

Report of Council Member Strong's Out of Town Representation during June 2014

By Council Member Fred Strong, City of El Paso de Robles, CA

National Association of Regional Councils (NARC) - Annual Conference/ Exhibition & Board of Directors' meeting (June 8 - 11)

Sunday, June 8th:

Left San Luis Obispo with SLOCOG Executive Director Rob DeCarli at 6:30 a.m. Arriving in Louisville, KY, at 7:20 p.m.

Meeting of the Transportation Committee co-chairs with lead transportation staff (attending as Transportation Policy Chairman) at 8 p.m. The other co-chairs, one representing large metropolitan regions and one representing small/semi-rural regions, were both delayed in their flights so staff and myself had to finalize our sessions' agendas with their concurrence to follow.

Monday, June 9th:

7 a.m. Morning breakfast with the new Executive Director of NARC, the former Deputy Secretary of Transportation for the President of the United States, Joanna Turner.

9:15 a.m. Chaired the Open Session Transportation Committee meeting with updates on the MAP-21 Transportation Re-authorization Bills (Administration version and Senate version), other pending transportation legislation and an open discussion on regional needs around the nation and how they relate to existing and proposed legislation and regulations. Everyone wants more money to address infrastructure, especially failing bridge structures that threaten the safety of the American people and capacity constraints that threaten the economy.

10:30 a.m. Met with Sherry Riklin, Deputy Associate Administrator, Office of Planning and Environment, Federal Transit Administration and Peter Stephanos, Director, Office of Transportation, Performance Management, Federal Highway Administration, on Federal performance rules as the Fed continues to release rules to establish a performance-based approach to transportation planning and project selection. Base lines, geographical differences and special local needs appear to be a major obstacle to establishing any kind of "one size fits all" approach at the federal level.

Noon Lunch with the Lt. Governor Jerry Abramson, also the former Mayor of Louisville, presenting a history and geography lesson on the greatness of Kentucky, actual birthplace of Abraham Lincoln.

1:15 p.m. An hour long session on ways to bring good public health into the planning process for regional (and local) governments. Speakers were from Georgia and Kentucky.

2:30 As Transportation Policy Chair I introduced the session on Federal Transportation Funding and made the presentation on the basics of California's "Cap & Trade" program. The other speakers were all national experts in assessing transportation funding alternatives. The consensus of the group was that the only funding source that a chance of being enacted in this session would be an increase to the Federal Fuel Tax.

My remarks follow:

Cap & Trade
By Councilman Fred Strong, NARC Transportation Committee Co-Chair

The Federal Government has had a “Cap & Trade” program in effect for power plant pollution in the 27 Eastern states since the EPA’s Clean Air Interstate Rule of 2005.

The concept is to regulate the amount of pollution a target source is allowed to emit into the air annually. The target pollution is primarily NO_x, SO₂ and some other Green House Gases (GHG).

The goal is to reduce the amount of air pollution, ozone layer degradation and atmospheric changes we may be able to affect by reducing the amount of pollution we release back to a base line established by law.

The method is to encourage those who create pollution, regardless of the beneficial aspects of their process, service or production to society as a whole, to a target level ... one way or another.

The primary method being used is financial incentives administered, primarily, by government environmental or, specifically, air pollution control regulatory agencies. These agencies can set allowable amounts, administer a small amount of “forgiveness” or seek offsets in money or “trades” with other entities that are causing a significant reduction in emissions.

Emissions are measured in metric tons and a single unit is one metric ton. The target is supposed to be reached within a period of only a few decades. Agencies change the allowable amount to be discharged on a schedule and those who meet a minimum standard for emissions are subject to the “rules”. They are called “covered entities”.

Regulatory bodies can give credits free, sell credits or allow covered entities to arrange an “offset” with another entity exceeding its reduction target or one that is producing a product or performing a service that results in emission reduction.

California today is administering such a program and gradually expanding the industries and covered entities subject to these regulations. It is using the full menu of options already mentioned to incentivize its covered entities to actively seek ways to reach their goals.

The sale portion of the allowances is being done through quarterly “auctions” of credits. That auction price is also currently regulated and set at a minimum of \$10 per ton to a maximum of \$40 per ton.

The money acquired is then, theoretically, used to create emission reduction by various infrastructure and alternative activities funded. Those considered appropriate, at the moment, are rail modernization, high-speed rail, integration of rail systems, sustainable

communities, low carbon transportation, weatherization upgrades and renewable energy, green state buildings, agricultural energy and operational efficiency and water action plans and energy efficiency.

In its auctions to date, California has generated just short of \$1 billion. However, fuel and fuel production are due to be the next covered entities and those auctions, in the next six years, have been projected to produce between \$12 and \$45 billion. New legislation is going through the State Legislature now to determine eligible recipients and allocate the percentage or specific amount of money to be made available for competitive grant funding.

There are differences of opinion concerning eligibility and the relative value of those projects that are determined to be eligible.

All proposals, however, have various aspects and types of transportation at the top of their list. Differences of opinion generally revolve around which area of transportation will create the most effective means of achieving the goal within the specified target time frame.

The primary driver of that discussion is nexus between the source of the funds and the projects to be eligible to offset the covered entities' emissions. This much potential money is drawing a broad spectrum of applicants. Some of these have great difficulty in showing any measurable nexus at all to the source of the funds.

However, this policy area holds significant potential for future funding of America's transportation services and improvements either region by region, state by state or as a national effort.

That was the final session of the day. The evening was spent networking with other officials from around the nation, getting something to eat, preparing for the next day and getting close to eight hours sleep.

Tuesday, June 10th:

7:00 a.m. Continental Breakfast and networking.

8:00 a.m. Regional energy planning with presentations by executives from the Mid-Ohio Regional Planning Commission (MORPC) regarding integration and utilization of various sources of energy available within the region and their relative relationship to air quality planning and economic development.

9:15 a.m. A session on the implementing innovative transportation financing in regions with speakers, and Q&A, with Sylvia Garcia, Chief Financial Officer and Assistant Secretary for Budget and Program Performance of the U.S. Department of Transportation, and Duane Callender, Director of the Transportation Infrastructure Finance and Innovation Act (TIFIA), in the U.S. Department of Transportation's Federal Highway Administration. The session spoke to credit assistance programs as well as Railroad Rehabilitation & Improvement Financing (RRIF)

and Private Activity Bonds (PABs). Assistance is available to those who wish to use these financial tools.

10:30 a.m. A regional representative and Ben Rasmussen, Community Planner at the Volpe Center of the U.S. Department of Transportation presented the latest tools for scenario planning for climate change. I took this opportunity to compliment them on their extensive work on telling us how to discover all of the horrors we may face in the future and to ask when someone was going to start offering alternatives to us on how to avoid or mitigate the consequences of their projections, as well as providing the funding to do something about it. Should we move highways, bridges, rail lines and cities, raise them up, create dikes or what??? We need options for solutions even more than new tools to tell us what has become obvious by strange weather and major disasters.

11:45 a.m. Lunch with a speaker from a major coal advocacy organization who tried to defend the value of coal as an energy and heating source. The presentation was not as well received as many of the others. It seemed that it was more hype than any offering of solutions to the difficulties of safely and cleanly using coal as an energy source. For example, the speaker never differentiated between bituminous and anthracite coal.

1:15 and 2:30 p.m. These sessions dealt with the future of surface transportation options with various experts from around the nation. The first session dealt with autonomous vehicles (driverless cars, drones, etc.) and the effect they may have on our transportation planning and operations. The second session dealt with the national declining rate of vehicle miles traveled by our population. This also brought into question our methods of transportation planning for changing societal attitudes and generational differences due to technology, and how different age groups deal with it, as well as the ways humans interact now and may be expected to do so in the future.

3:45 p.m. The final session of the day presented four student from Appalachia who had attended a school in the bottom 15% of academic achievement as it was transitioning into a new attitude and habit based program of attending and participating in academic endeavors. It was called The Leader In Me and concentrated on developing seven “habits” for success in the workplace by succeeding at home, at school and in society. It was the most heartwarming and moving presentation I have seen in decades. These students and their school, once the habits actually became a part of their life, rose to the 85th percentile among academic achievers in their state. I have brought copies of these “habits” home with me and hope to share them with our school administration and board. They would work anywhere and anytime.

During this session the Executive Directors’ Council met for its annual elections and board meeting. Ron DeCarli was elected to the board of directors at that meeting.

That night was much like the previous one with six members of our leadership, board and council, going to dinner with our new NARC executive director before retiring for the night.

Wednesday June 11th:

7:00 a.m. We started with a continental breakfast prior to the United States Secretary of Transportation, Anthony R. Foxx, (the former Mayor of Charlotte, NC) addressing the meeting at

8:00 a.m. Secretary Foxx's remarks were consistent with what we'd hear from other panelists and his staff earlier. The thing he emphasized is that NARC is the most important group voice that he listens to because it is the only national group voice that represents both expert staff and elected officials from across the nation. He urged us to talk with our own elected officials in Washington D.C. As well as our state's representatives to bring them to the realization that the billions of dollars of infrastructure investment we've made over the past 75 years can not be sustained without repair, maintenance and replacement money. These things must be addressed or we face an uncertain future in the world economy as our ability to compete, produce and deliver products becomes impaired by failing infrastructure. The future of transportation requires flexibility and the integration of all means to move people and things from one place to another. Before he left the conference I was able to give him copies of our inter-city rail information and needs as well as the Legislative Analyst Office's commentary on Cap & Trade. I also laid the ground work for a one on one meeting in D.C. sometime between July and October.

Following that session I did some preparation work for the annual elections and Board meeting. I informed people that I was declining a nomination for Executive Vice President of NARC due to an overwhelming number of other commitments to my wife, my city and my state. I agreed, however, to accept re-election to the Board of Directors and re-appointment as Transportation Committee Policy Chairman.

10:30 a.m. Saw various experts and regional people with experience present us with the challenges of urban "heat Islands". While this is not a problem in Paso Robles or San Luis Obispo County it could be at some time in the future unless we keep this possibility on our radar and plan appropriately to void its consequences.

11:30 a.m. Lunch was the time for presentation of awards for those regions and individuals nominated for outstanding achievement awards. Followed by the election of officers and eligible board members. As expected Gary Moore of Kentucky was elected president, Byron Ryder of Texas was elected president-elect and Ron Shaffer, Mayor of Prarie Village, KS, stepped up to the plate after my withdrawal and accepted the nomination and election as senior vice president. In my case, the representative of Indiana, Michigan, Illinois and Wisconsin nominated me for re-election and the Texas representative seconded my nomination. I was unanimously re-elected to represent the United States and our Territories on the board. President Moore also informed me that he did not want to lose me as Transportation Committee Policy Chair and asked me to continue. I said I would.

3:00 p.m. The Board of Directors met and approved some dues changes to encourage small regions to continue their participation. The budget was approved with an effort suggested to seek sponsor organizations and industries to assist our efforts financially.

As it was too late to get any flight out of Louisville for San Luis Obispo we stayed over that night and enjoyed an evening exploring the downtown area where only a year earlier major destruction had been wrought by rioting students during Spring Break and where law enforcement had now taken over one of the the nearly demolished buildings to put a permanent police presence in the downtown. Their efforts were obvious as there was rarely a place without

a police officer within sight. The downtown was vibrant and exciting. The food and entertainment (jazz, country, rock and roll, etc.) was excellent and the Troll Cave offered 45 different Bourbons on its menu. However, we did not let our curiosity get the best of us in that regard.

Thursday, June 12th:

We left Louisville at 10:30 a.m. and had a flight delay in Chicago which caused us to miss our plane in Phoenix. We were re-routed through Los Angeles and did get home without our luggage which was on another plane.

**CALCOG Board of Directors' Meeting
Sacramento at 10 a.m. Monday, June 16th**

Sunday, June 15th:

Left Paso Robles at about 4 p.m. with SLOCOG Executive Director Ron DeCarli to get a good night's sleep before the board meeting the next morning in Sacramento.

Monday, June 16th:

10:00 a.m. Welcome by President Stan Skipworth, who is leaving office this year, and introductions by members of the board and guests. We were also told that since the State Budget has been adopted the night before and leadership positions were being voted on that day in the legislature, many of our scheduled speakers had cancelled their appearance at our meeting. However, one had graciously agreed to still address us.

10:30 a.m. Assembly Transportation Committee Chairman Bonnie Lowenthal addressed us on the ramifications of the adopted budget upon transportation funding in California. That morning I had received a special email from Washington D.C. And informed the group that just two hours earlier the United States Senate had a bi-partisan Highway Trust Fund Bill introduced calling for an increase in the Federal Fuel Tax. The introduction, however, is no guarantee of passage or of acceptance by the House of Representatives, or the President.

Assemblywoman Lowenthal gave us her take on the progress of funding proposals at the State level and specifically talked about the various opinions on Cap & Trade funding for transportation. I brought up the difficulty in lumping transit and inter-city rail into the same pot as the two are very different by definition and by state rules regarding funding sources for their respective projects. She indicated that she would look into it and try to see that the funding would be distributed as intended.

Noon: We had Paul Mitchell, owner of Political Data, Inc. A company that holds a virtual monopoly on election mailers in the state. He gave us his perspective on the effects, and non-effects, of the top two primary elections and its influence on the November elections. He indicated that the surge of moderate voters that was expected due to the open primary did not materialize. He expressed a belief that this might still happen in future elections as the moderates began to realize how this process has empowered that segment of the political spectrum.

After lunch: The board adopted its annual budget and approved an advocacy agenda for the coming year. Elections were held and Pam O'Connor, Mayor of Santa Monica, was elected second Vice-President. Pam also represents California on the NARC Board of Directors. I was confirmed as a member of the Executive Committee for CALCOG.

Following the meeting I immediately went to the League of California Cities' offices to participate in a conference call on card lot sales tax revenue situs and sharing as well as the beginning of a continued discussion for the future on pirating of sales tax revenues by one city from other cities. The primary issues is one of "situs" as to where the "sale" takes place, or is concluded. It has major differences of opinion, especially by those who have successfully taken other cities' sales taxes for themselves by the point of shipment. This discussion will also deal with the "deals" made between some cities and major corporations to rebate back to them a percentage (frequently 40 - 75%) of their sales tax revenues in appreciation for being named the place where their sales tax collections are to go. I oppose cannibalism and have so stated in meetings and conferences. The rebates authorized by various cities have been calculated by an independent agency at over \$2 billion a year of taxpayers money being returned to enhance corporate profits.

We returned home that evening.

Tuesday, June 17th:

No travel. City Council meeting that night.

Wednesday, June 18th:

1:30 p.m. Leave for Sacramento to attend two days of League of California Cities' policy committee meetings and seek expert advice on issues facing the City of El Paso de Robles.

Arrived that evening and prepared for the next two days of meetings before retiring.

Thursday, June 19th:

8:30 a.m. Breakfast with our City Attorney, Iris Yang, on pressing issues before the city and how some issues inter-relate with state law and regulations.

10:00 a.m. The Revenue and Taxation Policy Committee meeting began. It started with a general meeting of all committees on mutual interest items regarding the Governor's budget update, transportation and public works federal financing, water bond issues, housing element matters, medical marijuana, PERS issues and the League's efforts to train candidates for state office. There were papers distributed on each of these issues and I am making those available directly to every member of the City Council and the City Manager.

11:00 a.m. The main committee meeting began with an additional discussion of the State Budget and proposals for Infrastructure Financing Districts (IFD) proposed by the Governor to begin to replace the Redevelopment Districts he destroyed during his effort to steal over \$2 billion from local taxpayers to balance the state budget.

12:30 p.m. During lunch we heard from Bob Pack a man who lost his wife and two children when a driver high on prescription drugs killed them. His statewide initiative will be on the

ballot in November. His arguments were opposed by a speaker representing organizations attempting to contain health care costs. He wants all doctors and health care providers drug tested periodically with licensing being taken away from any that don't pass the tests. He also wants court awards for non-financial damages to be raised from \$250,000 to over \$1 million in medically caused, primarily or secondarily, death or serious injury cases. His effort is being completely funded by the California Trial Lawyers Association, according to the opposition speaker. Meanwhile dozens of medical and taxpayers organizations are opposing this measure as being too expensive to the average medical insurance policy holder as well as discouraging doctors from practicing in California. The committee voted overwhelmingly to oppose the initiative with three votes against the motion. The committee has 55 members but not all of them were present.

The committee also heard updates on the state water bond proposals and the sales tax working group whose conference call I'd participated in on Monday. The committee also voted to support staff efforts to reform current sales tax law regarding card lock sales and pending legislation in that regard.

The meeting was adjourned at 2:30 p.m.

Following the meeting I went to the California Gaming Commission offices on the north side of Sacramento and had a great deal of difficulty getting anyone to respond because the automated reception area phone wasn't working. Finally, someone came out and offered to help me. They discovered that I was looking for their legal division which is not located at the address on their letterhead but, rather, in the Department of Justice (DOJ) on the other side of Sacramento. I found the address and went there, arriving at 4:35 p.m. (35 minutes before they were scheduled to close). I got stopped at the door by security who tried to reach the person I was trying to reach. He told me she had already left for the day. I asked for her assistant as an alternative and was told that she had also left. He graciously tried to determine exactly what I wanted and came up with three other people who might be able to assist me. Unfortunately they had all left work already that day. He gave me all of their direct line phone numbers, regaled me with some historical stories about the department and sent me on my way.

I went back to the hotel and got ready for a League Partners' evening reception for networking across the street from my hotel. There I ran into former Grover Beach Mayor John Shoals and Mayor Tony Ferrara of Arroyo Grande. I did some legislative networking with people from across the state including one member of the California Transportation Commission who had been very helpful in my getting \$107 million this year for the next segment of Highway 46 East's improvements to the "Y". At the end of the reception I was in deep discussion with, "Arnie", the City Clerk of Antioch whom I've know for nearly a decade now. We continued our discussion into the night in the lounge area of my hotel before I retired to get a good night's sleep.

Friday, June 20th:

I awoke in time to review a number of the agenda items and review the California Water Action Plan, which was on our agenda that day. I also had time to call all of the numbers I'd been given for members of the California Department of Justice involved with card room regulations. None of them were at their desks. All of them asked me to leave a message, which I did.

I proceeded to head down for some breakfast before my meeting when I received a call back from an attorney with the DOJ while I was in the elevator. I asked if I could call back shortly and was told, "Yes." When I got to the entry area I found a vacant table and called back. In the following sequence I talked with three different "experts" in the DOJ about card room regulations and requirements.

I found out that Paso Robles, by state law, cannot have more than six (6) tables in any single card room in the city. However, we can have as many card rooms allowed as we'd like. Further explanation was that we could have 12 tables in two card rooms, 18 tables in three card rooms, etc. The information on numbers of card rooms is moot, however, because there is currently a moratorium on licensing card rooms in the State of California. We also cannot call out legal electronic card devices/machines separately, or differently, from any others. As to table limits they said the limit, if there is one, is up to the local jurisdiction. They were well aware that Texas Hold 'Em games nearly always have no limit on individual bets. Other games vary according to local custom.

Following my conversations with three different members of the Attorney General's Office, DOJ, I went on to my meeting as I had no time left for breakfast.

The General Meeting went much the same as it had the day before. However, since I was the vice-chair of the committee this year I had to be there for the repetition of the information. One "new" piece of information given that day was that The League had just learned that most cities can expect an increase in their PERS costs to rise by 50% over the next five years.

At 11:00 a.m. We went into our separate committee meeting.

We were asked to take a position on AB 2417 which exempts recycled water pipelines in city streets from CEQA if they are less than 8 miles in length and are completed within 18 months of the effective date of the legislation. The committee felt that there should be no time limit on the categorical exemption because, as I pointed out, recycled water is in and of itself an environmental mitigation. The support for the position was unanimous.

The California Water Action Plan was the next topic with Undersecretary of the Natural Resources Agency Janelle Beland and Undersecretary of the Environmental Protection Agency Gordon Burns giving the presentations and doing the Q & A. They explained that this was a suggested program that presented challenges for managing California's water resources with goals of reliability, restoration and resilience. It suggests that working together and continued collaboration is essential to effect the actions presented. The actions fall into ten categories. During Q & A I took a turn to ask why they are called suggestions if the State steps in and takes over our water planning and regulation if we don't take the suggestions presented. I also asked why the plan contains contradictory actions such as increasing surface water storage while also re-establishing stream flow for fish species, reducing water consumption by 50% more than previously mandated but presenting the reductions in mathematical amounts as well as percentages without establishing a "suggested" base line? The plan calls for a "water/energy nexus" so I asked why my written suggestion and testimony regarding a previous plan, that placing solar panels over the State's canals would pay the costs of water delivery and reduce evaporation by up to 80%, wasn't commented on in any manner by the Department of Water Resources nor did I receive any written or verbal response? After pointing out numerous conflicts and apparent contradictions in the plan I asked when we would see some real help such

as funding and projects rather than nice words to address our future water needs as well as the current emergency. I was told that they are working on it. (I would go into significantly more detail here except that time to file this report is too short to do so in an adequate and accurate manner.)

The meeting closed with an information update on eminent domain and pending legislation that we hope to track and comment on if necessary.

The meeting was adjourned to an indefinite meeting at the September annual conference.

I returned home that evening.

My next out of town efforts will involve inter-city passenger and freight rail, transportation generally, energy, economic development, budget and taxation. This will take place in July and September with only one meeting in August.