

CSAC CLIMATE CHANGE WORKING GROUP BACKGROUND MATERIAL

June 2007

INTRODUCTION

CSAC Climate Change Working Group

The focus of the CSAC Climate Change Working Group will be to consider and develop climate change policy statements that would be utilized by CSAC staff as a foundation for lobbying efforts on behalf of counties.

The draft policy statements are to serve as a starting point and will address a wide range of issues that can be revised, added to and/or deleted. The draft policy guidelines developed by the working group will be referred to the CSAC Agriculture and Natural Resources Policy Committee and the CSAC Housing, Land Use and Transportation Policy Committee for review and development of a recommended position to the CSAC Board of Directors. Due to the overlapping nature of climate change issues, the working group is comprised of members from the CSAC Agriculture and Natural Resources Policy Committee and the CSAC Housing, Land Use and Transportation and Policy Committee.

How Does Climate Change Relate to Counties?

While specific impacts of AB 32, California's Global Warming Solutions Act, on counties remain for the most part undetermined, certain early action items have been identified that will impact local governments. Under the state's Climate Action Team (CAT), which is made up of decision makers from various state boards and departments, recommendations are being made to coordinate the state's climate change programs and make further reductions to greenhouse gases, which have the potential of impacting local governments. Additionally, the CAT has established the Land Use/ Smart Growth subgroup of CAT. This group will investigate potential strategies related to smart growth, and examine programs such as the California Regional Blueprint Program, the Local Development / Intergovernmental Review process and transportation planning grants. Local governments have not yet been allowed to participate in this group.

Counties and Climate Change Litigation

On April 12, 2007 the State Attorney General filed a lawsuit against San Bernardino County, shortly after a suit was filed by several environmental organizations, including the Sierra Club and the Audubon Society. The law suit states that San Bernardino's General Plan Update, approved by the County Board of Supervisors in March of 2007, violated the California Environmental

Quality Act (CEQA) by not evaluating and accounting for the effects of global temperatures, air quality and natural resources. While the status of this lawsuit has yet to be determined, it is clear that incorporating climate change into the planning process will be a focus of this administration.

Climate Change-Related Legislation

Numerous climate change- related bills have been introduced for the 2007- 2008 legislative session. These bills would address a variety of different areas and have the potential of effecting land use planning and patterns, solid waste and recycling policies, flood protection, and fleet vehicle operations, to name a few. While the status of many of these bills has yet to be determined, it is clear that legislative and regulatory climate change proposals will affect a number of sectors in which CSAC needs to have policy direction.

Assembly Bill 32: California Global Warming Solutions Act of 2006

On September 27, 2006, Governor Arnold Schwarzenegger signed Assembly Bill 32, the Global Warming Solutions Act. AB 32 establishes a regulatory and market mechanisms program with the goal of reducing greenhouse gas emissions (GHG) to 1990 levels by 2020 (See Attachment One). AB 32 establishes the framework for GHG reductions, appointing the California Air Resources Board (ARB) as the responsible agency for monitoring and reducing GHG emissions, and creates a multi-year program for climate change regulatory action to be implemented and achieved.

The first step of AB 32 implementation requires the development of discrete early action greenhouse gas emission reduction measures. ARB and other state agencies are in the process of identifying early actions items, a list which must be submitted by July 1, 2007 to be implemented by January 1, 2010. These early action items are tiered into three groups, by their feasibility, project readiness, impact, and costs, among other things.

Three proposed regulations meet the criteria for discrete early action greenhouse gas reduction measures. These include the Governor's Low Carbon Fuel Standard, reduction of refrigerant losses from motor vehicle air conditioning maintenance, and increased methane capture from landfills (Group 1). If approved for listing by the Governing Board on June 21, 2007, these measures will be brought to hearing in the next 12 to 18 months and take legal effect by January 1, 2010. ARB is initiating work on another 23 GHG emission reduction measures (groups 2-3) in the 2007- 2009 time period, with rulemaking to occur as soon as possible where applicable.

The following is a summary document; outlining several areas where counties will potentially be impacted by AB 32 early actions and climate-change related legislation. The Group 1, 2, and 3 denotation is based on ARB and CAT early action item priority listings.

I. SOLID WASTE MANAGEMENT

ARB has identified landfill methane capture and waste management as areas for early actions to reduce GHG emissions.

Landfill Methane Capture (Group 1) – As part of the Group 1 early action items, the Integrated Waste Management Board (IWMB) is developing a regulatory measure that will be implemented by ARB and will require landfill gas recovery systems on approximately 41 small to medium landfills that do not currently have them. It will also upgrade the requirements at landfills with existing systems to represent best capture and destruction efficiencies. The California Integrated Waste Management Board (IWMB) is in the process of developing a guidance document for landfill operators and regulators that will recommend technologies and best management practices for improving landfill design, construction, operation and closure for the purpose of reducing GHG emissions. Currently, there are no consistent statewide standards for smaller and other uncontrolled landfills.

Zero Waste/ High Recycling Strategy (Group 2) – The Climate Action Team has identified a zero waste strategy for further GHG emission reductions. In January 2007, the IWMB approved a Scope of Work for a Lifecycle Assessment and Economic Analysis to help identify which materials to focus diversion efforts to achieve both maximum diversion and GHG reductions at the lowest possible cost. Additionally, the IWMB has suggested as part of its secondary action items that local government should focus efforts on requiring commercial and multi-family recycling.

Relevant Legislation: The following is a sampling of bills this session that would impact solid waste management in regards to recycling, tipping fees and landfill diversion rates.

Senate Bill 1020, by Senator Alex Padilla, would require cities and counties to divert 75% of all solid waste on or after January 1, 2012, through source reduction, recycling, and composting activities. Currently, cities and counties are required to meet a 50% diversion rate.

Assembly Bill 1610, by Assembly Member Fabian Nunez, would increase the solid waste tipping fee to \$2 a ton. This bill is a potential vehicle for an emission reduction activities funding source.

Assembly Bill 1021, by Senator Alex Padilla, would authorize the Department of Conservation to expend up to \$15 million for grants to local governments to provide beverage recycling receptacles in multifamily housing.

Assembly Bill 712, by Assembly Member Kevin De Leon, would require a person disposing of solid waste at a disposal facility to pay a fee of \$0.50 for each ton of solid waste submitted for disposal. The operator of the facility would be required to collect the fees and submit the fees to the State Board of Equalization, which would be required to transfer the fees to the Off-Road Solid Waste and Recycling Vehicle Clean Air Account, which the bill would establish within the Air Pollution Control Fund.

Current CSAC Policy as related to Waste Management and Climate Change:

- ✓ CSAC supports policies and legislation that aims to promote improved markets for recyclable materials, and encourages:
 - The use of recycled content in products sold in California;
 - The creation of economic incentives for the use of recycled materials; and,
 - The expansion of the Beverage Container Recycling Program.

- ✓ CSAC shall oppose legislation that:
 - Preempts local planning decisions regarding solid waste facility siting;
 - Preempts local solid waste and AB 939 fee-setting authority; and,
 - Requires burdensome changes to locally adopted plans.

- ✓ CSAC shall support legislation that:
 - Protects local solid waste franchising and fee-setting authority.
 - Provides for the use of performance standards and alternative daily cover for landfills.
 - Requires state facility cooperation with local jurisdiction on waste reduction to meet AB 939 goals.
 - Provides funding for local government recycling programs
 - Further expansion of the Electronic Waste Recycling Act of 2003 (SB 20)

II. FORESTRY

ARB and the CAT have identified the following areas in the forestry sector for early action items to reduce GHG emissions:

Aforestation/Reforestation (Group 2) – According to the National Resources Inventory, a product of the US Department of Agriculture, California loses approximately 60,000 acres of forestlands annually to non-forest uses.

Deforestation has been identified as a major contributor to CO2 emissions. However, when an area is re-forested, trees absorb CO2 and offer significant climate benefits. CalFire and ARB are currently engaged in discussions regarding carbon protocols for reforestation.

Fuels Management/ Biomass (Group 2) – According to the Climate Action Report, actions taken to reduce wildfire severity through fuel reduction and biomass development would reduce climate change emissions from wildfire, increase carbon sequestration, replace fossil fuels, and provide significant local economic development opportunities. Fire management and biomass development projects could be accelerated by establishing a new state goal of thinning, removing, and treating 212,000 acres of public and privately owned forestland annually by 2010, and 275,000 acres by 2020. CalFire is working with the West Coast Regional Carbon Sequestration Partnership to evaluate fuels management and forest conservation management.

Urban Forestry (Group 2) – CalFire is working with the US Forest Services' Center for Urban Forestry Research to develop a protocol for urban forestry, with the goal of adding five million additional trees in urban areas by 2020.

The California Climate Registry (Registry), a non-profit voluntary registry created by California statute, operates a voluntary GHG emission recording and certification program. The Registry has adopted rules to account for carbon emissions and reductions via forest conservation, improved management practices and reforestation. Carbon credits reported and certified by the California Climate Change Registry may be openly traded on the Chicago Climate Exchange, a GHG emission trading system. CalFire is currently participating with the Wildlife Conservation Board and stakeholders in discussions that include looking at opportunities for carbon sequestration in the Proposition 84 forest land conservation program. Additionally, CalFire is conducting a demonstration project at the La Tour Demonstration State Forest to develop protocols and create analysis for a carbon sequestration program.

Relevant Legislation:

Senate Bill 701, by Senator Patricia Wiggins, would create the Forest Legacy Program Act of 2007. The bill would permit the Department of Forestry and Fire Protection, state agencies, local governments, and nonprofit land trust organizations to acquire conservation easements of eligible forest properties. This bill is an extension of the Forest Legacy Program Act of 2000, which expired in 2000.

Senate Bill 572, by Senator Dave Cogdill, would authorize the Department of Forestry and Fire Protection to award grants to the California Fire Safe Council to implement community-based wildfire threat reduction and prevention programs.

Current CSAC Policy as related to Forestry and Climate Change:

- ✓ Forestry: The state must protect and maintain its viable timberland base. To ensure protection of the viable land base, it must become a statewide priority to implement existing policies or adopt new policies that accomplish the following:
 - Encourage sustainable forestry practices through the existing regulatory process;
 - Encourage continued reforestation on private timberlands;
 - Provide new and innovative incentives that will encourage good management practices and timberland retention; and,
 - Support the State Fire Safe Council's mission to preserve California's natural and manmade resources by mobilizing all Californians to make their homes, neighborhood and communities fire safe.

- ✓ Oppose any net increase in state or federal land acquisition, unless otherwise supported by the affected local governments, and all of their issues and concerns are addressed or mitigated to their satisfaction.

- ✓ Biomass: Counties recognize the problems and opportunities presented by biomass waste. The state of California must develop a coherent, integrated biomass policy that will guide regulation and investment for the next 20 years. The state must give highest priority in the near term to the retention of its unique biomass energy industry, which is in danger of disappearing as the result of electric services restructuring and changes in energy markets. By integrating air quality, wildfire prevention and waste management strategies into a statewide biomass policy, California will solve several critical environmental problems and create viable private industries, which will serve the public need.

- ✓ Public Lands: Plans for state and federal public lands shall be coordinated and compatible with local general plans and zoning. Private uses on public federal lands, exclusive of Native American lands, should be required to comply with applicable state and local laws. In addition, counties should be reimbursed for lost tax revenues when land is transferred for non-profit or public uses.
- ✓ Counties should have an opportunity to review and comment on management decisions affecting their economies, general plans and resources. Public participation, including public hearings, should be required in land use planning on public lands to ensure that economic or environmental concerns are addressed.
- ✓ Counties encourage the operation and ownership of land resources under private rather than governmental control. Lands acquired by government or utilities for particular purposes which are no longer essential should be returned to private ownership – with preference to previous owners where possible – and without reservation of water and mineral rights. Small isolated units of publicly held property should be

offered for sale to private operators, with preference to adjacent owners.

III. ENERGY/WATER

The energy sector faces several early actions items proposed by ARB and CAT. Water Efficiency action items have been referred to the Department of Water Resources, and they are in the process of developing standards for projects and programs in regards to water efficiency and conservation.

Load Serving Utilities (Group 2) – In response to Senate Bill 1368, by Senator Don Perata, signed into law in 2006, the California Energy Commission (CEC) and Public Utilities Commission (PUC) have been collaborating on utility procurement practices to address ways to transition away from carbon-intensive electricity sources. PUC adopted its regulation for the investor-owned utilities in January 2007. CEC intends to adopt regulations by June 2007.

Energy Efficient Building Standards (Group 2) – The CEC is currently in the process of developing its Energy Building Efficiency Standards, which it expects to adopt in 2008. CEC plans on conducting public workshops on the regulations in the near future.

Green Building Initiative (Group 2) – The Department of General Services is leading substantial efforts into retro-commissioning state buildings owned and operated by DGS and other departments. There are currently 27 retro commissioning projects underway or completed. At least 21 more buildings will be retro-commissioned during 2007. The Department of General Services joined the Climate Registry on February 9, 2007.

Municipal Utilities Electricity Sector (Group 2) – The PUC and the CEC have initiated a joint proceeding to provide a GHG emissions cap policy guidelines to ARB for California's electricity sector.

Water Use Efficiency (Group 2) – The Department of Water Resources has begun a five year analysis and modeling effort to determine the impacts of climate change on California's water systems. DWR will adopt standards for projects and programs funded through water bonds that would require consideration of water use efficiency in construction and operation. DWR will also be joining the California Climate Registry.

Relevant Legislation: There are several bills this session that would regulate multiple different agencies in regards to energy efficiency and climate change.

Assembly Bill 224, by Assembly Member Lois Wolk, would incorporate projections of climate change into water planning efforts by the Department of Water Resources (DWR). AB 224 would require DWR to include climate change

as a factor in its reports on each of the state's hydrological basins and other reports as applicable. This bill would also require the State to prepare a report that quantifies the energy savings and greenhouse gas emission reductions associated with water supply development.

Assembly Bill 888, by Assembly Member Ted Lieu, would require the California Environmental Protection Agency to develop a set of minimum green building standards for non-residential commercial buildings. The standards would have to meet and encompass, at a minimum, the United States Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) gold rating for new construction and major renovation. A new public sector commercial building constructed on or after July 1, 2012, that is less than 50,000 square feet or greater would be required to meet the adopted standards unless the owner of the building meets criteria, based on economic considerations, developed by CAL-EPA for granting.

Assembly Bill 35, by Assembly Member Ira Ruskin, would enact the Sustainable Building Act of 2007. This bill would require the State Public Works Board, by July 1, 2009, to adopt regulations for sustainable building standards for the construction or renovation of state buildings. The bill would require the regulations to incorporate specified standards described in the United States Green Building Council's Leadership in Energy and Environmental Design, including a certification system based on attaining credits.

Current CSAC Policy as related to Energy/ Water and Climate Change:

- ✓ It is CSAC's policy that the state and the fifty-eight counties should seek to promote energy conservation and energy efficiency. Counties are encouraged to undertake vigorous energy action programs that are tailored to the specific needs of each county. When developing such action programs counties should: (1) assess available conservation and renewable energy options and take action to implement conservation, energy efficiency and renewable energy development when feasible; (2) consider the incorporation of energy policies as an optional element in county general plan; and, (3) consider energy concerns in making land use decisions and encourage development patterns which result in energy efficiency.
- ✓ With respect to alternative and renewable energy sources, the state and counties should encourage use of agricultural, forestry and non-recyclable urban wastes to generate usable energy. They should also take into consideration the other benefits of waste to energy production. Additionally, the state should encourage, and counties should explore, the development of cogeneration projects at the local level.
- ✓ Establish incentives that will encourage the development and use of all alternative energy sources.

- ✓ A key to both the long-term and short-term solution to the energy crisis includes maximization of energy generated from non-price-volatile resources. One generation source is biomass to energy. Construction and operation of such facilities requires sustainable long-term commitments to resource supply and electrical generation purchases at a price that supports resource to energy conversion.
- ✓ Streamline the approval and environmental review process for new power plants and any building using alternative sources of energy.
- ✓ Counties recognize the need for local programs that promote water conservation and water storage. Water conservation may include reuse of domestic and industrial wastewater, reuse of agriculture water, groundwater recharge, or economic incentives to invest in equipment that promotes efficiency.

IV. AIR QUALITY

▪ Transportation

Low Carbon Fuel Standard (Group 1) -- According to the California Energy Commission (CEC), 41.2% of California's GHG emissions come from the transportation sector. ARB has identified GHG emissions reductions from this sector as vital to achieving the goals set forth in AB 32. In addition to AB 32 benchmarks, the Governor signed Executive Order S-01-07 on January 18, 2007, which established the Low Carbon Fuel Standard in California. This Executive Order requires ARB to consider the Low Carbon Fuel Standard for its list of early action items. Consequently, ARB has established a Low Carbon Fuel Standard as one of its early action items, requiring fuel providers (including producers, importers, refiners, and blenders) to ensure that the mix of fuels they sell in California meets, on average, a declining standard for GHG emissions that result from the use of transportation fuel. According to ARB, to reduce GHG emissions suppliers will need to bring lower carbon intensity fuels to the market, including: ethanol, biodiesel, hydrogen, electricity, natural gas, and liquefied petroleum gas and biogas.

Relevant Legislation: Numerous bills this session seek to encourage the research and develop of alternative, cleaner fuels. However, there is one bill that specifically would require counties to account for climate change in their county fleets.

Assembly Bill 236, by Assembly Member Ted Lieu, would require the Department of General Services, in association with the State Energy Resources Conservation and Development Commission and the Air Resources Board to develop and adopt specific standards for all passenger cars and light-duty trucks that are purchased by the state that conform to the California Strategy to Reduce

Petroleum Dependency. Additionally, this bill would require the state to revise its purchasing methodology to be consistent with the new vehicle standards. AB 236 would also require cities, counties and special districts with fleets of 100 vehicles or more to evaluate and utilize the purchasing methodology revised by the Energy Commission in its consideration of vehicle procurement by January 1, 2011.

Current CSAC Policy as related to Transportation/ Air Quality and Climate Change:

- ✓ Air Quality: Counties fully recognize that the reason for clean air laws is to protect the public from the adverse and deleterious health effects of air pollution. Any rules and regulations aimed at improving California's air quality must not be developed without the input of local government. Rule makers must ensure a balance between economic advancement, health effects, and environmental impacts. Counties assert that federal and state agencies, in cooperation with local agencies, have the ability to develop rules and regulations, which implement clean air laws that are both cost effective and operationally feasible. In addition, state and federal agencies should be encouraged to accept equivalent air quality programs thereby allowing for flexibility in implementation without compromising air quality goals.
- ✓ Failure to meet air quality standards may jeopardize federal transportation funding statewide. Counties continue to work closely with congestion management agencies, air quality districts and metropolitan transportation organizations to ensure that transportation planning is coordinated with air quality objectives.

- **Agriculture**

California's Agriculture Industry is experiencing the effect of the climate change momentum in regards to air quality regulations, the emerging market for alternative, cleaner fuels, methane recovery in dairies and feedlots, and carbon sequestration options.

Hydrogen Fuel Standard (Group 1 CAT) – The California Department of Food & Agriculture (CDFA), Division of Measurements and Standards is developing hydrogen fuel standards for use in combustion systems and fuel cells. These standards are to be completed by 2008.

Conservation Tillage and Enteric Fermentation (Group 2) –As part of its secondary action items, CAT has indicated that CDFA will develop and implement actions to quantify and reduce enteric fermentation emissions from livestock and sequester soil carbon using cover crops and conservation tillage.

Dairy Digesters (Group 2) – CDFA is participating in the CCAR process to develop a dairy digester protocol to document GHG emission reductions from these facilities.

Current CSAC Policy as related to Agriculture and Climate Change:

- ✓ Encourage low impact/sustainable agricultural practices

V. LAND USE / PLANNING/ TRANSPORTATION

Smart Land Use and Intelligent Transportation (Group 2) – According to the Climate Action Report, land use and transportation strategies are projected to result in the majority of GHG emission reductions. Measures suggested by the Climate Action Team to achieve these projected reductions include: promoting housing/jobs proximity and transit-oriented development, encouraging high density residential development along transit corridors, implementing intelligent transportation systems, accelerating the development of broadband infrastructure, and comprehensive multimodal and intermodal transportation planning.

Additionally, as part of its 2006 Integrated Energy Policy Report, the CEC proposed several recommendations for land use decision processes and GHG emission reductions. The report stresses local government action and suggests, as part of AB 32 implementation, local governments be required to develop GHG reduction plans. It suggests that the legislature pass legislation requiring local government to incorporate the energy element into their general plans. The CEC will be leading the Land Use/ Smart Growth subgroup of CAT. This group will investigate potential strategies related to smart growth, and examine programs such as the California Regional Blueprint Program, the Local Development / Intergovernmental Review process and transportation planning grants.

Transportation Efficiency (Group 2) – According to the Climate Action Report, The Department of Transportation (Caltrans) will reduce congestion, improve travel time in congested corridors and promote coordinated, integrated land use-transportation decisions through desired regional growth plans and smart land use measures. Caltrans will implement the Strategic Growth plan and infrastructure investment Plan, Regional Blueprint Planning, and the Caltrans Climate Action Program.

Relevant Legislation: Several bills this session address the need to reduce Vehicle Miles Traveled (VMT) and improve transportation planning to achieve a reduction in GHG emissions from vehicle emissions based on ARB targets.

Senate Bill 375, by Senator Darrell Steinberg, would require all transportation plans and projects – from the local level to the federal level – to be consistent with preferred growth scenarios adopted at the regional level, otherwise referred

to as regional blueprints. These preferred growth scenarios would establish areas appropriate for development and those appropriate for protection. The bill's stated purpose would be to provide more compact growth, which would provide for more walkable communities, transit opportunities, significant air emission reductions, and reduced vehicle miles traveled. SB 375 would also provide for various forms of California Environmental Quality Act (CEQA) relief in communities that conform their General Plans to the preferred growth scenario. This measure is mandatory for regions with a population of 800,000 or more and voluntary for those under 800,000 in population.

Assembly Bill 842, by Assembly Member Dave Jones, would provide implementing language for the expenditure of funds from the Regional Planning, Housing, and Infill Incentives Account and the Transit-Oriented Development Account created pursuant to Proposition 1C and from monies in Proposition 84 earmarked for local and regional planning. This bill would limit bond funds to COGS, or Counties that include a reduction of the growth increment of (VMT).

Senate Bill 732, by Senator Darrell Steinberg, would provide the legislation to implement several accounts from the Proposition 84 bond. As related to transportation, this bill would create requirements for the Sustainable Communities section of Proposition 84. SB 732 would create a Sustainable Communities Council charged with, among other things, developing guidelines for regional and local growth plans that would serve as a preferred growth strategy for the region and the basis for all land use allocation and regional transportation plans.

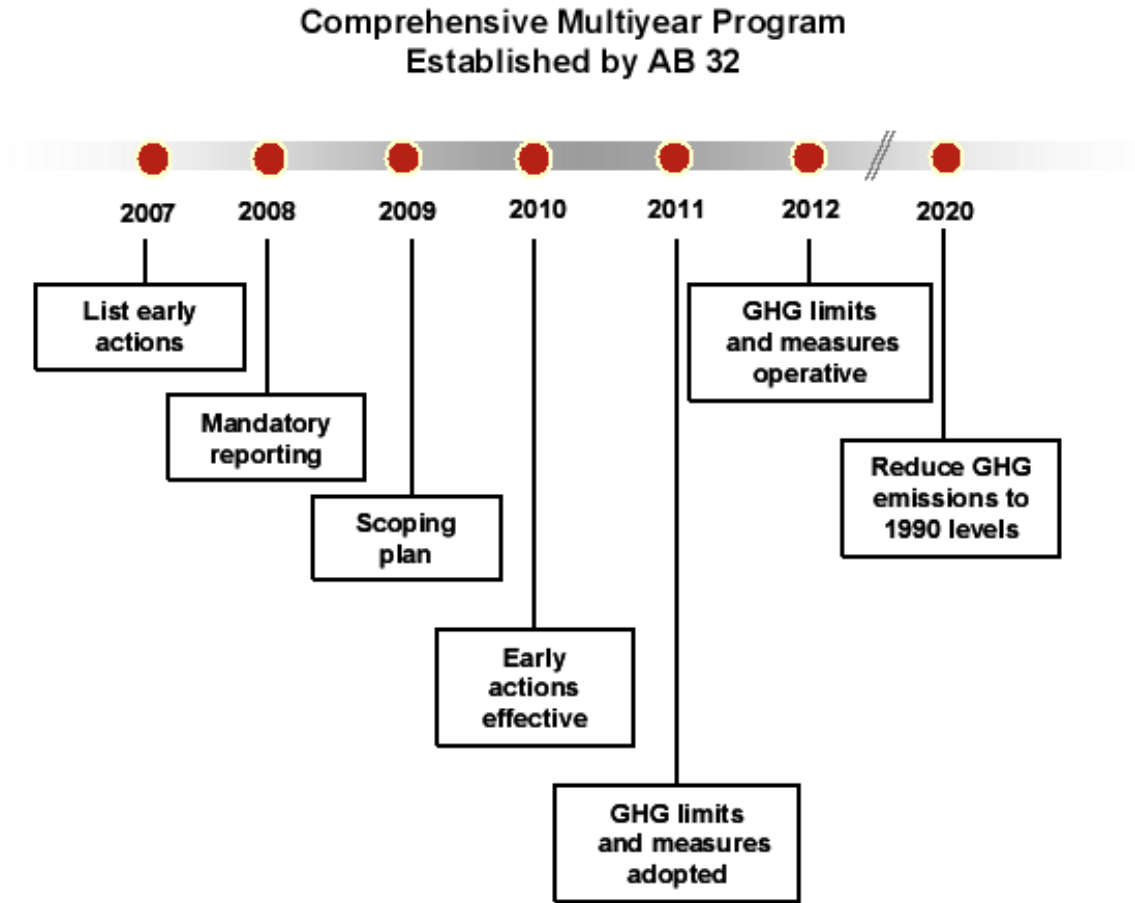
Assembly Bill 1066, by Assembly Member John Laird, would require local governments within the coastal zone or San Francisco Bay to include consideration of the effects of sea level rise and climate change, including, but not limited to, bay and coastal flooding, coastal erosion, beach loss, and cliff failure, when amending appropriate elements of its general plan.

Current CSAC Policy as related to Land Use and Climate Change:

- ✓ CSAC has a smart growth policy for strategic growth that supports encouraging new growth that supports compact development within cities, existing urban communities and rural towns that have the largest potential for increasing densities and that efficiently utilize existing and new infrastructure investment and scarce resources, and strives towards achieving a jobs-housing balance.
- ✓ CSAC existing policy also supports the protection of critical lands when it comes to development recognizing the need to protect agricultural lands, encourages the continued operations and expansion of agricultural businesses, and protect natural resources, wildlife habitat and open space. See Attachment 2 for more on the Smart Growth Policy.
- ✓ CSAC policy also supports providing incentives for regional blueprint and countywide plans to ensure that rural, suburban and urban communities

have the ability to plan for more strategic growth and have equal opportunity to revenues available for infrastructure investment purposes.

Attachment I: AB 32 Implementation Timeline



Group 1: ARB Discrete Early Action Items

To be adopted and made enforceable before January 1, 2010

Number	Sector	Description
1-1	Transportation	Low Carbon Fuel Standard
1-2	Transportation	Reduction of emissions from non-professional servicing of motor vehicle air conditioning systems
1-3	Waste	Improved landfill methane capture

Attachment II: CSAC Smart Growth Policy

SMART GROWTH FROM A COUNTY PERSPECTIVE JUNE 2002

Background

County government recognizes the need to accommodate the expected population growth in the State of California. The Legislative Analyst's Office projects the number of new Californians to be upwards of 560,000 a year—increasing California's total population from an estimated 35 million to 38 million in 2006. In accomplishing this goal, county government also shares in the objective to preserve the quality of life important to the citizens of California. To this end, county government finds itself in a very unique position of responsibility and interest different from other levels of government.

County government shares with city government the unique role of exercising land use authority, while balancing all the important statewide and regional goals and interests, such as: 1) providing a variety of public safety, social and economic programs to both county and city residents; 2) protecting agricultural lands and encouraging the continued operation and expansion of agricultural businesses; 3) protecting natural resources, wildlife habitat and open space, 4) addressing adequate water supply issues; 5) providing affordable housing; 6) protecting air quality; 7) providing adequate transportation; and 8) ensuring efficient use of infrastructure, etc. This constitutionally granted authority to both city and county government requires local elected officials to constantly balance—often times—competing goals.

County government also shares a broader perspective with the State in the role of providing an abundance of services to city and county residents in the areas of health, welfare, criminal justice, and other joint state-county programs. Counties administer state-county programs to residents of both incorporated and unincorporated portions of the county. Often, however, revenues for provisions of these state-county programs are derived exclusively from unincorporated areas of the county. Additionally, a fiscal burden is placed on counties when growth occurs within cities that demands services without providing sufficient revenue, particularly since counties are more limited in their ability to raise revenues. Conversely, land use decisions by cities to restrict growth and potentially direct growth elsewhere places pressures on the county to develop in the unincorporated areas. To county government this population growth means not only recognition that California needs to construct approximately 220,000 housing units a year—the number analysts predict to be necessary to accommodate the demand—but also the recognition that these new residents will demand county services.

Thus, CSAC’s interest in “smart growth” inextricably links and reflects counties dual role as land use decision makers and service providers to the citizens of California. The following important policy considerations are provided from that perspective.

Important Policy Considerations

- 1. Loss of Property Taxes and Situs Distribution of Sales Taxes Contrary to Smart Growth Objectives**—The diminished property tax revenues to cities and counties and current situs distribution of sales tax revenues is at the root of recurring inappropriate land use decision making. A more advantageous approach would be the distribution of growth on sales tax on a basis other than situs for the county and all cities within the county. A per capita distribution would be more equitable. This situation must be corrected in order to promote “smart growth” principles, such as compact development, promotion of affordable housing, preservation of agricultural land, encouraging the continued operation and expansion of agricultural businesses, and protecting natural resources, wildlife habitats and open space.
- 2. Property Tax Loss Promotes Sales and Transient Occupancy Tax Development**—The diminished property tax revenues to counties provide an impetus for counties to approve land uses that contribute high proportions of sales tax and transient occupancy tax. Counties recognize the effect on city revenues and service costs.
- 3. Support for Local Agreements**—Cities and counties must strive to work together to accommodate the anticipated growth in California and ensure the most efficient use of our limited infrastructure and resources and an equitable distribution of revenues.
- 4. Revenues from Growth Must Match Service Responsibilities**—Counties and cities must strive to promote efficient development in designated urban areas in a manner that evaluates all costs associated with development on both the city and the county, and which evaluates responsibility for providing new services required by growth.
- 5. Priority Areas for Growth**—Encourage new growth that supports compact development within cities, existing urban communities and rural towns that have the largest potential for increasing densities and that efficiently utilize existing and new infrastructure investments and scarce resources, and strives towards achieving a jobs-housing balance.
- 6. Critical Lands for Protection**—Future development should also respect the need to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, and protect natural resources, wildlife habitat and open space.
- 7. New Growth Areas & Infrastructure Investment Necessary As Well**—High density development within existing urban areas will only meet a portion of the

future population needs, thus investment in major new infrastructure will be necessary to meet housing demands, and in some cases to avoid expansion of existing urban areas into prime agricultural lands.

8. **The Rural California Equation of Smart Growth**—Counties that have adopted local programs or policies to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, protect natural resources, wildlife habitats and open space, and direct growth within their cities are fulfilling an important role in the “smart growth” equation. This rural California role must be recognized and will need sufficient revenues to accomplish these goals.
9. **Counties Not Urbanizing Must Receive Adequate Revenues**—Support for growth patterns that encourage urbanization to occur within cities must also result in revenue agreements that consider all revenues generated from such growth in order to reflect the service demands placed on county government. As an alternative, agreements could be entered into requiring cities to assume portions of county service delivery obligations resulting from urban growth.
10. **Williamson Act Critical**—The retention of and adjusted increase in Williamson Act Agricultural Preserve Subventions is critical to the principles of good land use practices and the prevention of sprawl.
11. **Mediation**—A mediation process should be established to resolve land use conflicts and disputes between neighboring jurisdictions in order to avoid punitive statewide legislation that has unanticipated and adversarial consequences on other local governments.
12. **State Role**—The State must develop a process to ensure horizontal consistency by coordinating policies, planning, regulations, and directives amongst the various state agencies and departments. Further, Statewide planning through coordination between the various state agencies to develop a State Capital Improvement Plan, which would direct the investment of state infrastructure dollars would also assist local governments in their efforts to efficiently utilize local infrastructure monies and direct growth in a more efficient manner. A State Goals and Policy Report would also assist local governments to this end. Lastly, the State must recognize the importance of providing adequate resources to cities and counties to meet the existing and any future State mandated planning requirements.
13. **School & Special District Consistency with Local General Plans**—Support the consistency of school and special district plans and facilities with local general plans to ensure a coordinated approach toward growth.
14. **Retention of Revenue Neutrality**—Preservation of new city incorporation revenue neutrality with some procedural improvements.

In summary, “smart growth” discussions must consider: 1) local internal county-city relationships; 2) provision of adequate funding for growth in county program obligations

for all citizens of the county; 3) responsibility of cities and counties to participate in coordinated planning; 4) support for the continued preservation of agricultural lands and to encourage the continued operation and expansion of agricultural businesses, 5) protection of natural resources, wildlife habitat and open space; 6) retaining revenue neutrality for new city incorporations; and 7) development of locally-based land use dispute resolution procedures.

Resources

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