

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor John J. Benoit

SUBMITTAL DATE:
February 16, 2010

SUBJECT: Resolution No. 2010 – 084 Requesting that the Governor Suspend Implementation of the California Global Warming Solutions Act of 2006 (AB 32) and Associated Statutes and Policies

RECOMMENDED MOTION: That the Board Adopt Resolution No. 2010 - 084 and approve the Chair's transmittal letter to the Governor

BACKGROUND: Passed in 2006, the California Global Warming Solutions Act (AB 32) directs the state, principally the California Air Resources Board, to adopt regulations limiting greenhouse gas emissions and to monitor compliance with and enforce those regulations. AB 32 explicitly grants the Governor the authority to "adjust the applicable deadlines...for the state in aggregate" in the "event of extraordinary circumstances, catastrophic events, or threat of significant economic harm."

Riverside County has established a credible leadership role in protecting the environment and providing frameworks for sustainable development, and fully supports the goals of AB 32 and its implementing legislation. While providing the housing needed for Southern California, Riverside County has led the way in acknowledging a commitment to the environment for future generations, with the development some of the first and largest Multi Species Habitat Conservation Plans (MSHCPs). The General Plan adopted in 2003 is widely acknowledged and recognized for its innovative concepts in land use planning, with the inclusion of framework for transit oriented and multi-use development strategies. Many of the strategies and outcomes arising from AB32 and its related regulations and policies mirror both growing trends in local development and local planning efforts predating that regulation. Riverside County is processing master planned communities that incorporate higher densities, promote walkable communities and provide transit linkages that foster public transportation, which in turn reduces vehicle miles traveled, creates health Communities and improves air quality.

(continued on pages 2-4)



John J. Benoit
Fourth District Supervisor

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However, at the time AB 32 was signed, the unemployment rate in California was 4.8% and 5.0% in Riverside County. In the subsequent four years, the State has been hit by a global recession of a severity surpassed only by the Great Depression of the 1930's. California's unemployment rate, currently 12.1%, is now nearly triple that of 2006. In Riverside County unemployment is currently at 14.3% and in San Bernardino County it is at 13.6% (EDD, January 2010). These rates exceed even the 10.0% rate of the US as a whole and clearly indicate economic difficulties for the residents of Riverside County and the entire State of California.

The Inland Empire has been an epicenter for economic losses associated with the collapse of the housing industry nationwide. Since 2006, the median home price in Riverside County has declined 60% and forecasts for 2010 estimate additional losses. This loss in assessed values has led to significant cuts in the amount of property tax revenues collected by local cities and counties, particularly in the Inland Empire. In addition, the concurrent severe drop in construction activities for both residential and commercial structures throughout the region have also led to significant job losses and severe drops in the generation of impact fees and building permit fees that provide revenue to local governments.

Development in Riverside County: Historically, development in Riverside County was fueled by its proximity to the more urbanized coastal communities with their need for affordable housing, leading to an overabundance of bedroom commuter communities. Regional growth forecasts and development patterns throughout Southern California guarantee that Riverside County will continue to grow from its current population of 2.1 million, to 3.5 million by 2035, which emphasizes the demand for additional housing and jobs.

A key to the transformation of the existing and future communities and their environs into the sustainable, environmentally friendly ones needed to meet the AB 32 goals is the creation of local jobs, to sever the need for energy and time draining daily commutes.

SB 375 directly focuses on the minimization of the "vehicle miles traveled" (VMTs) that constitute one of the primary sources for Green House Gas emissions, and the County fully supports this goal. Fortunately, Riverside County has a unique potential for the development of "Green" jobs, particularly in the area of alternative energy, to meet this need and is poised to play a major role in meeting the goals of Governor Schwarzenegger's Executive Order S-14-08, which orders expanded renewable energy portfolios for electricity providers, by virtue of our wind, sunlight and geo-thermal resources.

Unfortunately, several studies now predict that implementation of AB 32 will cost small business billions of dollars, further slowing economic recovery and that essential job creation. In a report released by the Legislative Analysts Office (LAO) on February 2, 2010¹, it was stated "... the suspension of AB 32 regulations might allow some businesses to avoid significant investments they might otherwise be mandated to make in new energy technologies. This could potentially lead to larger net profits for these firms, at least in the short term, than would otherwise occur. To the extent that such impacts occurred, the state could collect greater state corporate tax revenues than would otherwise be the case."

Suspension of implementation could directly affect the average consumer, and through them the overall economy. In the same report noted above, the LAO indicated that "Similarly, the suspension of the proposed cap-and-trade regulations could result in lower energy prices for consumers, including state and local government agencies that are large consumers of energy, than would be the case if AB 32 regulations were allowed to take effect. These lower energy prices, in turn, also would have positive economic impacts on the state. As a result, the measure would likely have a positive impact on state and local government revenues, at least in the near term."

On a more local level, we continue to hear references to regulations of and within the State as an obstacle to employment opportunities moving to or expanding within our County. Therefore, we cannot support further implementation of laws that at any level discourage local job creation.

Costs of Implementation: In addition to slowing economic recovery and job growth, the direct cost to local government for the regulations cannot be ignored, especially in this era of fiscal crisis. AB 32 costs local governments in terms of manpower and scarce funds as cities and counties struggle to review and evaluate multiple proposals and decisions, and to develop coherent implementation plans to address the still evolving regulatory directives issued by the various State agencies with a stake in implementing AB 32.

CONCLUSIONS: Riverside County is committed to fulfilling its responsibilities to our residents and future generations of our County, the state and the world at large. Likewise, we endorse goals of environmentally friendly development and efficient, sustainable land use planning.

¹ The Californian Jobs Initiative, A.G. File No. 09-0105 referenced at <http://www.lao.ca.gov/ballot/2009/090852.aspx>

We are not, however, convinced that the directive approach of the existing implementation strategies will be more effective than incentive or outcome based approaches more suitable for the projected development patterns of Riverside County. We believe that there is ample evidence that the market has identified and will promote sustainable development patterns consistent with the goals of AB32. Based on our existing built environment, we believe that there can be a role for large, sustainable "Master Planned" communities outside of existing developed areas to meet our responsibility to the future, despite the external emphasis on infill development alone.

Development, whether new, "infill" or redevelopment is essential for the physical changes needed to meet AB 32s goals. We believe any actions which inhibit or delay the economic recovery of the State and the region are detrimental to that development, and are the basis for the well thought inclusion of the language allowing suspension of the implementation.

The above data clearly point to a condition of extraordinary circumstance within the State of California as contemplated within Assembly Bill 32. Should Assembly Bill 32 be implemented at this time, it is highly likely to lead to significant economic harm in the form of continued adverse economic impacts to employment, housing growth and revenues to State and local governments. Thus, in the interest of hastening an end to the State's recession, limiting stagnation of employment growth and stimulating the State's housing industry and overall economy, it is crucial that the Governor take the recommended action immediately.

2 RESOLUTION NO. 2010 - 084
3 REQUESTING THAT THE GOVERNOR SUSPEND IMPLEMENTATION
4 OF THE CALIFORNIA GLOBAL WARMING SOLUTIONS ACT OF 2006 (AB 32)
5 AND ASSOCIATED STATUTES AND POLICIES

6 WHEREAS, the California Global Warming Solutions Act of 2006 (AB 32) directs the State,
7 principally the State Air Resources Board, to adopt regulations limiting greenhouse gas emissions and to
8 monitor compliance with and enforce those regulations; and,

9 WHEREAS, AB 32 explicitly grants the Governor authority to “adjust the applicable
10 deadlines...for the [S]tate in the aggregate” in the “event of extraordinary circumstances, catastrophic
11 events, or threat of significant economic harm”; and,

12 WHEREAS, at the time AB 32 was chaptered, the unemployment rate in California was 4.8%
13 and the unemployment rate in Riverside County was 5%; and,

14 WHEREAS, in the past four years, the State has been hit by a severe global recession, surpassed
15 only by the Great Depression of the 1930’s; and,

16 WHEREAS, as a result of the recession, the current unemployment rate in California is 12.1%,
17 nearly triple that of 2006, and the current unemployment rate in Riverside County is 14.3% (EDD,
18 January 2010); and,

19 WHEREAS, these unemployment rates exceed the 10.0% unemployment rate in the US as a
20 whole and clearly indicate economic difficulties for State residents and, more particularly, Riverside
21 County residents; and,

22 WHEREAS, the nationwide collapse of the housing industry has also severely affected Riverside
23 County, causing median home prices to decline 60% since 2006; and,

24 WHEREAS, 2010 forecasts estimate an additional decline in home prices; and,

25 WHEREAS, the decline in home prices has significantly reduced revenue collected by Riverside
26 County in the form of property taxes; and,

27 WHEREAS, the concurrent decline in construction activity has also significantly reduced
28 revenue collected by Riverside County in the form of development fees; and,

1 WHEREAS, several studies now predict that implementation of AB 32 will cost small business
2 billions of dollars, further slowing economic recovery and job creation, and creating a stifling regulatory
3 environment; and,

4 WHEREAS, the additional costs and obstacles to business by the immediate implementation of
5 AB 32 may deter the development of the new local job opportunities that are essential to meeting the
6 broader goals of AB 32; and,

7 WHEREAS, the State Legislative Analyst's Office, in reviewing the "California Jobs Initiative",
8 has recently indicated that suspension of AB 32 implementation could result in larger net profits for
9 business, increased State corporate taxes and lower energy costs for consumers; and,

10 WHEREAS, AB 32 is forcing local governments to expend scarce funds as they struggle to
11 develop coherent implementation plans to address the evolving, regulatory directives issued by the
12 various State agencies with a stake in implementing AB 32; and,

13 WHEREAS, the above clearly constitute "extraordinary circumstances" within the meaning of
14 AB 32 and establish a "threat of significant economic harm" in the form of continued adverse economic
15 impacts to employment, housing growth and revenues to State and local governments; now, therefore,

16 BE IT RESOLVED, FOUND, DETERMINED AND ORDERED by the Board of Supervisors
17 of the County of Riverside, in regular session assembled on _____ that it hereby requests the
18 Governor immediately suspend implementation of AB 32 and all associated statutes and policies,
19 including, but not limited to, SB 375 (2008, Steinberg), in the interest of ending the State's recession,
20 preventing stagnation of employment growth and stimulating the State's housing industry and overall
21 economy.

22 BE IT FURTHER RESOLVED by the Board that it also requests the Governor take whatever
23 steps are necessary to ensure that the suspension remains in effect until such time as the Riverside
24 County unemployment rate has dropped below 6%.

The Honorable Arnold Schwarzenegger
Governor of the State of California
State Capitol Building
Sacramento, CA 95814

Re: Request to Suspend implementation of the Global Warming Act of 2006 and Associated Implementing Legislation

Dear Governor Schwarzenegger:

We the Board of Supervisors of Riverside County respectfully submit this Resolution requesting that you immediately suspend implementation of State Assembly Bill 32 and associated implementing legislation, such as Senate Bill 375 (2008, Steinberg), until the Riverside County unemployment rate is again below 6%. This request is consistent with and appropriate pursuant to that section of AB 32 which provides that you have the authority to "adjust the applicable deadlines...for the state in aggregate" in the "event of extraordinary circumstances, catastrophic events, or threat of significant economic harm."

Riverside County has established a credible leadership role in protecting the environment and providing frameworks for sustainable development and fully supports the goals of AB 32 and its implementing legislation. While providing the housing needed for Southern California, Riverside County has led the way in acknowledging a commitment to the environment for future generations, with the development some of the first and largest Multi Species Habitat Conservation Plans (MSHCPs). The General Plan adopted in 2003 is widely acknowledged and recognized for its innovative concepts in land use planning, with the inclusion of framework transit oriented and multi-use development strategies. Many of the strategies and outcomes arising from AB32 and its related regulations and policies mirror both growing trends in local development and local planning efforts predating that regulation. Riverside County is processing master planned communities that incorporate the higher densities, promotes walkable communities and provide transit linkages that foster public transportation, which in turn reduces vehicle miles traveled, creates health Communities and improves air quality.

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Unfortunately, several studies now predict that implementation of AB 32 will cost small business billions of dollars, further slowing economic recovery and that essential job creation. On a more local level, we continue to hear references to regulations of and within the State as an obstacle to employment opportunities moving to or expanding within our County. Therefore, we cannot support further implementation of laws that at any level discourage local job creation.

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We are not, however, convinced that the directive approach of the existing implementation strategies will be more effective than incentive or outcome based approaches more suitable for the projected development patterns of Riverside County. We believe that there is ample evidence that the market has identified and will promote sustainable development patterns consistent with the goals of AB32. Based on our existing built environment, we believe that there can be a role for large, sustainable "Master Planned" communities outside of existing developed areas to meet our responsibility to the future, despite the external emphasis on infill development alone.

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The above clearly point to a condition of extraordinary circumstance within the State of California as contemplated within Assembly Bill 32. Should Assembly Bill 32 be implemented at this time, it is highly likely to lead to significant economic harm in the form of continued adverse economic impacts to employment, housing growth and revenues to State and local governments. Thus, in the interest of hastening an end to the State's recession, preventing stagnation of employment growth and stimulating the State's housing industry and overall economy, we respectfully recommended you immediately suspend AB 32, SB 375 and all other implementing legislation.

Sincerely,

Marion Ashley,
Fifth District
Chairman

<hr/> <p>Bob Buster First District Vice Chair</p>	<hr/> <p>John Tavaglione Second District</p>
<hr/> <p>Jeff Stone Third District</p>	<hr/> <p>John J. Benoit, Supervisor Fourth District</p>