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**AGENDA  
LEGISLATIVE POLICY COMMITTEE  
\* \* \* REGULAR MEETING NOTICE \* \* \*  
JULY 23, 2019  
PUBLIC MEETING 6:00 P.M.**

**MEMBERS**

Terry Tornek, Mayor  
Gene Masuda, District 4  
Steve Madison, District 6

**STAFF**

Julie A. Gutierrez, Assistant City Manager  
Valerie Flores, Recording Secretary

**MISSION STATEMENT**

The City of Pasadena is dedicated to delivering exemplary municipal services, responsive to our entire community and consistent with our history, culture and unique character.

*In compliance with the Americans with Disabilities Act of 1990, Assistive Listening Devices are available from the City Clerk's Office with a 24-hour advance notice. Please call (626) 744-4124 to request use of a listening device.*

*Language translation services are available for this meeting by calling (626) 744-4124 at least 24 hours in advance.  
Habrá servicio de interpretación disponible para éstas juntas llamando al (626) 744-4124 por lo menos con 24 horas de anticipación.*

*Items on the agenda may not be called in order listed.*

*Agendas and supporting documents are available on the Internet at  
<http://www.cityofpasadena.net/commissions/city-council-legislative-policy-committee/>*

*Materials related to an item on this Agenda submitted to the Legislative Policy Committee **after** distribution of the agenda packet are available for public inspection in the City Clerk's Office at 100 N. Garfield Avenue, Room S-228, Pasadena, during normal business hours.*



OFFICE OF THE MAYOR

**AGENDA**

**CITY OF PASADENA  
NOTICE OF REGULAR MEETING  
OF THE  
LEGISLATIVE POLICY COMMITTEE  
Tuesday, July 23, 2019 – 6:00 p.m.  
100 N. Garfield Ave. – Council Conference Room S246**

**NOTICE IS HEREBY GIVEN** that a regular meeting of the Legislative Policy Committee will be held on Tuesday, July 23, 2019, at 6:00 p.m. in the Council Conference Room located at 100 N. Garfield Ave., Room S246, Pasadena, California, for the purpose of considering the agenda items listed below:

**1. CALL TO ORDER/ROLL CALL**

**2. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA** – Please limit comments to 3 minutes each.

**3. NEW BUSINESS**

- A. Approve “Support if Amended” Position on HR 763: Energy Innovation and Carbon Dividend Act of 2019 \*

**4. INFORMATION ITEMS**

- A. Briefing by Chris Giglio on Federal Legislative Matters \*
- B. Briefing by David Jones on State Legislative Matters (via Phone)

**5. ADJOURNMENT**

**\*Attachments**

**NEXT MEETING**

August 27, 2019



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**TERRY TORNEK**, Chair  
Legislative Policy Committee

I HEREBY CERTIFY that this notice, in its entirety, was posted on the City of Pasadena Council Chamber Building bulletin boards located outside of Room S249 of City Hall, and at the Bulletin Board in the rotunda area of City Hall, the City Clerk's Office and a copy was distributed to Central Library for posting this 18th day of July 2019, by 5:30 p.m.



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**DEBRA D'AGOSTINO**  
City Manager's Office

**DISTRIBUTION:**

Terry Tornek, Mayor  
Gene Masuda, Councilmember  
Steve Madison, Councilmember  
Steve Mermell, City Manager  
Julie A. Gutierrez, Assistant City Manager  
Mark Jomsky, City Clerk  
Michele Bagneris, City Attorney  
Jana Stewart, Management Analyst III to Mayor/Council  
Chris Giglio, Legislative Advocate  
David Jones, Legislative Advocate  
Valerie Flores, Recording Secretary  
City Hall Information Kiosk  
Pasadena Central Library

Kamala Harris, U.S. Senator  
Dianne Feinstein, U.S. Senator  
Adam Schiff, U.S. Congressman  
Judy Chu, U.S. Congresswoman  
Anthony Portantino, State Senator  
Chris Holden, State Assembly Member  
Kathryn Barger, Board of Supervisors  
La Opinion  
Los Angeles Times  
Pasadena Independent  
Pasadena Journal  
Pasadena NOW  
Pasadena Star-News  
Pasadena Weekly

## **NEW BUSINESS**

- 3A.** Approve “Support if Amended”  
Position on HR 763: Energy Innovation  
and Carbon Dividend Act of 2019\*



PASADENA WATER AND POWER

## MEMORANDUM

July 23, 2019

To: Legislative Policy Committee

From: Gurcharan Bawa   
General Manager

Subject: Approve "Support if Amended" Position on HR 763: Energy Innovation and Carbon Dividend Act of 2019

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### **RECOMMENDATION:**

Pasadena Water and Power ("PWP") recommends the Legislative Policy Committee approve a "Support if Amended" position on HR 763: Energy Innovation and Carbon Dividend Act of 2019.

### **BACKGROUND:**

Among the provisions in the bill, HR 763 would impose a federal fee on the carbon content of fuels, including crude oil, natural gas, coal, or any other product derived from those fuels emitting a greenhouse gas ("GHG"). The fee would be imposed on "any entity" transporting, selling, or otherwise using one of the "covered fuels." The fee would also be imposed on producers and importers of the fuels.

Funds from the carbon fee would be deposited into a "Carbon Dividend Trust Fund." In addition to being used for administrative expenses, the funds would be dispersed to every American citizen in the form of an equal dividend from the Trust every month. Minors would receive a prorated monthly share.

Pasadena is committed to achieving sustainability through local policies and operations while maintaining safe, reliable, and affordable services. Pasadena has adopted an aggressive GHG reduction goal of 75 percent below 1990 levels by 2030 and is on track to meet the State's Renewable Portfolio Standard target of 60% RPS by 2030.

PWP is supportive of the bill's intent to reduce GHG emissions but has concerns about costs impacts for its customers and the potential for double taxation. Under California law, the City is already subject to a carbon fee under the State's Cap and Trade Program. Under HR 763, the City would pay another carbon fee since it would be considered a "covered entity" using a "covered fuel," which includes use of the Glenarm



Power Plant and transactions made via the California Independent System Operator, (“CAISO”) and SoCalGas. The City would be subject to double cost impacts from paying two carbon fees: the existing State fee under Cap and Trade and the proposed Federal fee under HR 763. Furthermore, since the bill appears to apply carbon taxes at the “well-head” or upstream source, the impacts of the tax will be multiplied by utility taxes imposed on fuel consumption and the overall increase in short-term energy market prices driven by increased fuel costs.

### ***Estimated Financial Impacts of HR 763***

The proposed carbon fee in HR 763 is \$15 per Metric Ton (“MT”) during the first year (as written, this would be calendar year 2019). Each subsequent year, the fee would increase by an additional \$10 per MT. Thus, in the first year the tax is imposed the amount would be \$15/MT, then \$25/MT in the second year, \$35/MT in the third year, and so on.

Assuming the carbon tax were applied to the forecast “tailpipe” emissions from PWP’s generation resources, and that calendar year 2020 is actually the first year the tax applies, PWP would incur additional costs of approximately \$95 million over the first five calendar years from 2020 through 2024. In addition, carbon taxes would affect regional power markets and PWP’s cost for short-term power purchases would also increase significantly. These cost impacts would require additional electric rate increases of more than 10% on top of additional revenue needs to support increased renewable resources and capital investment to maintain the reliability of PWP’s aging infrastructure.

Although proponents of the bill argue that most individuals would receive “dividends” that offset any additional costs they incur as a result of the tax, the benefits would be uneven. PWP’s non-residential customers will bear approximately two-thirds of the cost increases, but will receive none of the dividend payments. To the extent PWP’s rates increase to recover added costs resulting from the proposed tax, this would effectively represent a cost shift from one customer class (Residential) to another (non-residential).

### ***Amendments Necessary***

The recommended “Support if Amended” position is contingent upon amendments to HR 763 that would exempt or hold harmless those entities, such as PWP, that are already subject to carbon fee or Cap and Trade Program. Without such an amendment, the cost and rate impacts of HR 763 would be inconsistent with the City’s Federal Legislative Platform. Given the bills length and complexity, staff does not have specific language to offer at this time.

### ***Recommendation Consistent with Federal Legislative Platform***

The recommended “Support if Amended” position for HR 763 is consistent with the City’s Federal Legislative Platform, which notes support of climate change initiatives but with respect to ratepayer impacts and feasibility. Specifically, the platform states that the City is supportive of *“federal initiatives designed to lower greenhouse gas emissions, while urging consideration of technical feasibility, costs to ratepayers, as well as the time that it will take utilities to come into compliance with proposed initiatives.”*

## **CORRESPONDENCE**

**Flores, Valerie**

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**Subject:** FW: Legislative Policy Committee comments. Please forward to members.

-----Original Message-----

From: Therese Brummel <theresegbrum@yahoo.com>

Sent: Sunday, July 14, 2019 12:24 PM

To: Flores, Valerie <vflores@cityofpasadena.net>

Subject: Legislative Policy Committee comments. Please forward to members.

CAUTION: This email was delivered from the Internet. Do not click links or open attachments unless you know the content is safe.

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My name is Therese Brummel. 10 years ago I cofounded Transition Pasadena, whose goal is transitioning off of carbon emissions.

We have created a number of successful local projects such as several gardens, Repair Café, Mulch for the People, Beautiful Bioswales water capture, Zero Waste projects and promotions.

I encourage the Legislative Policy Committee to recommend to the City Council endorsing HR 763, the Energy Innovation and Carbon Dividend Act of 2019.

This bill imposes a fee on carbon which is placed into a Carbon Dividend Trust Fund and those funds are returned to the pockets of low and middle income folks like you and me.

This is an EFFECTIVE plan. Economist and scientists recommend this plan as simple, comprehensive, and effective. Emissions are projected to be reduced by 40% within 12 years.

This bill is expected to create 2.1 million NEW JOBS.

And it is a SENSIBLE bill. Exemptions are included for fuels for agriculture fuels used by the Armed Forces and there are rebates included for facilities that capture and sequester carbon dioxide.

LA City's comparable committee on Legislative Policy endorsed this bill last February.

Climate crisis endangers all beings on this planet and all life-giving processes of nature. Please waste no time in recommending endorsement of HR 763 to our City Council. Pasadena is a leader among neighboring cities. It is time for us to raise Political Will by speaking up for this bill. There's no reason NOT to!

Therese Brummel

District 2 resident

Transition Pasadena

Sent from my iPhone



## **INFORMATION ITEMS**

### **4A. Federal Update\***

**CITY OF PASADENA  
WASHINGTON OFFICE MEMORANDUM**

**TO:** Legislative Policy Committee  
**FROM:** Chris Giglio, CapitalEdge  
**DATE:** July 23, 2019  
**SUBJECT:** Federal Update

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Highlights on some federal matters of interest since the last Legislative Policy meeting:

**Energy Innovation and Carbon Dividend Act (HR 763)**

- As of 7/18, The legislation currently has 57 co-sponsors (56 Democrats and 1 Republican), including Reps. Chu and Schiff.
- There have been no formal committee hearings or markups thus far, nor is there a Senate companion bill.
- The idea of a carbon tax is likely to be part of discussions on climate change legislation, but it is unlikely that any measure that is approved by the House would even come up for a vote in the Senate while Republicans control that chamber.
- The measure is also competing with the “Green New Deal,” for the position of favored climate change bill among House Democrats.
- A resolution (less binding than legislation) to “recognize the duty of the federal government to create a Green New Deal” has 94 Democratic sponsors (including Reps. Chu and Schiff).

**San Gabriel Mountains Foothills and Rivers Protection Act (HR 2215)**

- Rep. Chu’s and Senator Harris’ legislation to expand the San Gabriel Mountains National Monument received a hearing two weeks ago in the House Natural Resources Committee.
- The hearing represents an important step toward inclusion of the bill in an end-of-session omnibus lands bill that Congress may look to consider in late 2020.

**FY 2020 Budget**

- White House staff and House Democratic leaders have reportedly come to an agreement to raise budget caps for FY 2020 and FY 2021 and extend the debt limit.
- However, we would caution that no deal is final until the President himself publicly endorses it, and as of July 18, he had not.
- If a deal is not reached, most federal programs would be subject to reductions of least 10 percent from current spending levels.
- All sides are hoping for an agreement to be enacted by the end of the week, when Congress is expected to adjourn for a summer recess lasting through Labor Day.
- FY 2020 formally begins on October 1, 2019.

### Census

- After some starts and stops, the White House confirmed that 2020 Census forms would be printed without the addition of a question on citizenship.
- The Supreme Court ruled last month that the Trump Administration violated the Administrative Procedures Act, which allows the courts to set aside any federal agency action that is “arbitrary, capricious, an abuse of discretion, or otherwise not in compliance with law.”
- The President briefly considered some kind of executive action designed to challenge (or work around) the Court ruling but ultimately relented, citing the urgency in getting Census forms printed.

### “Yes in My Backyard”

- Last month, Senator Todd Young (R-IN) introduced the “Yes in My Backyard Act of 2019” to “encourage communities to cut regulations and increase housing supply.”
- The bill would require communities receiving CDBG funds to provide HUD with a report every five years on whether the grantee has adopted (or plans to adopt) certain zoning and land use policies that encourage increased housing supply.
- And if they have not, the grantee would have to outline the reasons the grantee has not adopted such zoning and land use policies.
- While the bill would not require CDBG grantees to adopt specific policies, current HUD Secretary Ben Carson has said he favors withholding CDBG funds in cases where communities do not comply.
- In a related event, the President recently signed an Executive Order to create a “White House Council on Eliminating Barriers to Affordable Housing Development.”
- The bill is not expected to be enacted this year, but Washington is showing an increasing interest on the federal level to influence local regulations in this area.