March 8, 2013

Mary Nichols, Chair

California Air Resources Board

1001 "I" Street

P.O Box 2815

Sacramento, CA 95812

 RE: LOCAL GOVERNMENTS PROPOSAL FOR

 CALIFORNIA AIR RESOURCES BOARD (CARB)

 AUCTION REVENUE INVESTMENT PLAN

Dear Chair Nichols:

It has come to our attention that a coalition of cities, counties, special districts, and associations has collectively developed a proposal for investing Cap-and-Trade Auction revenue in local governments in an effort to achieve the Greenhouse Gas (GHG) reduction goals of AB 32 that is consistent with the provisions of AB 1532 and SB 535. As members of the Santa Cruz County Board of Supervisors responsible for implementing programs that will reduce GHG emissions for Santa Cruz County, we respectfully request that this proposal be considered for inclusion in the Investment Plan.

The underlying principle of the proposal is that the state would be best served if it employed local governments as a delivery tool for a range of investments, and that the Investment Plan should create a program for local governments to access a portion of the funds generated from the Cap-and-Trade Auctions.

This plan makes sense to us as local governments are already engaged in many of the same type of GHG reduction activities contemplated in the Governor's Budget and are best able to identify and implement projects to reflect local needs, leverage other funding, and achieve the greatest reductions of Greenhouse Gases. Santa Cruz County has been working on its Climate Action Strategy (CAS) which seeks to develop and implement programs to improve energy efficiency, divert waste, increase urban greening, upgrade fleets and facilities, and plan for cleaner, more efficient communities. Santa Cruz County's CAS will provide a road map on how we can achieve significant GHG reductions. However, what is missing from the CAS is funding to implement these important projects.

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We would like to work with CARB and the Administration to create an effective approach to maximize GHG reductions and propel California's communities forward through expenditure of auction revenue. As mentioned above, local governments can be a key facilitator for the state to achieve these goals, and we request that you consider the following principles in creating a local government program:

1. Allocate auction revenue for local assistance grants and other financial

 assistance to develop and implement GHG emission reduction projects.

1. Administer the program in coordination with the Strategic Growth Council.
2. Develop standards and guidelines for grant funds that achieve one or more of the

 following:

 a. Promote public-private partnerships to implement energy efficiency and clean energy projects with financing incentives for residential and commercial facilities

 b. Decrease air or water pollution

 c. Reduce the consumption of natural resources or energy

 d. Provide opportunities to achieve greenhouse gas emission reductions in ways that increase localized energy resources

 e. Increase the reliability of local water supplies

 f. Increase solid waste diversion from landfills

 g. Increase electric vehicle infrastructure

 h. Achieve greenhouse gas emission reductions in ways that reduce vehicle

 miles traveled

 i. Prevent conversion of agricultural, forest, and open space lands to uses

 that result in higher greenhouse gas emissions

1. Prioritize projects that have the ability to be implemented regionally, leverage

 additional public and/or private funding, achieve co-benefits, are replicable and

 consider geographic and socioeconomic issues.

1. Provides opportunities for jurisdictions with either small or large populations.
2. Provides funding for both:

 a. The development and implementation of innovative projects that create

 new systems or technologies to be deployed at a local or regional level

 b. Implementation of existing, proven GHG emission reducing or

 sequestering projects, especially those projects and programs already

 adopted by local agencies. These projects should receive funding on a

 competitive basis.

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We respectfully request that you consider these principles so that local governments can continue helping the state meet the goals of AB 32.

 Sincerely,

 NEAL COONERTY, Supervisor BRUCE MCPHERSON, Supervisor

 Third District Fifth District

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