Executive Director:**

We recognize, Mr. Fisher, that the act of administering construction contracts, for example, is something that none of us on the SGC staff have any experience with. We do want to be intimately involved with that; we will ask a lot of questions: "what does it mean to do this with the contractor?", but we are not the people that can actually do that work, but certainly all other work that relates to the policies that drive that are going to be done collectively.

**Chair Ken Alex:**

So let me ask what I think is the core of Bob's (Fisher) question, which is, the language says, "this implementation will include, but not limited to, working with the council to develop program guidelines", so what is the intent of that, what do you have in mind for HCD's responsibility or Resources' (CNRA) responsibility vis-a-vis the other agencies in developing the guidelines?

**Mike McCoy, SGC Executive Director:**

A good example is that in the two weeks that we've had the budget, the preliminary discussions that we've had on this subject and in the couple of weeks leading up to that, we've worked very diligently to not have undue influence from any existing set of guidelines of anyone's, whether it be the SGC's, HCD or transportation programs of various stripes. We've worked hard to generalize the concepts that you saw today, relying primarily on statutory guidance with some categorical elements that we thought you are definitely going to need to consider how far away you want to be from transit, that's a box. We didn't want to say how far; the guidelines in the former TOD Housing Program were a quarter mile, other programs have had a half mile. We put nothing because that's going to be part of your discussion, the public comment period, and staff interaction. That's the way we want to conduct that process.

**Chair Ken Alex:**

Maybe to get too far in the weeds, but physically how are you going to do that? Is one entity going to write proposed guidelines and other agencies and departments comment on it or how are you going to proceed?

**Mike McCoy, SGC Executive Director:**

In coming up with the concept that we bring to you today, we started with a seed document that was an

amalgam of a couple of different programs and decided that it had too much precision and we didn't want to preclude valuable discussion by the council or the public, so we backed off from that. We didn't like the second version, so it was a lot of work, a lot of circulation and re-circulation across the representatives of the agencies.

**Chair Ken Alex:**

So it's across the representatives of the agencies and you and the SGC staff were shepherding that?

**Mike McCoy, SGC Executive Director:**

That's right. We have a smaller work group that brings forward concepts, we have the key staff meetings every other week with the larger staff where we have an opportunity for broader input into these discussions. Then when these things rise to a level where decisions really have to be made, where we've come to some agreement among interagency staff, we've reached a point of proposition, then we'll be before you.

**Chair Ken Alex:**

What is the meaning of the phrase in the proposal that CNRA and HCD will work with the council to develop program guidelines? Do they have special role as opposed to others?

**Mike McCoy, SGC Executive Director:**

No, that's an unfortunate phrasing. Their role and the roles of all the agencies are equal. I think that we just chose a poor phrasing of that and if you wish to rephrase that, please do so.

**Vice-Chair Bob Fisher:**

We have to be clear about what the detailed aspects of administration mean with regards to the role that HCD play versus the broad Council representatives where everybody, including the public, has equal say here. When it comes to the evaluating of applications and the development of program guidelines, I'm uncomfortable with any single agency playing a more significant role.

**Chair Ken Alex:**

First of all, I don't want to pick on HCD; it could be any agency or department here. Second, there is not equal expertise on these issues among the participants. I do not have any expertise on affordable housing; OPR actually does have some, but far less than HCD. I think that CNRA and CDFA have more expertise on aspects of what we are talking about and I think that if we don't take advantage of that, then we are being stupid and I'd prefer not to do that. We have to find the appropriate mix, so it is across agency and department, that we're not siloed, as I recall is one of our main purposes, but that we don't disregard really huge and extraordinary expertise. I'm looking at Edie (Chang) and the expertise that the Air Board has on monitoring and determining how we're going to quantify, nobody else can do that -- that has to be ARB -- that is their expertise. We need to take advantage of that and recognize that.

**Councilmember Rodriquez, CalEPA:**

It's beyond that and I think it is part of a response to the concerned voice by Councilmember Fisher and that is, by statute, we're required to develop these guidelines in consultation with Air Resources Board (ARB). There is work being done right now to make sure that anything that's done by any of the programs that received Cap and Trade funds will be looking at and receiving guidance from ARB. In fact, we're going to have a meeting at the end of this week to designate who at the various agencies receiving Cap and Trade funds will be responsible for working with ARB as they are developing guidelines that will address: how will you develop a record, how do you demonstrate that you are reducing GHG emissions? Our plan is to continue to work to make sure that there is collaboration between not just the SGC and ARB, but all the entities that are receiving program funding, so that as they're developing their guidelines, they will be done with an eye toward at the end of the day we

need to demonstrate where we've received GHG emissions. Also, CalEPA will be working collaboratively with the agencies as well to address the disadvantaged communities. It really is a collaborative effort. We already know who most of the staff are in the various program agencies. There will be a further coordinating meeting on Friday, and frankly, as Edie (Chang) outlined, there's a process for developing the guidance that's required by statute, but built into that is the idea of some interim guidance because we know that entities like the SGC want to get started designing their programs early, so ARB has agreed that they should do some interim guidance so that everybody can be working on this at the same time; it is very much a collaborative effort. The way I look at this at the end of this day, circling back to this question of administration, we will be asking these entities to do some of the day-to-day administration of these programs, but pursuant to guidance and direction that's been provided in the guidelines that have been adopted by this Council. I think we will continue to be very much involved in oversight and providing direction as decisions are being made and the ultimate decision will be retained by this Council.

**Undersecretary Annis, CalSTA:**

Some of this discussion, in my mind, is analogous to our last year's implementation of the Active Transportation Program where we assigned the work of adopting guidelines, directing the drafting of guidelines, to the entity that meets publicly, the California Transportation Commission. We assign a lot of what is termed here "implementation," to CalTrans and just as an example for why that is important, that call for projects concluded with 700 applications for over \$1 billion for a \$360 million program. The department is working through with the California Transportation Commission that huge stack of projects now, but because of the staffing levels of departments and expertise of departments, they're actually pulling about fifty people to go through some of the engineering verification just to do that due diligence as those projects are being evaluated. The final decision isn't that public entity that holds the public hearings, the CTC. Again, being able to leverage that staff talent is very important for that project. To be able to stay on a timeline, such as the timeline here to award some grants by the end of the fiscal year, you really do need to leverage that larger workforce and large talent pool to get through that in a timely manner.

**Chair Ken Alex:**

It does strike me that we need to rework the wording of the sentence in the action item; that would be my suggestion at least. We don't have a motion on the floor yet, but that would be helpful because I think it's causing --

**Mike McCoy, SGC Executive Director:**

We would more than welcome your modifications to that.

We are aware of the tremendous detailed number of activities involves in a program like this. I counted about 37 things I'd like to see assigned to somebody or another in this process. We're going to have to work on which ones of those rise to the level of being important group decisions, which ones need to come all the way to you, which ones can be done by an implementing body and these are going to be careful considerations of detailed work elements.

**Chair Ken Alex:**

Let me ask you if this captures accurately what you're after.

"The Strategic Growth Council staff will coordinate collaborative efforts with agency and department staff to develop program guidelines."

Is that correct?

**Mike McCoy, SGC Executive Director:**

That is correct.

**Councilmember Laird, CNRA:**

Before the public comment, so that there is a motion, I would move the staff recommendation with that amendment.

**Councilmember Ross seconds the motion.**

**Chair Ken Alex:**

So we have a motion and a second. Let me first ask if there are additional Council comments for discussion of the motion.

**Vice-Chair Bob Fisher:**

Is it worthwhile to hear the public comments before we decide and vote?

**Chair Ken Alex:**

We absolutely will.

The first speaker is Will Barrett followed by Bill Magavern.

**11:27 a.m.**

**Agenda Item #4: General Public Comments**

**Will Barrett, American Lung Association:**

I'm appreciative of the discussion and clarification about SGC's role in all this. We also think that Secretary Rodriguez's framing of this within the AB 32 context was helpful.

The Lung Association supports allocations to cut greenhouse gases and also prioritize health and air quality benefits, especially to our most disadvantaged communities per SB 535. We look forward to the discussions of the development of the guidelines for this program and the process that's coming forward. We believe that both policy objectives highlighted in the presentation today and the emphasis on co-benefits on the planning grants are good foundations for moving forward. They really move forward on climate health and air quality benefits. I appreciated Mr. McCoy's discussion of the inner-agency expertise and especially the Public Health Department's involvement in this—their work on sustainable communities and active transportation health benefits will be valuable as we go forward. We look forward to working with the Council and agency staff to ensure that the integrated guidelines really do maximize the GHG benefits, public health benefits, and air quality benefits as we go forward and especially in our most disadvantaged communities. So thank you and good luck. This is a big lift and we look forward to working with all of you.

**Bill Magavern, Coalition for Clean Air:**

As the original sponsors of SB 535, the law that requires that some of AB 32 revenue goes to California's most disadvantaged communities, we are particularly excited that fifty percent of this funding is designated to benefit disadvantaged communities. As you know, that law (SB 535), requires that the overall expenditures, at least ten percent be spent in disadvantaged communities. Since that designation, that amount, is still absent in all the materials, I want to ask the Council to make sure that as the public process goes forward, that you do identify what will be the funding that is directly spent in disadvantaged communities and exactly how that will

be defined. In the benefit category, as you know, there still needs to be some defining of what exactly does benefit a disadvantaged community. I know there are a number of people at CalEPA and ARB that have been thinking about this as well as some of us on the outside, so we look forward to continuing that discussion. It's good to see the categories that you're making eligible for funding. In the SB 535 coalition, we have also prioritized funding for public transit and affordable housing near transit. We very much look forward to seeing that funding move forward. We would like to see the housing money be spent for those who are in the low income category, especially for very low-income and extremely low-income. We're also supportive of making sure that it's explicit that transit passes would be made eligible for this funding. In both cases we think there are major GHG reduction benefits because when you're talking about affordable housing near transit, you're talking about serving transit dependent populations. We want to make sure those people aren't displaced because in that case, they will have longer commutes and therefore more emissions associated with that.

I'll end my comment there, but associate myself in advance of other members of the SB 535 coalition and Sustainable Communities for All coalition you'll be hearing from later.

**Liz O'Donoghue, The Nature Conservancy:**

First, we strongly believe that SGC is the appropriate body to administer this program given its enacting legislation, its mission and focus on integration and multiple benefits. We also believe program guidelines and investments should be focused on achieving sustainable communities and delivering GHG emissions reduction with transparent metrics and accountability to meet our AB 32 goals. We also believe that the program should focus on the integration of multiple sectors to optimize the myriad of benefits and GHG reductions. We do believe that SGC should retain the lead role and involving other agencies and sectors in developing the guidelines, oversight of project selection, measuring and reporting on the program to ensure that the goals are achieved.

We support the proposal for the Department of Conservation to implement the Ag Preservation program and urge that the SGC also retain a leadership role in the development of the guidelines and ultimate decision on the investments.

We also believe that the Ag Preservation and Affordable Housing program work together and be integrated. We are a little concerned that they are going on separate paths. If you look at what we're trying to achieve as a whole, they should be integrated.

Two other points: one, we support the focus on disadvantaged communities and urge that resources be made available to really develop the best projects, and two, given the importance of this program on the expected future revenues, we ask that the SGC revisit the program and the administration and the infrastructure to deliver this after the first year's funding is disbursed. Thank you.

**Chair Ken Alex:**

Just as an observation, this is an ongoing process, this is new, and I'm sure we will be revisiting many times.

**Chanell Fletcher, ClimatePlan:**

We appreciate the wealth of information today and support the SGC as the lead on the development of the guidelines with the involvement of other agencies and sectors. We believe the public is essential to the development of the guidelines and support the multiple opportunities you've provided for public comment. As the guidelines are developed, we ask that the investments that reduce GHGs be measured by robust metrics that are transparent and provide accountability. We also urge strong guidance to ensure that multiple sectors are integrated to advance sustainable communities. We also urge the SGC to address the concerns of

disadvantaged communities by setting aside funds to provide things like technical assistance and other support as needed. Finally, as the chair also mentioned, just in general to promote a culture of learning, we really do ask that there is a commitment to a thoughtful and inclusive process to review the program guidelines, implementation structure and investments after this first year to ensure goals of this program are being met and that the administrative role is correct. Thank you.

**Jeanne Merrill, California Climate and Agriculture Network:**

We are very much in support of the staff proposal to have the Department of Conservation take the lead on the Ag Land preservation component of the program, but I want to echo some of the comments about the importance of integration between the Housing, Transportation and Ag Land portions of the SCS. The SCS funding should not fund projects that will convert Ag Land or open space, which would be counter to the goals of the program. In addition, the program should focus on long-term permanent protection of Agricultural land at risk of development and today conservation easement is our best tool to achieve permanent protection. Finally, Ag Land conservation, we believe, is necessary to meet the objectives of compact, affordable development in California and will help meet the objectives of investing in disadvantaged communities as required under SB 535. Thank you.

**Phoebe Seaton, Leadership Counsel for Justice and Accountability:**

We want to highlight that the SGC follows the broad allowances outlined in the Senate Budget trailer to ensure broad implementation of the Affordable Housing Sustainable Communities program. Also, to make sure that the program and eligibility criteria are relevant to all California and not just the more rural communities. One of my colleagues will speak later about how the TOD program only impacted in terms of seven counties in the state and that's not going to work to make sure that this program is relevant to all Californians, especially those in the rural and less urban communities. We look forward to working with all of you and support that the SGC maintains a strong role throughout the implementation of this process.

**Mark Evanoff, City of Union City:**

The SGC has an opportunity to leverage \$130 million of Cap and Trade dollars with an additional \$750 million of 2011 bond funds to focus development on infill sites and to encourage affordable housing. Assembly Bill 2493 by Assembly Member Bloom and Senate Bill 1129 by Senator Steinberg would allow successor agencies to expend 2011 bonds in consultation with MPOs if those bond funds are going to be used for TOD and consistent with the regional growth plans. Infill development is very expensive. By way of contrast, Union City has invested \$167 million to date converting 100 acres of vacant environmentally contaminated land around the Union City BART station that had a negative land value into a vibrant walkable community.

More than 800 housing units have been built to date, of which 251 are affordable. 600 of those housing units have been built at a density greater than 72 units per acre. The station district has yet to be built out and this is why we are requesting authority to expend the 2011 bonds and the City Council of the City of Union City has formally requested the Council as a body or as individuals to encourage the Governor to sign the legislation into law. This is an opportunity for the cities and the state and the MPOs to work together to implement state goals to build housing around transit. I've passed an illustration of Union City Station District and I would invite the members and staff of SGC to visit the Union City Station District and we appreciate the attention.

**Megan Kirkeby, California Housing Partnership:**

We thank you for the opportunity to speak. We're extremely enthusiastic to support the staff recommendation to work with HCD, CNRA, and DOC on this work and we urge the guidelines to build on successful existing programs, some of which you've heard about today.

We also have an opportunity to investigate location efficient strategies that work in rural communities, such as placing denser affordable housing near jobs, services, schools, and transit, which will work differently in rural areas, but does create significant drops in vehicle miles traveled. The staff recommendation is an extremely important continuation of efforts to integrate conservation, housing, and transportation, while still harnessing that existing expertise that is going to prevent unnecessary delay. Thank you for the staff recommendation.

**Joshua Stark, TransForm:**

We're happy to support the staff's recommendations today and we stand behind the comments of our many colleagues speaking today. We additionally recommend the SGC ensures the needs of disadvantaged communities are addressed. We believe this should go beyond SB 535 requirements, but could include technical support to communities with less capacity for both applying through the process and downstream. Strong safe guard should also be instituted so that investments don't result in displacement of low income residents. After all, these communities aren't just places, they're an interaction of places and people; if we lose those people, we lose those communities. We believe that the transportation demand management also needs to play a vital role, including transportation passes and car sharing programs for low income residents. The co-benefits of household financial savings are absolutely critical. Thank you.

**Jeanie Ward-Waller, Safe Routes to School National Partnership:**

We're really excited about this program and the opportunities for active transportation and programs such as Safe Routes to School. We encourage the active transportation improvements be required on all projects that provide safe, comfortable connections between any housing funded and transit in the vicinity. Additionally, projects should be encouraged and scored competitively that really promote active transportation and physical activity as the most attractive travel mode and connect to family-oriented destinations, such as schools and parks. Finally, I want to offer our assistance in engaging the active transportation in Safe Routes to School community and the public process to develop guidelines. We played that role with the CTC and CalTrans on the Active Transportation Program and I think it was a very successful, supportive relationship. Thank you.

**David Zisser, Public Advocates:**

We very much support the staff proposal and Megan Kirkeby did a good job of summarizing that, so I won't repeat that.

We are very excited about the investment opportunities that this money provides, but as Josh Stark said, we want to make sure that the investment doesn't result in the displacement of the communities intended to benefit, especially vulnerable communities at risk of displacement. We would like the SGC and its partner agencies to think about criteria and eligibility standards for essentially requiring projects to prevent displacement through no net loss of housing occupied by lower income households and the requirement that, where investments do occur, those places have anti-displacement policies in place and housing elements approved by HCD.

Affordable housing is a key component of keeping people in place and to that end, as some of my colleagues have said, we would like to make sure that housing that's built through this program serves the lowest income households at 50% AMI and below. Other than equity reasons, there are GHG reasons to do that too.

We also support the inclusion of transit passes as an eligible use of this money. It's not specifically laid out in SB 862 and we hope that SGC will help clarify that it is an eligible use both, again, for that double bottom line of both environmental and GHG impacts and equity considerations for students, staff and faculty of universities, elementary and secondary schools, low income youth and residents of affordable housing near transit.

Lastly, on the SB 535 requirements, we strongly encourage you all working with the partner agencies to develop scoring criteria that prioritizes projects that primarily benefit low income residents and disadvantaged communities or gives them access to high opportunity areas. That, of course, is a mandate of SB 535 and a key component of meeting the goals of AB 32. Thank you very much.

**Chuck Mills, California ReLeaf:**

We strongly support the staff recommendation to utilize the expertise and successful experiences of existing state wide agencies to work with SGC in administering the affordable housing and agriculture components of the program. We also support the SGC playing the leadership role in this and the distribution of these funds, which will allow for maximum transparency of these allocations and GHG reductions.

As the Council begins moving forward to the next steps of developing guidelines, we encourage you to consider these additional opportunities that may not be fully fleshed in the recommendation before you today.

First, the integration of existing state expertise into other components of the program, including Active Transportation program when consider Active Transportation projects, and SGC's own Sustainable Communities Strategies Planning Grants for the planning processes that will move forward. We strongly support the SB 535 quad recommendations which were articulated by Mr. Magavern and Mr. Zisser. Second, we associate ourselves with comments by Ms. Merrill to include the requirement that proposed projects demonstrate how they will avoid conversion of Ag and open space land. Finally, we associate ourselves with Ms. O'Donoghue that as the program evolves, we urge the SGC to consider open space protection in addition to Ag Lands as eligible funded projects at the SGC as part of the Sustainable Communities strategies implementation as well as clarification that the planning funds can also include land conservation to promote integrated GHG reduction strategies. Thank you.

**Lisa Hershey, Housing California and Sustainable Communities for All:**

I want to echo all the comments made by my colleagues from the organizations that Chuck (Mills) just referenced. I'd like to again state that we fully support the staff's proposal. We're really pleased to see that in the trailer bill legislation focusing on housing expenditures, that it's focused on California's who the market doesn't serve. Lastly, I just want to reiterate the importance of the SB 535 recommendations and that the SGC should not fund projects that displace our lower income households. Thank you.

**Sarah de Guia, California Pan-Ethnic Health Network:**

Just a couple things I would like to highlight from the letter that we sent. We're happy to see that there are going to be workshops; we think that public input is really important in this process to make sure that we understand what the needs of the communities are and that they are going to be reflected in the plans we have moving forward. We ask to make sure that effort is made to reach out in different languages and utilize some of the organizations that have testified here today because we have a good reach into some of those communities that would be positively impacted by this program. I'd also like to echo the comment that was made by Ms. Morgan (CHHS) about the need for technical assistance for some of the grantees. Some of these organizations and communities may not necessarily have the ability to develop or may not be staffed to develop high quality competitive grant proposals, so it would be great and there's a variety of ways that could happen and we're happy to have further conversations.

Health is highlighted in the public policy objectives and I'd like to thank the staff and the members on that, but I think it's important to have consultation with Health and Human Services Agency, the Department of Public Health and the Health in All Policies task force that really have the expertise on what that public health is in combination with the ARB and some of the other partners named in the trailer bill language.

Lastly, this is a great opportunity to meet some of the multiple needs that impact disadvantaged communities who are disproportionately impacted by climate change. As we move forward just to make sure that we are looking at how to accomplish those multiple needs at the same time. Thank you.

**Mari Rose Taruc, APEN (Asian Pacific Environmental Network):**

We're here to ensure that our climate investments do indeed benefit disadvantaged communities. Our SB 535 coalition priorities have always included affordable transit oriented development and transit operations. We think that compact living and riding public transit are expressions of environmentalism and climate solutions by low income people and we want to see you honor and encourage these actions by investing these climate funds into these programs.

It's integral to have low income households live in transit oriented development as studies show that poor folks ride transit more and thus reduce GHG emissions more than higher income folks. The second is to make mass transit more affordable and accessible to disadvantaged communities, so we fully support full or partial discounted transit passes like those for students and those living in affordable housing units.

Lastly, for SB 535 we support the Sustainable Communities for All principles and I want to highlight the "for All" part that these improvements in greening actually benefit the most polluted areas of the state and that these programs are experienced by environmental justice communities. We urge that your grant funds should be contingent on preventing displacement of lower income households and that you support low income communities of color to stay and help the state meet and advance our GHG reduction goals. Thank you.

**Terry Parker, California Walks:**

I'd like to emphasize the importance of active transportation design and facilities and I'm going to refer to it as the quadruple bottom line because when people walk -- and everyone is a pedestrian at some parts of our trips -- even if you've parked your car, you have to walk; if you've taken transit, there's the first and last segment of that trip; even if you're a bicyclist, you still have to walk; so it meets climate and air qualities goals. We need to increase safety for vulnerable walkers who do not have a 2,000 pound automobile around them to protect us when we're walking and there is a lot more funding and work that needs to be done on that throughout the state. It has obvious health benefits of walking and also provides mobility for all ages, stages, and income levels and it definitely enhances the economic viability of communities. For all these reasons, we need to keep active transportation in mind. Thank you.

**Anu Natarajan, City of Fremont and MidPen Housing:**

As a Councilmember, I'm really glad that we're getting to a point of implementation. We've been doing all the right things for the last fifteen years and we're ready to start implementing some of those plans. We look forward to working with you to provide our input in getting into finding those processes. More importantly, we're here ready and waiting to spend all your money. Just a quick point of reference, the gentleman from Union City pointed out an affordable housing project at their BART station and MidPen Housing was the one that partnered with Union City to make that happen. Thank you.

**Sidney Stone, City of Morgan Hill:**

As you develop the policies and guidelines, don't forget small cities. In fact, Morgan Hill is an example of a city that would be a great test case for integration. We have been a progressive leader in affordable housing development for twenty-five years. In fact, more than one out of every ten residential units in the city of Morgan Hill is income-restricted in some fashion. We're also surrounded by Ag Lands that we would love to preserve because it's not only a quality of life, it's the economy and we are intensifying development in our

downtown to take advantage of this. Morgan Hill would be a great example for when you integrate preservation, affordable housing, and downtown development. When you develop the policies and guidelines, don't forget the small communities. Thank you.

**Jennifer Whiting, League of California Cities:**

I did want to make a couple comments specific to the hearing today. One, we're very encouraged by the discussion of the Councilmembers; we were a little bit concerned with the written staff recommendation, but we're very encouraged with the amendment that is proposed and we would encourage you to support the motion. I also wanted to comment because two very specific existing programs were discussed today, both the TOD and Infill Investment programs, our members are fans of those programs. They've done a lot of good in some cities; we would have liked to see more money invested in disadvantaged communities, so we're happy to see that going, but we do have some concerns with how that fits with the disadvantaged communities. One of the characteristics of disadvantaged communities is they are lacking services in updated infrastructure and you may find that some of the characteristics of disadvantaged communities don't fit with the TOD and Infill Investment programs. We're very excited to be a part of the public process and we'll be at the workshops that are planned. Thank you for outlining that schedule and we'll talk more in depth on those concerns at that time.

**Anne Richman, Metropolitan Transportation Commission:**

As the MPO for the Bay Area, we look forward to working with the council and all the partner agencies on implementing these programs, particularly as they can support regional sustainable community strategies. In the Bay Area, we have a strong focus on affordable housing, Transit Oriented Development and supportive infrastructure and transit support, such as operations and capital projects and we look forward to the Cap and Trade program being able to support those programs as well. Finally, I would like to thank the agencies for the presentation today to coordinate their efforts and the timelines; obviously there are a lot of different elements within these programs and we appreciate the coordination. Thank you.

**Rob Wiener, California Coalition for Rural Housing and the Rural Smart Growth Taskforce:**

I would like to reinforce the clear intent of SB 862, was that GHG funds be used not just for affordable housing near transit, but for any affordable housing that reduces GHG. Affordable housing is a leader in both reduction of VMT as well as a reduction of energy use. The TOD program is a great program; we support it. The problem is that of the fifty or so awards, only seven counties out of fifty-eight have benefited and over fifty percent of those awards are in two counties, Alameda and Los Angeles. Nothing in San Bernardino County, Riverside County, the Inland Empire, the San Joaquin Valley. These are some of the areas with the worst air quality in the country. I would strongly encourage you as you come up with guidelines to not forget that SB 862 applies a very broad definition of what kind of affordable housing can qualify for funds.

Secondly, HCD has a forty year history of providing and underwriting loans for housing, but also community development for sewer, water, parks, roads. Moreover, all over the state HCD program funds are specifically targeted to low and very low income people; that is the constituency of that agency, so I can't think of a better agency to deposit those funds. We strongly encourage and support the council's recommendation. Thank you.

**Amanda Eaken, Natural Resources Defense Council:**

I want to commend the SGC staff and member agency staff for working so expeditiously to make sure we could get these funds out the door, both to implement the SCSs, but also to build support for our Critical Climate program AB 32.

I want to make a couple remarks and many of which are highlighted in a letter from Senator Steinberg to Chair Alex that I just wanted to submit into the record as well. First, we are very pleased to see the budget trailer

language deliberately assign authority over guideline development and fund distribution to the SGC. It sounds like, from the conversation today, that we have consensus that the SGC itself should maintain the lead role in developing the guidelines and project selection. We should clarify through the motion that the role of the implementing agencies is an administrative role and we should define what that really means.

The second point is that given the importance of this program and the expected future revenues, we recommend the SGC revisit the structure. Happy to hear after this first \$130 million is distributed and that any decisions we make today apply to just that first \$130 million in this year's budget.

Finally, we support the integration of the MPOs more formally into this process as they are the agencies charged with implementing SB 375. We thank you very much for your leadership and we look forward to working with you in partnership to ensure the success of this program.

**Bill Higgins, California Association of Councils of Governments:**

I was pleasantly surprised to see Senator Steinberg's letter to you this morning that basically has my talking points for me; I hadn't seen it before this morning, but I wanted to touch those four points.

First of all, it did talk about clarifying the delegation role, which you guys have already done in the motion and I support that. The second point was developing a more formal role for the MPOs and I think a point of this, based on the presentation I saw this morning, is there was a flow chart of the state agencies and their responsibilities and then the next slide said "and we're going to integrate with MPOs". My question is, what does that flow chart look like if it's all on one page? How are we going to work together? They are not two processes, I think that they're one. The next point that the Senator makes is that this year might be different. There's a rush to get something done by March and I totally understand that and agree with it; people need to see a return for their investment in the Cap and Trade program. What's good for this year may not be good for five years from now. We want to select the best projects; that is one goal. Perhaps an even better goal is how do we set a process that elevates a different kind of project to the selection. How do we provide the certainty for those types of projects to know that they are going to get funding because there are even better projects out there that are often left off the planning cycle because they don't have the funding certainty right now in the current paradigm. We're willing to be your partner on implementing. Finally, there's an emphasis on competition that he makes. When I looked at the flow chart of the different state programs, I saw there was the Blueprint program, which helped launch our programs that we're very appreciative of, but there was also an Active Transportation program in there. In that program there is a competition, but there are also regional delegations for those regions that do meet certain requirements to hone their own competitions. The regions are going to need some kind of certainty with their planning funding to raise those different types of projects, so maybe this is a comment more for the governance, but I want to plant that seed now; that we think about how to do that to raise a different kind of project going forward. Thank you very much.

**Andrew Antwih, City of Los Angeles/Los Angeles Metropolitan Transportation Authority:**

We appreciate your comments and the report you made. The staff recommendation and the amendment that's before the commission, we think helps provide more clarity about how this whole process will work. We've heard a lot about the SGC, but those of us from local government don't know what it's like to work with you. We do know what it's like to work with many of the implementing agencies that have been identified and there was some discussion about too much money going to L.A. I'm here to say on behalf of the City of L.A., that you can't send too much money to Los Angeles. It's a big city; there are a lot of people that live there, there are a lot of needs. There's a rail revolution going on in LA. We are transforming communities. Mayor Garcetti has put a big emphasis on complete streets. I think it's worth highlighting that it's already eligible. We're happy to see it's eligible, but there's planning things that you could do that result in collaboration between

transportation agencies and with local governments to make the difference at the street level, at the community level, especially for what they call the first mile and the last mile of a trip. We very much want to echo that and emphasize that investment in Transit Oriented Development in transformative improvements at the community and street level that will encourage biking and walking. We definitely support the program and we will be an active part of this process from the local government perspective. You've laid out some information that is helpful in figuring out how the process will work, but we're still anxious to see more detail about, from a local government perspective, one stop shopping. Who do we work with and try to access these grants or loans depending on the case? If the SGC is going to administer and other departments are going to implement, who do we call? When you have your meetings around the state, please emphasize that and we'll be there as well.

**Chair Ken Alex:**

We appreciate that and L.A. will certainly be a part of our plans.

**Rachel Iskow, Mutual Housing California:**

Just like other activities funded by the Cap and Trade, affordable housing development is highly complex and it's important that the state department at HCD, with its affordable housing finance and its construction background and expertise, implement the affordable housing components of the program.

My second issue is our very strong concern that the Sustainability program, like the state's TOD program, would leave rural, near rural, and Central Valley communities behind, polluted, further impoverished and without access to healthy affordable housing. If this Council narrowly defines eligible housing under this program as exclusively that housing located in close proximity to transit stations, this program will effectively become one more contributor to the two California phenomenon, the growing divide between the more affluent coastal communities and the increasingly worse-off inland communities with an excess of deteriorated and unhealthy housing and air and water pollution.

We urge the Council to recognize as an eligible use of funds, not just TOD housing, but also housing that reduces reliance on fossil fuel through energy efficiency and prioritize options for high density housing in rural, near rural, and Central Valley communities. Thank you.

**Chair Ken Alex:**

Thank You. With that are there any further comments? We have a motion and a second and I'm looking for further comments from the Council.

**Councilmember Laird, CRNA:**

I think those were great comments; I think they're consistent with the motion. I think we are starting a process and people get a clear understanding of how it meshes with some of the concerns.

I wanted to make one comment and maybe use the Ag Land to focus it and that is that because this is new, everybody has a vision for everything that can come from a very limited pot. When it was said that Ag conservation easements are the most successful way to deal with Ag Land conservation, that may be true if you have a big pot. If you don't, because the amount that's available here might get you two, maybe three significant Ag easements in a state of 38 million people that has an amazing amount of land. If you can figure out a way to take that limited amount of money and spread the reach much farther in a different mechanism, it makes sense to do the different mechanism. That's the challenge we have with this starting.

It's also true with the statement that was made about Natural Land's money; the Resources Agency is built

around that. We have spent billions of bond money in preserving natural lands in the state. If you look at the average project that is probably funded in Natural Lands from the Wildlife Conservation Board, the average single project equals the amount of money we have available here for this, so we might be able to do one project if we dedicated every dollar that we have in that pot to doing that. If we can figure out a way to leverage it or incorporate it or make it spread or reach much further, that's probably what we're going to have to look to do. For me, as one member, I'm going to be looking to see how we can leverage this or stretch to reach as far as we can in whatever category it's in.

**Councilmember Caballero, BCSHA:**

I really appreciated all the comments because this is what it's going to take, a lot of public participation. You said a lot of things we've been talking about, but the devil is in the details, so please stay engaged. We're going to need your expertise and your input; it's exciting.

**Councilmember Ross, CDFA:**

Secretary, I want to echo that and I especially appreciated how many of our speakers reminded us to remember rural California. It's been a concern of mine and I know there's only a limited pot of money, but because Secretary Laird and I like to have a competition--who's really the champion for rural California--I was happy to hear so many of you speak to those issues, so thank you.

**Councilmember Laird, CRNA:**

I'm the champion for uninhabited rural California.

**Councilmember Rodriguez, CalEPA:**

Just to echo the sentiments of the other members of the Council, I appreciate the comments here and with regard to identification of disadvantaged communities, I do want to assure everybody that we're working hard on that and we do have a tool that we've been looking at, which is EnviroScreen, which has been worked on by the Office of Environmental Health Hazard Assessment. I think one of the major benefits of the EnviroScreen effort has been to identify that rural and Central Valley communities are among the most disadvantaged in California. It's a tool that will be useful to the SGC as we move ahead and formulate our plan for spending this Cap and Trade funding. We'll invite all of you to participate in the discussion of the identification of disadvantaged communities, which is something that has been entrusted to EPA, but we realize how important that is to the overall equation.

**Chair Ken Alex:**

One quick comment and then I'll read the entire staff recommendation with the changed language proposal.

We have \$130 million this year that's in the world of housing and transportation, in sustainability, and agriculture, and rural, etc.--not that much money--and that going forward, we have a continuing appropriation. A continuing appropriation is as good as the next budget vote, so keep that in mind. It is not entirely clear, for those of us who were thinking about where the future goes, as to what amount of money will be from Cap and Trade as we go forward. I want to make sure that we keep a level head; that we understand that this is a lot of money, but it's not enough for everything we just heard about. This process is going to be difficult and I will echo the comments saying we hugely appreciate your effort, interest, and ongoing participation.

Let me read the entire staff recommendation that's the subject of the motion and second with the change that was made:

The Department of Housing and Community Development within the Business, Consumer Services, and Housing Agency implement the housing, transportation and infrastructure components of this program and that the Sustainable Communities Agricultural Land Preservation Program component be implemented separately by the California Natural Resources Agency or the California Department of Conservation. The Strategic Growth Council staff will coordinate collaborative efforts with agency and department staff, working with the Council to develop program guidelines including grants and loans, evaluating applications, preparing agreements, monitoring agreement implementation, reporting, and amendments.

That is the motion and the second. Any comments?

**Councilmember Rodriguez, CalEPA:**

Do we need the word "implemented separately"? Do we need the word "separately" in the reference; I would ask Secretary Laird as well. We seem to be at odds with the idea of the coordination and consultation later on and it isn't specified in the reference to HCD as well.

**Chair Ken Alex:**

How do we procedurally do this?

**Councilmember Rodriguez, CalEPA:**

I would ask the maker of the motion to consider whether we might take that word "separately" out.

**Councilmember Laird, CRNA:**

Yes, that is fine.

**Councilmember Laird motioned to approve the staff recommendation. Councilmember Ross seconded.**

**The motion passed unanimously.**

**The votes for Yes-No-Abstain were 8-0-0.**

**Chair Ken Alex:**

Are there any additional public comments at this time? Seeing none, we are adjourned for lunch.

**12:30 p.m.**

**Agenda Item #5: Meeting Adjourned.**