

BILL
ANALYSIS

SENATE LOCAL GOVERNMENT COMMITTEE
Senator Dave Cox, Chair

BILL NO:	SB 1445	HEARING:	4/7/10
AUTHOR:	DeSaulnier	FISCAL:	Yes
VERSION:	3/24/10	CONSULTANT:	Detwiler

REGIONAL AND STATE PLANNING

Background and Existing Law

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) authorized \$5.4 billion in state bonds. One purpose is "Revitalizing our communities and making them more sustainable and livable by investing in sound land use planning, local parks and urban greening." \$580 million is available for those purposes, with \$90 million specifically set aside for "planning grants and incentives."

The Strategic Growth Council awards and manages these grants (SB 732, Steinberg, 2008). The six-member Council consists of the:

- Director of the Governor's Office of Planning and Research (OPR).
- Secretary of the Natural Resources Agency.
- Secretary of the Environmental Protection Agency.
- Secretary of the Business, Transportation and Housing Agency.
- Secretary of the California Health and Human Services Agency.
- A public member, appointed by the Governor.

The Strategic Growth Council coordinates the state's activities and programs to improve air and water quality, improve natural resources protection, increase the availability of affordable housing, improve transportation, meet the goals of the California Global Warming Solutions Act ("AB 32"), encourage sustainable land use planning, and revitalize community centers. The Council must comment on the state's five-year infrastructure plan and OPR's State Environmental Goals and Policies Report.

OPR is the state's comprehensive planning agency, responsible for helping local and regional officials with land use planning. Located within the Office of the

Governor, OPR coordinates state agencies' planning activities. Every four years, OPR must prepare a State Environmental Goals and Policies Report, a 20- to 30-year look ahead at state growth and development. The State Environmental Goals and Policy Report must be consistent with the state's planning priorities to:

- Promote infill development and equity.
- Protect environmental and agricultural resources.
- Encourage efficient development patterns (AB 857, Wiggins, 2002).

The Planning Advisory and Assistance Council (PAAC) is OPR's advisory panel, which is supposed to meet at least twice a year to offer advice and help shape the State Environmental Goals and Policies Report. OPR's Director appoints the PAAC members:

- Three city representatives, nominated by the League of California Cities.

- Three county representatives, nominated by the California State Association of Counties.

- One representative from each of the regional planning districts designated by OPR; at least two from metropolitan area planning organizations and at least one from a nonmetropolitan planning organization.

- One representative of Indian tribes with reservations in California.

Cities and counties have formed joint powers agencies called councils of governments (COGs) to conduct areawide studies and implement various regional planning requirements, particularly regional housing needs assessments and regional transportation plans. Many COGs are federally recognized metropolitan planning organizations (MPOs), although there are institutional permutations. For example, in the nine-county San Francisco Bay region, the Association of Bay Area Governments (ABAG) is the COG that prepares the regional housing needs assessment, but the Metropolitan Transportation Commission (MTC) is the region's MPO.

There is increasing legislative and public support for linking land use decisions to transportation policy to help reduce greenhouse gas (GHG) emissions from vehicles. The California Air Resources Board must assign each MPO a GHG emissions reduction target, and then each MPO must prepare

a "sustainable communities strategy" as a component of its regional transportation plan (SB 375, Steinberg, 2008). This strategy is a blueprint for communities to achieve the region's GHG emissions reduction target. If the sustainable communities strategy does not achieve the reduction target, the MPO must prepare an alternative planning strategy.

COGs that are concerned about linking housing, transportation, and other regional concerns want to connect these policy discussions to practical programs that will help regional and local officials create sustainable communities.

Proposed Law

Senate Bill 1445 creates a revenue stream for regional planning agencies and the Planning Advisory and Assistance Council (PAAC) [See 3 and 5 of the bill.] SB 1445 expands the PAAC's membership and duties. [2] The bill affects the duties of the Strategic Growth Council. [4] There are also legislative findings and declarations. [1]

state I. Vehicle Registration Fee . SB 1445 increases the vehicle registration fee by \$1, starting July 1, 2011.

The bill allows the State Department of Motor Vehicles (DMV) to deduct 1% (2% in the first year) of the resulting revenues for its costs. The Department must send another 1% to the Planning Advisory and Assistance Council (PAAC) to pay for its duties. The DMV must distribute the rest of these new revenues to:

- Metropolitan planning organizations.

- Councils of governments outside of metropolitan planning organizations.

- Transportation planning agencies outside of either metropolitan planning organizations or councils of governments.

The DMV's distribution must be based on the amount of the fees collected from registered motor vehicles in these jurisdictions.

II. Regional Programs . SB 1445 spells out how regional agencies spend these revenues.

Metropolitan planning organizations, councils of governments, and county transportation commissions must spend the revenues received from the vehicle registration fees to develop and implement a:

- Sustainable communities strategy.

- Regional blueprint plan (meaning both a sustainable communities strategy and an alternative planning strategy).

- Rural transportation plan element, consistent with the State Department of Transportation's regional blueprint guidelines.

When a metropolitan planning organization and a council of governments jointly prepare a sustainable communities strategy, they must share these revenues.

After the Southern California Association of Governments (SCAG) spends these revenues to prepare its regional sustainable communities strategy, SCAG must distribute the rest of its revenues to a county transportation commission or a subregional council of governments that will prepare a subregional sustainable communities strategy. SCAG must distribute the remaining revenues to the county transportation commissions and subregional councils of governments in proportion to the percentage of total regional revenues attributable to each commission or council's jurisdiction.

SB 1445 allows a metropolitan planning organization, a council of governments, or a county transportation commission and a subregional council of governments to share their revenues with the local air quality management district. The air quality management district must use these revenues to help local and regional governments reduce greenhouse gas emissions by spending the money on efforts that include:

- Help to develop a subregional sustainable communities strategy.

- Help to develop local greenhouse gas emission inventories.

- Help to develop general plan strategies to reduce greenhouse gas emissions.

- Develop and help with the California Environmental Quality Act guidelines and analyses of greenhouse gas emissions.

- Consult and develop local climate action plans.

Consult on projects that reduce greenhouse gas emissions from transportation and land use decisions.

III. Planning Advisory and Assistance Council's Duties .

SB 1445 assigns the PAAC five new duties:

Work with the Strategic Growth Council, regional agencies, cities, and counties to facilitate the implementation of regional blueprint projects.

Facilitate coordination between regional blueprint plans and state growth and infrastructure funding plans by developing proposed recommendations to the:

- o Strategic Growth Council.
- o State Department of General Services.
- o State Allocation Board.
- o State Department of Housing and Community Development.
- o California Transportation Commission.
- o California Housing and Finance Agency.
- o Other state agencies that affect land use, housing, or transportation

Receive reports, including the state's five-year infrastructure plan.

Report to the Legislature on how state agencies implement the state's planning priorities.

Report to the Legislature on regional performance measures that evaluate each region based on the PAAC's criteria for improving the regions' employment, environmental protection, education, housing, mobility, and other criteria.

IV. Planning Advisory and Assistance Council's Members .

SB 1445 changes the PAAC's membership so that it consists of:

Three city representatives, nominated by the League of California Cities.

Three county representatives, nominated by the California State Association of Counties.

Seven representatives of regional planning organizations:

- o One from the Southern California Association of Governments.
- o One who is a member of the governing bodies of both the Metropolitan Transportation Commission and the Association of Bay Area Governments.
- o One from the San Diego Association of

Governments.

- o One from the Sacramento Area Council of Governments.
- o One from the San Joaquin Valley Regional Policy Council.
- o One from the other metropolitan planning organizations or councils of governments, nominated by the California Association of Councils of Governments.
- o One from a regional transportation planning agency that is neither a metropolitan planning organization nor a council of governments, nominated by the California Association of Councils of Governments.

One member of the State Air Resources Board.

One member of the California Transportation Commission.

One member of the State Energy Resource Conservation and Development Commission.

One member appointed by the Assembly Speaker.

One member appointed by the Senate Rules Committee.

One representative of Indian tribes with reservations in California. [2]

V. Strategic Growth Council . SB 1445 requires the Strategic Growth Council to consult with and coordinate its recommendations with the Planning Advisory and Assistance Council within the Governor's Office of Planning and Research.

Comments

1. Connect the dots . California's arrangement for statewide functional planning, regional planning coordination, and local comprehensive planning is haphazard and certainly not the product of conscious design. With more than 40 statewide plans, scores of regional and subregional entities, and 538 local general plans, the result is a swirling mass of institutions and ad hoc arrangements. For more than 70 years, state law has required cities and counties to adopt and follow comprehensive general plans that balance competing values within each community. At the regional level, COGs, MPOs, AQMDs, RWQCBs, LAFCOs, and state-created regional commissions (BCDC, TRPA, Coastal Commission, DPC, DSC)

struggle to make sense out of topics that are

larger-than-local. Within state government, the Legislature conceived of OPR as the hub of a figurative wagon wheel, with the state departments' functional plans as the spokes, and the State Environmental Goals and Policies Report at the rim, holding the parts together. When these institutions don't produce results, legislators create new entities such as SB 375's Strategic Growth Council. SB 1445 dives into this institutional alphabet soup and connects the new Strategic Growth Council to OPR's PAAC. The bill adds three state agencies and two legislative appointments to the PAAC, while giving seats to specific COGs and MPOs. SB 1445 is a brave attempt to make sense out of long-range planning efforts that almost defy description.

2. Plates pay for plans . Successful long-range planning needs a dedicated revenue stream. Unlike other states, California invests no State General Funds to support local comprehensive planning. Cities and counties must rely on their own budgets, augmented by local fees. COGs rely on mixes of federal funds and members' dues. Although Proposition 84 promised \$90 million in local and regional planning support, that's hardly enough to plan properly for a state that will have 50 million residents shortly after 2030. SB 1445 raises about \$30 million a year to fund the preparation of sustainable communities strategies by COGs and MPOs, but cities and counties must still revise their general plans and make land use decisions. The Committee may wish to consider redirecting 2/3 of the new revenues to local planning after the regional organizations finish their initial SB 375 obligations.

and 3. Failed attempts . The new Strategic Growth Council OPR's PAAC are merely the current incarnations of the state government's earlier failed attempts to supervise long-range planning. The first State Planning Commission appeared in 1934, followed by a separate State Planning Board in the Department of Finance (1935), combined into the State Reconstruction and Re-Employment Commission (1943), and abolished in 1947. A new State Office of Planning within the Department of Finance had its own Planning Advisory Committee (1959), followed by a Coordinating Council on Urban Policy (1963), an Intergovernmental Council on Urban Growth (1965), the California Council on Intergovernmental Relations (1969),

and the re-named Planning Advisory and Assistance Council and the Governor's Office of Planning and Research (1970).

Although it hasn't met for years, the PAAC was supposed to advise OPR. SB 1445 ignores OPR and instead converts the PAAC from an advisory body into a state-local planning council with guaranteed revenues. The Committee may wish to consider assigning these new duties and revenues to OPR instead of to the PAAC.

4. Distributing dollars . The DMV gets 1% and the PAAC gets another 1% of the \$30 million generated by SB 1445, while the rest of the new revenues go to the MPOs and COGs to write their sustainable communities strategies. Because the bill's distribution formula relies on where cars and trucks are registered, most of the money goes to SCAG for its six-county region (45%) and to ABAG and MTC for their nine-county region (19%). But the counties in the Sacramento Valley, the San Joaquin Valley, and the Mother Lode may have greater needs for better planning. Instead of distributing dollars based on a fixed formula, the Committee may wish to consider requiring OPR to allocate the state funds based on applications from COGs, MPOs, county transportation commissions, and other planning agencies.

5. No little plans ! One of America's first city planners, Daniel Burnham, famously challenged his colleagues: Make no little plans. They have no magic to stir men's blood and probably will not themselves be realized. SB 1445 makes no plans at all, merely facilitating coordination, requiring more consultation, inserting state officials on the PAAC, and commissioning more reports to the Legislature. For example, the PAAC must grade the regions on their residents' education and employment --- topics that fall far outside the PAAC members' purview. Why should a member of the Air Resources Board judge school performance in the San Joaquin Valley? While sweeping away the current tangled thicket of planning duties and starting over is politically impractical, the Committee may wish to consider whether SB 1445 further entangles state, regional, and local officials without a clear outcome. What's the result that legislators want?

6. Now you see it. Now you don't ? In June 2009, Governor Schwarzenegger called OPR "a total waste," adding that "The Office of Planning and Research ought to be about planning

calls for OPR's elimination, reassigning some of its functions to other state entities. However, the Administration has yet to say what should become of OPR's land use and technical assistance duties. SB 1445 expands the PAAC's duties, but by 2011 there may not be an OPR for the PAAC to advise.

7. Technical amendments . To avoid confusion, the Committee should adopt two technical amendments. First, on page 4, line 27, insert "the" after "of" as recommended by the Senate Engrossing and Enrolling staff. Second, on page 7, lines 27 to 30, substitute language that allocates the fee revenues "based on the amount of fees collected from motor vehicles registered within each jurisdiction" to conform to the formula on page 10, lines 28 and 29.

8. Legislative history . SB 1455 is similar to SB 406 (DeSaulnier, 2009) which the Senate Local Government Committee passed by the vote of 3-2. Governor Schwarzenegger vetoed last year's bill because it allowed MPOs, COGs, and county transportation commissions to impose motor vehicle fees without local voter approval. This year's bill relies on a statewide fee, imposed directly by the Legislature.

9. Double referral . Because SB 1445 increases the state's vehicle registration fee, the Senate Rules Committee has ordered that the bill go to the Senate Transportation and Housing Committee for review, after it leaves the Senate Local Government Committee.

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Support and Opposition (4/1/10)

Support : California Association of Councils of Governments, American Planning Association-California Chapter, Association of Bay Area Governments.

Opposition : Unknown. _