



San Gabriel Valley Council of Governments

Date: April 30, 2013
To: Governing Board Delegates and Alternates
From: Andrea Miller, Executive Director

RE: APRIL 2013 GOVERNING BOARD MEETING HIGHLIGHTS

Below please find a summary of the major action items at the last Governing Board meeting. This should be used to provide an update to your colleagues regarding recent SGVCOG activities.

2012 CLIMATE CHANGE BUSINESS JOURNAL AWARD FOR PROJECT MERIT: ENERGY EFFICIENCY

During 2011-12, the COG partnered with PMC to complete Energy Action Plans for 27 participating cities. The Climate Change Business Journal (CCBJ) awarded the COG's Energy Action Plan project its 2012 Climate Change Business Journal Award for Project Merit: Energy Efficiency.

The CCBJ, a business research publication that provides strategic intelligence to the climate change industry, recognized the groundbreaking project for its regional approach to energy planning. The project—undertaken with funding from Southern California Edison (SCE) — helped 27 cities in the San Gabriel Valley complete greenhouse gas (GHG) emissions inventories and Energy Action Plans. With these efforts, cities were able to inventory their current energy usage, project their future usage and develop strategies to reduce usage. In total, the 27 plans had a combined total goal of reducing GHG emissions by more than 700,000 metric tons, identified 1.1 billion total kilowatt-hours (kWh) in community (residential and non-residential) reductions and 8.2 million kWh in reductions in municipal facilities. With participation from cities across the region, SGVCOG was able to take advantage of the coordination benefits of a regional approach, develop a regional framework, and provide individualized GHG inventories and Energy Action Plans for each of the participating cities.

At the meeting, Phil Carter, President of PMC, and Tammy Seale, Project Manager, presented the SGVCOG with the award from the Climate Business Change Journal.

SOUTHERN CALIFORNIA EDISON (SCE) SAN ONOFRE NUCLEAR GENERATING STATION (SONGS)

The San Onofre Nuclear Generating Station, located in northwest San Diego County near San Clemente has not been operating since January 2012, when, during a planned, routine inspection,

engineers found a small number of isolated areas of tube wear in the steam generators, which are made up of thousands of tubes through which heated water passes to create steam that turns the turbine to create electricity, in one of the two operating units (Unit 2). Engineers plugged the tubes that showed wear or susceptibility of wear, and the Unit remained offline. In a separate inspection, at the end of January 2012, engineers then detected a small leak in one of the steam generator tubes in the second of the two operating units (Unit 3). Unit 1 was a smaller unit that was taken out of operation in 1992. The amount of radiation detected was equal to the approximate amount of radiation that is released by a smoke detector in one year. While these two events were unrelated, SCE decided to wait until the problems with Unit 3 were addressed before restarting Unit 2.

Since that time, SCE has been working with a team of nuclear experts from around the world and has conducted more than 170,000 inspections on both Unit 2 and Unit 3. Based on its extensive inspections and research, SCE has determined that at this point, it will not start Unit 3 indefinitely and, as a result, fuel has been removed from the Unit. In Unit 2, there is only a single pair of tubes in the steam generators that showed minor signs of what are considered potential indications of tube-to-tube wear. SCE and independent companies from around the world with expertise in nuclear generation have determined that Unit 2 is safe to operate. SCE submitted a detail analysis of the problems found in both Units and has submitted its restart plan for Unit 2 to the Nuclear Regulatory Commission (NRC). The Plan proposes to restart Unit 2 at 70% and operate it at that capacity for five months and then, conduct additional inspections.

The NRC is currently reviewing the proposal and plans to release its decision as to whether to approve or deny SCE's request in late May. The NRC will also hold a public meeting in mid-May here in Southern California regarding the status of the review.

The San Onofre plant is the largest source of baseload generation and voltage support in the region – providing power twenty-four hours a day, seven days a week regardless of weather conditions – and produces 19% of the power used by SCE customers. When operating, it generates 2,200 megawatts of power, meeting the needs of needs of 1.4 million homes and businesses at one point in time. During summer 2012, SCE took a number of steps to meet the reduced power supply: transmission lines were upgraded; two retired natural gas electrical generators – the Huntington Beach Power Station and Encina Power Station – were brought back online to meet at least some of the demand. Residents and businesses conserved tremendously and there were mild summer weather conditions, putting less demand on the grid. However, SCE has decided not to operate the Huntington Beach and Encina Power Stations this summer, and weather conditions could be more extreme. If it is a hot summer, placing a high demand on the electrical grid, and the San Onofre Station is not operating, outages could impact the San Gabriel Valley.

Motion: The Governing Board adopted a Resolution in Support of re-starting Unit 2 at the San Onofre Nuclear Generating Station, Unit 2.

SCE TEHACHAPI RENEWABLE TRANSMISSION PROJECT (TRTP)

To meet Senate Bill 1078 (Sher), which requires all investor-owned utilities to increase their sale of energy obtained from renewable energy sources by at least 20% by December 31, 2017, in 2009, the California Public Utilities Commission (CPUC) certified the Final Environmental Impact Report (EIR) and approved SCE's request to construct eight segments (Segments 4-11) of the Tehachapi Renewable Transmission Project (TRTP). Segments 4-11 will stretch from the Tehachapi Mountains in Kern County through Antelope Valley, the San Gabriel Mountains, and San Gabriel Valley to the Mira Loma substation in Riverside County. When completed, the TRTP will provide access to up to 4,500 megawatts of renewable energy to Los Angeles and San Bernardino counties, primarily from the Tehachapi Wind Resources Area.

Throughout the development of the draft EIR – and since the final EIR's certification – the City of Chino Hills expressed concern about the segment that was designated as the environmentally superior route – Segment 8A – a 3.5 mile stretch that follows an existing 150 foot SCE right-of-way through the City. Specifically, Chino Hills's concerns are that (1) the existing right-of-way was designed for 220-kV transmission lines and is too narrow for the proposed 500-kV transmission lines, (2) that the DEIR-designated environmentally superior path would be located within 500 feet of 1000 homes, and (3) that the TRTP transmission lines would carry what City officials believed to be levels of electricity that were unprecedented in the state.

Despite initially approving SCE to move forward on construction on the environmentally superior route, in November 2011, after the City of Chino Hills unsuccessfully challenged the decision in San Bernardino County courts and filed a partial stay of the decision with the CPUC, the CPUC directed SCE to stop construction and prepare testimony on five alternatives, including undergrounding the high-voltage power lines. Since that time, the CPUC has ordered SCE to undertake preliminary engineering studies and begin preparations for undergrounding the power lines while deciding whether SCE should be required to underground the lines. SCE estimates that undergrounding the three miles of lines in Chino Hills would cost an additional \$400 million to \$1 billion.

There are several concerns related to undergrounding the line: the only underground 500-kV transmission lines are located in China and Russia; it is much more difficult to identify and repair power outages in underground lines – especially at the depth of 100 to 400 feet, at which, due to the topography of the area, the lines would be installed; the additional costs of undergrounding the line would be spread across all SCE ratepayers.

Several representatives from the grassroots organization Hope for the Hills, a community group that is challenging the project because of its impacts on Chino Hills and the potential health impacts on the Chino Hills residents, spoke in public comment, urging the SGVCOG to delay a decision until meeting with Chino Hills City staff and visiting the site of the lines.

The Governing Board directed staff to (1) meet with the City of Chino Hills staff, (2) clarify the numbers that were provided by the representatives from Hope for the Hills, and (3) conduct additional

research on whether the undergrounding is feasible. The Governing Board will consider the item again at its May meeting.

CALL FOR NOMINATIONS

At its April meeting, the Governing Board opened nominations for all open appointments. Open appointments are as follows:

- ✓ SGVCOG Officers: 4 positions – President, 1st Vice President, 2nd Vice President, and 3rd Vice President – are open to all current SGVCOG Governing Board delegates only.
- ✓ SGVCOG Policy Committees: Open to SGVCOG Governing Board delegates/alternates, city managers, and city/county staff members. Each city may have both a representative and alternate for each committee; however, each city is allowed only one vote. The COG’s three standing policy committees are follows: Transportation; Energy, Environment and Natural Resources (EENR); Housing, Community and Economic Development (HCED)
- ✓ SCAG Policy Committees: Open to any City Council member. The COG appoints seven additional representatives for SCAG’s three policy committees: Transportation (2); Energy and the Environment (2); and Community, Economic, and Human Development (CEHD) (3)
- ✓ Rivers and Mountains Conservancy (RMC): The COG has two seats: one representing the rivers and one representing the foothills. The COG is currently accepting nominations for the rivers seat. The position is open to all Governing Board delegates representing one of the Rivers cities, listed as follows:

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| • Alhambra | • Covina | • Industry | • Monterey Park | • San Marino |
| • Arcadia | • Diamond Bar | • Irwindale | • Pomona | • Sierra Madre |
| • Azusa | • Duarte | • La Puente | • Rosemead | • South El Monte |
| • Baldwin Park | • El Monte | • Monrovia | • San Dimas | • Walnut |
| • Claremont | • Glendora | • Montebello | • San Gabriel | • West Covina |

- ✓ League of Cities: The COG has one appointment to the League and its Executive Committee, which is responsible for serving as the liaison between the two agencies. This position is open to all SGVCOG Governing Board delegates and alternates.
- ✓ Gold Line Foothill Extension Authority: The COG has 2 positions on the Authority (delegate and alternate) and both are open to Governing Board delegates and alternates.

MAY GOVERNING BOARD MEETING DATE

The regularly-scheduled May Governing Board meeting would be held on Thursday, May 16. However, the California Contract Cities Association will be holding its annual municipal seminar from Thursday, May 16 to Sunday, May 19 in Indian Wells, and several Governing Board members will be attending.

Motion: The Governing Board voted to move the May Governing Board meeting to Thursday, May 30. The location is still being determined.

WESTERN RIVERSIDE COG CALIFORNIA HERO PROGRAM MEMORANDUM OF UNDERSTANDING

California HERO is a residential and commercial PACE program that was developed by the WRCOG, which allows willing property owners to enter into contractual assessments to finance the installation of renewable generation products, energy efficiency improvements, and water conservation improvements that are permanently fixed to the property owner's residential, commercial, industrial, or other real property and repay the loan as an item on the property owner's property tax bill. Rick Bishop, Executive Director of Western Riverside COG, had presented at the Governing Board's March meeting, and the Governing Board directed staff to present the Memorandum of Understanding (MOU) between WRCOG and SGVCOG at the April meeting. The MOU would require the SGVCOG to promote the program to its cities and for every \$10 million of projects that was allocated in the region, the SGVCOG would receive \$5,000.

Motion: The Governing Board voted to adopt the California HERO Program MOU with WRCOG. SGVCOG staff will be distributing information packets to all cities about the program in the coming weeks.

ACE JOINT POWERS AUTHORITY – FEASIBILITY ANALYSIS AND DRAFT PROJECT TRANSFER AGREEMENT

At its October 30, 2012, meeting, the Governing Board directed “the SGVCOG staff, City Managers, and SGVCOG legal counsel to move forward the exploratory process and discussion using a responsible, prudent and systematic method to consider the issues raised by legal counsel, including: a) is the separation of ACE from the SGVCOG a good idea?; b) independent financial analysis; c) financial agreements from 1998 to present; and d) SGVCOG assessment of any liabilities.”

Since that time, the City Managers Steering Committee has been reviewing the documents and working with COG and ACE staff and the COG and ACE Counsel to address all of the potential issues related to the proposed separation. Because of the complexity of the matter, the City Managers Steering Committee still has a few remaining issues to clarify with COG General Counsel and recommended the Committee have one additional month to complete their review and make a recommendation to the Governing Board at its May meeting.

Motion: The Governing Board voted to continue the matter to the May 2013 meeting so that the City Managers Steering Committee could review and analyze of the draft Project Transfer Agreement.

AMENDMENT TO MEASURE R

Measure R was passed by voters in 2008, providing \$40 billion in traffic relief and transportation upgrades over the next thirty years. In order to implement Metro's 30/10 Policy, which seeks to complete the second and third decade projects in the next ten years, in January 2013, the Metro Board authorized staff to develop a financial plan to accelerate or advance funding .

Metro staff has proposed an amendment to the Measure R Ordinance with two funding requirements for accelerating specific transit projects:

- ✓ Metro executes federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loans and
- ✓ Metro executes a TIFIA Master Credit Agreement of at least \$4.0 billion and Full Funding Grant Agreements (FFGAs) of at least \$1.9 billion

If this funding is secured for one or more of the 12 transit projects, then the funds available dates for 5 of the transit projects will be accelerated, 2 of which are located here in the San Gabriel Valley and were included in the COG's Transportation Priority Matrix. The funds available beginning for the Gold Line Eastside Extension Phase 2 would be amended from FY 2022-2024 to FY 2013-2024, and for the Regional Connector, the dates would be amended from FY 2014-2016 to FY 2013-2016. If the required loan agreements are not executed, the dates would not change.

Motion: The Governing Board voted to support the Metro Board issuing the notice of intent to enable the Measure R amendment. The Metro Board approved this motion at its April 24 meeting. The Governing Board also plans to consider the matter further at a future meeting.

SB 391 (DESAULNIER)

SB 391 (DeSaulnier) – the California Homes and Jobs Act of 2013 – would impose a \$75 fee on the recording of each real-estate document, except those related to home or commercial property sales in California. Eligible documents include but are not limited to deeds, UCC financing statements, liens, maps and covenants, conditions and restrictions. The fees collected would be sent quarterly to the State Department of Housing and Community Development for deposit in the newly-created California Homes and Jobs Trust Fund. The Legislature may then appropriate these funds for the development, acquisition, rehabilitation, and preservation of low- and moderate-income housing, including emergency shelters, transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is anticipated that SB 391

(DeSaulnier) would create an estimated 29,000 jobs annually, primarily in the construction sector. Based on recording data from previous years, it is estimated that this bill will generate an average of \$525 million per year, ranging from \$300 million in low volume years to \$750 million in high volume years. This sustained funding stream for affordable housing would replace a portion of the \$1 billion that was generated by redevelopment agencies, which were required by State law to set aside of 20% of tax increment for affordable housing.

Motion: The Governing Board voted to adopt a Resolution of Support for SB 391, provided that the majority of the money collected is allocated proportionately to local jurisdictions and directly returned to them to replace a portion of the affordable housing funds lost with the dissolution of redevelopment.

Should you have any questions, please contact the SGVCOG offices at (626) 457-1800.

c: City Managers TAC
Public Works TAC
Planning Directors TAC