

**DATE:** June 29, 2010

**TO:** Mayor and City Council

**FROM:** Development Services Director

**SUBJECT:** Resolution Opposing a Ballot Initiative to Suspend the Clean Energy and Air Pollution Control Standards of the Global Warming Solutions Act of 2006 (AB32)

**RECOMMENDATION**

That Council adopts the attached resolution (Attachment I) opposing the ballot measure (California Jobs Initiative) that would Suspend AB32's Clean Energy and Air Pollution Control Standards.

**BACKGROUND**

On September 27, 2006, Governor Schwarzenegger signed Assembly Bill 32, the Global Warming Solutions Act of 2006. The bill required that California's greenhouse gas (GHG) emissions be reduced to 1990 levels by 2020. A Climate Change Proposed Scoping Plan was prepared by the California Air Resource Board and approved on December 11, 2008. This plan holds polluters accountable for their emissions and outlines an ambitious, but achievable reduction in California's carbon footprint by reducing today's "business as usual" emissions by 15%. Ultimately, the implementation of the plan would improve our environment, reduce our dependence on oil, diversify our energy sources, save energy, create new jobs, and enhance public health.

**DISCUSSION**

Assemblyman Dan Logue, from Linda, California, authored a ballot measure titled California Jobs Initiative, expected to be on the November 2010 ballot. The Attorney General, Jerry Brown, recommended that the initiative be renamed "Suspends Air Pollution Control Laws Requiring Major Polluters to Report and Reduce Greenhouse Gas Emissions That Cause Global Warming Until Unemployment Drops Below Specified Level for Full Year". In short, the initiative (Attachment II) requests that the regulations established in AB32 and the subsequent Climate Change Proposed Scoping Plan be suspended until the California unemployment rate is 5.5% or lower for four consecutive quarters.

*Arguments in Favor of the Ballot Initiative.* The most prominent supporters of the California Jobs Initiative are Valero and Tesoro, two major oil companies based in Texas. In addition, the supporters include the California Republican Party, the Howard Jarvis Taxpayers Association, the California Manufacturers & Technology Association, California Trucking Association, Occidental Petroleum, and other oil companies, various politicians and private companies. The primary issue is the alleged loss of jobs that AB32 would create.

Supporters of the measure claim that approximately one million California jobs would be lost because manufacturers would be forced to move out of state or use foreign labor to circumvent the regulations established in the Global Warming Solutions Act of 2006. In a recent study, the State's Legislative Analyst Office (LAO) determined that in the short term California will experience some job losses with or without the implementation of AB32. However, their analysis also concluded that there was insufficient information to determine the long-term effect AB32 would have on California's job market.

The measure's supporters also claim that the State already proposes to cut personnel in numerous State environmental regulatory agencies, and that implementing and monitoring compliance with AB32 could cause the State to maintain those jobs; thus putting a further burden on the State's budget. In addition, supporters claim it would cost California families approximately \$4,000 a year to comply with the regulations. The final argument to support the measure is that California produces only 1.4% of the world's greenhouse gas emissions, so efforts to address climate change in California alone would be ineffective and, therefore, unsuccessful.

*Arguments in Opposition to the Ballot Initiative.* A report released by the California Air Resources Board on March 17, 2010, concluded that AB32 would likely have a positive net effect on California's economy. The recent analysis concluded that fuel expenditures will drop by 4.9% as a result of greater investment in energy efficiency and fossil fuels. In addition, California's economy would grow 2.4% per year. According to an economic analysis prepared by the California Air Resources Board, California is expected to create about two million jobs by 2020, regardless of whether the AB32 is implemented. The analysis concludes that AB32 would, in fact, give the state a small job boost adding about 10,000 jobs in the next ten years.

In the past, California's unemployment rate has only been lower than 5.5% no more than eight times in the past thirty years, and six of those years were between 1999 and 2007 when the state was riding on an unsustainable economy.

When AB32 was adopted it was widely supported by businesses, labor groups, environmentalists, and health organizations. It builds on decades of state policies on green energy, which has put California in the forefront of the green technology industry. Suspending the AB32 regulations would create more air pollution in California and threaten public health. In addition, suspending the regulations would be harmful to California's newly emerging clean energy industry that is creating new jobs in the wind, solar, and other renewable energy fields and clean technologies that will reduce energy cost and dependence on non-renewable and polluting fossil fuels.

A broad coalition of businesses, environmental organizations, public health advocates, and politicians oppose this proposition including the Teamsters Union, TechNet(a national network of

substantial computer technology companies such as Apple and Yahoo), League of Women Voters, National Reality and Development Corporation, American Association of Retired Persons (AARP), and various elected officials such as Governor Schwarzenegger.

Opposing the suspension of AB32's clean energy and air pollution control standards would be consistent with the City's Climate Action Plan and the goals Hayward has set to reduce greenhouse gas emissions

### **ECONOMIC IMPACT**

Opposing the suspension of AB32's clean energy and air pollution control standards would not have a significant impact on Hayward's immediate economic situation. However, the positive effects of complying with AB32 regulations would include ensuring that Hayward remains a sustainable community that is a desirable place to live, work, and play. These qualities would help Hayward thrive and have a positive impact on Hayward's economic future.

### **FISCAL IMPACT**

It is unknown at this time whether the passage or defeat of the California Job Initiative would have an impact on the City's General Fund.

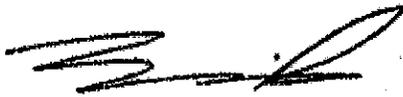
### **NEXT STEPS**

The attached resolution, if adopted, would be presented to Green Cities California, of which Hayward is a member, which plans to announce collective opposition to suspension of AB32's clean energy and air pollution control standards.

*Prepared by:* Tim R. Koonze, Associate Planner

*Recommended by:* David Rizk, AICP, Development Services Director

Approved by:



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Fran David, City Manager

Attachments:

- Attachment I    Draft Resolution
- Attachment II    Proposed Ballot Measure

HAYWARD CITY COUNCIL

RESOLUTION NO. 10-

Introduced by Council Member \_\_\_\_\_

RESOLUTION OPPOSING THE SUSPENSION OF AB32'S  
CLEAN ENERGY AND AIR POLLUTION CONTROL  
STANDARDS

WHEREAS, on September 27, 2006, the State of California legislature passed the Global Warming Solutions Act of 2006, AB32, as a clean energy and air pollution control law that holds polluters accountable for their emissions and requires them to reduce air pollution that threatens human health and contributes to climate change; and

WHEREAS, Suspending the AB32 regulations would create more air pollution in California and threaten public health. In addition, suspending the regulations would be harmful to California's newly emerging clean energy industry that is creating new jobs in the wind, solar, and other renewable energy fields and clean technologies that will reduce energy cost and dependence on non-renewable and polluting fossil fuels; and

WHEREAS, the suspension of AB32's clean energy and air pollution control standards are opposed by a broad coalition of businesses, environmental organizations, public health advocates, and politicians including the Teamsters Union, TechNet(a national network of substantial computer technology companies such as Apple and Yahoo), League of Women Voters, National Reality and Development Corporation, American Association of Retired Persons (AARP), and various elected officials such as Governor Schwarzenegger.  
; and

WHEREAS, opposing the suspension of AB32's clean energy and air pollution control standards is consistent with the goals and policies of Hayward's Climate Action Plan.

NOW, THEREFORE, by adoption of this Resolution, the City of Hayward City Council formally expresses its opposition to the suspension of AB32's clean energy and air pollution control standards.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

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City Attorney of the City of Hayward

09 - 0104

# Initiative Measure to be Submitted to Voters

## California Jobs Initiative

### SECTION 1. STATEMENT OF FINDINGS

- A. In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.
- B. At the time the bill was signed, the unemployment rate in California was 4.8%. California's unemployment rate has since skyrocketed to more than 12%.
- C. Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.
- D. California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and
- E. California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

### SECTION 2. STATEMENT OF PURPOSE

- A. The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption.

### SECTION 3. SUSPENSION OF AB 32

Division 25.6 (commencing with section 38600) of the Health and Safety Code is hereby added to read:

- §38600(a) From and after the effective date of this measure, Division 25.5(commencing with section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5% or less for four consecutive calendar quarters.
- (b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5(commencing with section 38500) and any regulation adopted prior to the effective date of this measure shall be void and unenforceable until such time as the suspension is lifted.