



March 08, 2013

Mary Nichols, Chairperson
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Transportation Coalition Proposal for Cap and Trade Investment Plan

Dear Chairperson Nichols:

The Transportation Coalition for Livable Communities includes the California Transit Association, League of California Cities, California State Association of Counties, Sacramento Metropolitan Air Quality Management District, CALCOG, and major Metropolitan Planning Organizations including SACOG, MTC, SCAG, SANDAG and San Joaquin Valley Policy Council, as well as the Natural Resources Defense Council, California Alliance for Jobs, and Transportation California - in short, the agencies and institutions responsible for operating, maintaining, and advancing a sustainable transportation system in California.

The Coalition has developed a proposal to invest cap and trade revenue to address both the greenhouse gas reduction goals of AB 32 and critical transportation system needs identified in the California Transportation Commission's Statewide Transportation Needs Assessment over the next ten years. Our unifying 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.

The proposal would allocate funds equitably to regional governments to establish a competitive grant process for local entities, under state criteria, to incentivize integrated strategies that combine land use changes with infrastructure investments at the neighborhood scale to achieve greatest long term greenhouse gas emission (GHG) benefits.

California faces a significant shortage in funds to maintain our existing transportation system, and lacks adequate funding to build an active transportation network. This proposal would provide funding for livable community investments to meet the challenges of increasing development in existing urban and developed areas to meet the requirements of SB 375. Further, it would fund GHG-reducing investments at the local level that implement regional Sustainable Communities Strategies within existing urbanized or developed areas – while also helping local governments meet critical sustainable transportation infrastructure and maintenance needs.

This approach of integrating livable community infrastructure, maintenance, and operations of the transportation system at the neighborhood scale will maximize GHG reductions from the transportation sector through combinations of strategies – rather than single purpose investments. This integrated approach achieves the most cost-effective results and support a range of community benefits – including public health, resource protection, affordable housing, equity, air quality, and safe routes to schools and other community services. It also would serve as a leverage to investments in rail modernization, interregional plans, and other funding mechanisms to encourage more sustainable growth and transportation infrastructure.



Unique among most proposals for state funding programs, the Transportation Coalition's proposal would stimulate local innovation and flexibility to get the greatest GHG reductions and best overall benefits for communities – while cost effectively meeting the goals of AB 32.

The proposal incentivizes combinations of transportation investments, including transit service and operating costs, road and bridge maintenance, retrofits for complete streets and urban greening, and clean technology infrastructure – all integrated with land use changes to achieve the maximum greenhouse gas emission reductions from the transportation sector.

This proposal is consistent with AB 32, SB 375, and the provisions of AB 1532 and SB 535 --- and most equitably and effectively meets the transportation and greenhouse gas emission reduction goals of the state and local communities. We request that this proposal be considered for inclusion in the Investment Plan.

Cap and trade revenue is public money resulting from the administration of AB 32, the Global Warming Solutions Act. It must be spent to implement that law. We believe the Transportation Coalition's proposal provides the most public and local community benefits while achieving the most cost effective implementation of AB 32.

For the first year Budget allocation we propose the state provide funding through the regions for planning and project development focused on this competitive and integrated approach to most effectively reduce greenhouse gases, meet our local and regional transportation needs, and revitalize our communities. Over the life of the program, we believe that allowance revenues related to motor vehicle fuels should be dedicated to reducing emissions from the transportation sector, with a major part of those funds allocated to this sustainable community funding program.

We have commissioned research to identify how to get the best results from such a program and have brought together the local governments and regional agencies responsible for administering our sustainable community programs to create a program concept that will most equitably and effectively achieve the state's short term and long term GHG reduction and sustainable community goals.

We want to work with CARB and the Administration 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. We request that the following concepts be considered for inclusion in the Investment Plan:

- 1. Auction revenue from fuels should implement the AB 32 regulatory program to reduce GHG emissions from transportation*
- 2. Favor cost-effective and integrated transportation and land use strategies*
- 3. Project funding determinations should be done primarily at regional level under statewide criteria for evaluating GHG impacts. Criteria for project selection should be uniform statewide and developed by the State of California. Regions shall administer competitive funding processes and select projects based on these criteria.*
- 4. Allow flexibility at the regional and local level to develop most cost effective projects.*
- 5. Assist local governments in meeting regional GHG reduction goals*
- 6. Create performance-based approach to maximize regional flexibility with improved modeling and verification systems to ensure effective results*
- 7. Promote innovation, collaboration, economic development and rural sustainability*
- 8. Support co-benefits: air quality, public health, resource protection, equity, affordable housing, agriculture, and safety*



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,

TRANSPORTATION COALITION FOR LIVABLE COMMUNITIES

- ***California Transit Association***
- ***Natural Resources Defense Council***
- ***California State Association of Counties***
- ***League of California Cities***
- ***Self-Help Counties Coalition***
- ***California Association of Councils of Governments***
- ***Sacramento Area Council of Governments***
- ***Southern California Association of Governments***
- ***Metropolitan Transportation Commission***
- ***San Diego Association of Governments***
- ***San Joaquin Valley Regional Policy Council***
- ***Transportation California***
- ***California Alliance for Jobs***
- ***Sacramento Metropolitan Air Quality Management District***



TRANSPORTATION COALITION PROPOSAL

Our unifying principle is that auction revenues derived from vehicle fuels should be used to fund transportation system needs in a way that implements the AB 32 regulatory program building on the framework of SB 375 and other GHG reduction strategies.

Based on research which illustrates the benefit of combined approaches to transportation investments, this proposed Livable Community Infrastructure Program would leverage a cost effective investment portfolio across transportation efficiency measures, land use incentives, and improved transportation options to yield the greatest GHG reductions associated with the transportation sector.

Coalition Principles/Program Framework

1. Auction revenue from fuels should implement the AB 32 regulatory program to reduce GHG emissions from transportation
2. Favor cost-effective and integrated transportation and land use strategies
3. Project funding determinations should be done primarily at regional level under statewide criteria for evaluating GHG impacts. Criteria for project selection should be uniform statewide and developed by the State of California. Regions shall administer competitive funding processes and select projects based on these criteria.
4. Allow flexibility at the regional and local level to develop most cost effective projects
5. Assist local governments in meeting regional GHG reduction goals
6. Create performance-based approach to maximize regional flexibility with improved modeling and verification systems to ensure effective results
7. Promote innovation, collaboration, economic development and rural sustainability
8. Support co-benefits: air quality, public health, resource protection, equity, affordable housing, agriculture, and safety

Additional Considerations for Program Framework

- Integrate interregional rail modernization and roadway operational improvements with regional investments that implement or enhance long-term GHG reduction strategies in statewide and regional transportation plans.
- Use statewide criteria to ensure compliance with SB 535.

Program Design

- 1) Allocate transportation funds primarily on a regional basis:
 - Direct funds to MPO's or other regional transportation agency outside of an MPO.
 - Use an objective standard, such as population, as basis for funding allocation between regions to ensure all parts of the state have equitable funding.
 - Establish statewide modeling to allow region-to-region consistency in evaluating and verifying the effectiveness of all eligible projects, including those related to travel demand reduction, system efficiency and safety improvements, demographic characteristics and integrated land use and transportation strategies.
- 2) Allocate funding within regions to achieve optimum mix of GHG reductions and co-benefits:



- Structure program whereby regional agencies are required to establish competitive grants for local entities that incentivize integrated strategies that combine land use changes with infrastructure investment at the neighborhood scale to achieve greatest long term GHG benefits.
 - Funds must be used for local land use strategies and transportation investments that implement an approved Sustainable Communities Strategy/ Alternative Planning Strategy within existing urbanized or developed areas and reduce GHG emissions.
 - Allow areas outside of MPO regions to seek funding for long-term GHG reduction strategies contained in their Regional Transportation Plan.
 - Support rural sustainability through funding maintenance, farm to market and interconnectivity needs that implement the adopted regional strategy
- 3) Allocate funding to administer competitive grant program for intercity and interregional rail modernization, and roadway operational and maintenance improvements, that implement or enhance GHG reduction strategies in statewide and regional transportation plans.
- 4) CARB will establish minimum standards for the development of regional and interregional funding programs, including criteria for evaluating GHG impacts that ensure program compliance while retaining flexibility to meet transportation goals. CARB will periodically review each region's effectiveness in meeting the standards to ensure legal compliance with AB 32 requirements.

Eligible Uses of Funds

Implementing SB 375 and other GHG-reducing regional plans outside of metropolitan planning organizations (MPOs) requires Livable Community Infrastructure to rebuild aging infrastructure within urban infill and existing rural communities. This includes transportation efficiency measures such as network and demand management strategies, transit service and operating costs, road and bridge maintenance, retrofits for complete streets and urban greening, and clean technology infrastructure. All of these transportation investments yield greater and more cost-effective GHG reductions when co-implemented with land use incentives and improved transportation options, such as developing land use modifications to support regional plans, transit-oriented development, and other community infrastructure needed for infill development.

Keeping in mind that all expenditures must implement the AB 32 regulatory program to reduce GHG emissions, we support a broad array of eligible expenditures within existing urbanized or developed areas as follows:

1) Transportation efficiency measures:

- Network and demand management (e.g. transit/bike priority signalization; trip reduction programs; roundabouts/roadway modifications; congestion pricing)
- Transit service, maintenance and operating costs (e.g. Bus Rapid Transit)
- Road and bridge maintenance, operations and retrofits for complete streets and urban greening (e.g. pavement and striping conditions; streetscape enhancements; bike/ped safety enhancements)

- Clean technology infrastructure and planning (e.g. EV station planning and implementation)
- Multi-modal network connectivity to reduce travel distances and improve access to parks, schools, jobs, housing, and markets for rural and urban communities (e.g. neighborhood scale planning)

2) Land use incentives and improved transportation options:

- Funding to develop and implement land use modifications to support regional plans (e.g. updating zoning codes, parking standards, Level of Service policies)
- Other community infrastructure (e.g. water, sewer, greening) to support Transit Oriented Development, affordable housing, urban infill and small walkable communities in rural neighborhoods
- Transit infrastructure and clean technology conversion (e.g. hybrid busses; station enhancements)
- Multi-use facilities and accommodations for bicyclists, pedestrians and Neighborhood Electric Vehicles (e.g. multi-use trails)
- Multi-modal network connectivity within new development (e.g. street design)
- Livable Community Infrastructure to support interregional rail modernization and roadway operational investments (e.g. Capitol Corridor enhancements)

3) Administration/Evaluation Measures:

- Administrative costs and development and use of evaluation, monitoring and verification systems to validate AB 32 compliance, including modeling systems to evaluate regional proposals against program criteria, and verification and measurement systems for on-going evaluation and modification of regional and state programs.