



**CALIFORNIA
TRANSIT
ASSOCIATION**



June 7, 2012

Mary D. Nichols, Chairman
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: Coalition Comments on Cap and Trade Auction Revenues; May 24th Hearing Follow Up

Dear Chairman Nichols,

The California Alliance for Jobs, Transportation California, California Transit Association, and more recently local and regional government associations have been exploring ways to invest cap and trade revenue to address both the greenhouse gas reduction goals of AB 32 and critical transportation system maintenance and operation needs identified in the California Transportation Commission's Statewide Transportation Needs Assessment over the next ten years.

Our uniting principle is that auction revenues derived from vehicle fuels should be used to fund transportation system needs in a way that achieves AB 32 objectives and builds on the framework of SB 375 and other GHG reduction strategies. We believe that by integrating investments in new mobility, new infrastructure, and new jobs we can create healthy communities and better quality of life for all – while measurably reducing greenhouse gas emissions consistent with AB 32 and legal requirements for spending allocation revenues.

By targeting revenues and incentives toward local governments in support of regional planning goals we can leverage a cost effective investment portfolio across both transportation infrastructure and efficiency measures to yield the greatest GHG reductions associated with the transportation sector. Allocating funding to promote combining strategies will maximize GHG reduction while reinforcing SB 375, regional blueprints, other regional plans and local innovation.

Implementing SB 375 and other GHG-reducing regional plans outside of metropolitan planning organizations (MPOs) requires rebuilding aging infrastructure within urban infill and rural areas targeted for more intense development. This includes the maintenance and operation needs of local roads and transit systems, as well as active transportation infrastructure for walking and bicycling. By investing in an integrated transportation system, cost effective GHG reductions can also be achieved from approaches like rural resource infrastructure, intercity rail, and roadway management strategies. All of these transportation investments can yield even greater GHG reductions when combined with supporting land use strategies.

All of these investments are consistent with AB 32 and with meeting California's transportation infrastructure needs. These investments will create jobs, improve the movement of goods and enhance the economic performance of the state. Overall, we think this program should:

- Create cost-effective greenhouse gas reduction investments
- Leverage infrastructure investments across transportation and related land use strategies
- Foster collaboration and performance measurement
- Promote innovation in GHG reduction beyond AB 32 regulations
- Invest in existing communities by offsetting the high cost of infill development
- Support co-benefits/goals related to health, equity, energy, jobs, water, and agriculture

We want to work with CARB to craft an effective strategy to achieve maximum GHG reductions and long term co-benefits under AB 32 by investing a major portion of revenues related to fuels in integrated transportation and land use strategies consistent with the SB 375, the California Regional Blueprint plans and other regional planning processes. As a starting point, we want to suggest a few concepts for consideration in the development of your investment strategy:

1. ***Dedicate the allocation revenues related to fuels to transportation investments.***
This is consistent with the longstanding policy of the state to dedicate revenues related to motor vehicle fuels to transportation. It also assures a political and legal nexus between the costs and benefits of the program.
2. ***Invest a major portion of revenues in a way that is consistent with AB 32, SB 375 and other regional plans to reduce GHGs.*** Dedicate revenues directly into transit and road operations and maintenance, as well as transit and complete streets infrastructure within existing urban infill and rural communities. These funds must be invested in a way that is consistent with AB 32, SB 375 where applicable (including sub-regional allocations in Southern California) and other legal tests applied for this revenue. In regions not within an MPO where SB 375 does not apply, other measurable greenhouse gas reduction strategies can be developed within regional transportation plans.
3. ***Structure the investments to favor integrated transportation and land use strategies.***
An approach could be to allocate investments regionally by population, recognizing that different strategies are needed to achieve GHG reductions in different areas of the state. To maximize cost effective GHG reduction, additional incentives for regions with Sustainable Community Strategies that exceed GHG reduction targets, or equivalent Blueprint Plans or other regional plans,
4. ***Improve modeling and verification systems to evaluate GHG potential and co-benefits.***
Funding should be allocated to the development of performance measurement tools for local and regional actions.
5. ***Allow flexibility at the regional and local level to develop the most cost effective ways to meet both transportation and GHG reduction goals.***
6. ***Provide the incentives and assistance that local governments need to make SB 375 work.***
7. ***Project-funding determinations should be done at the regional level under established statewide criteria to encourage local innovation and flexibility.***

We hope you will give us the opportunity to work with you to refine these concepts and take advantage of this opportunity to make AB 32 a key component of California's transportation investment program.

Sincerely,

**California Alliance for Jobs
California Transit Association
Transportation California
California State Association of Counties**

cc: Senator Fran Pavley, Assemblymember Richard Gordon, Daniel Sperling, Ken Yeager, Dorene D'Adamo, Dr. John Balmes, Sandra Berg, Hector De La Torre, Mrs. Barbara Riordan, Ron Roberts, Dr. Alexander Sherriffs, Ronald O. Loveridge