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April 24, 2013

Ana Matosantos, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

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

RE: Cap-and-Trade Auction Proceeds Investment Plan

Dear Director Matosantos and Chair Nichols:

The Rural County Representatives of California (RCRC) represents thirty-three counties statewide. RCRC's Board of Directors is comprised of county supervisors from each of these thirty-three counties. These supervisors work tirelessly to overcome the challenges facing rural communities in today's economy in order to improve the quality of life for the constituents they represent. RCRC appreciates this final opportunity to comment on the draft Cap-and-Trade Auction Proceeds Investment Plan before the Air Resources Board hears it for adoption on April 25.

RCRC fully supports several of the recommended investments included in the draft Plan, and hopes the Legislature will consider funding them during the budgeting process. In particular, we offer our support for the following, with some additional comments and recommendations on each:

Develop Strategies for Sustainable Communities

RCRC supports the concept of a grant program to help local governments develop and implement local Sustainable Communities Strategies (SCS). In today's difficult economy, many county governments that would pursue such projects simply don't have the current resources to develop and implement them, and would benefit greatly from available grants funded by cap-and-trade proceeds.

We are slightly disappointed, however, that the draft does not recommend a specific carve-out for rural communities, who will likely not be able to compete for grant

funding with larger cities, counties, and MPOs. Rural counties are already being left behind in the Plan by not counting as disadvantaged communities, even though RCRC member counties have among the highest unemployment rates in the state. Rural county governments have been hit hard by the loss of jobs because they are hard-pressed to pass any new local assessments to pay for new projects. RCRC would like to see the state dedicate a portion of funding specifically for those rural counties that do not fall under an MPO for SCS projects.

Forest and Ecosystem Management

RCRC strongly supports funding for the management of forests around the state. We feel that fuels treatment, forest restoration, fire protection, and biomass production are vital to maintaining California's current forest carbon sequestration, and must be more actively pursued if the forests are to remain carbon sinks in the face of climate change. RCRC also knows that forest management projects create jobs in forested communities, as well as protecting public health and safety.

And while we support the efforts of CalFIRE and other state agencies to complete forest management projects, we must also stress the importance of forest management on the national forests in California. Nearly twenty percent of California's total acres are forest lands managed by the U.S. Forest Service (USFS). Of those acres, seventy percent is located in RCRC member counties, and much of it is in dire need of more active management to prevent fires and generally improve the health of the forests. The state must consider funds for projects on the national forests, whether through CalFIRE or directly to the USFS, to ensure those forests are managed properly and sequestering carbon in the most beneficial manner.

Agricultural Management

RCRC is pleased that the Williamson Act program has been identified as a potential investment for cap-and-trade funds. We have been a long-time advocate for funding of Williamson Act, as we believe it is an effective and well-established program to prevent conversion, which in turn preserves carbon sequestration from active agricultural lands. We will continue to advocate for the state's investment in the Williamson Act as the Legislature moves forward with the allocation of cap-and-trade funds.

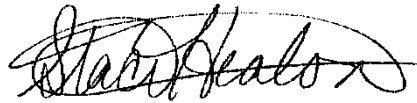
Rural counties hold great potential for projects that could reduce greenhouse gas (GHG) emissions while benefiting those living in rural communities. Unfortunately, our counties face a significant shortage in funding to maintain and improve our transportation networks, which both prevents GHG reduction projects and impacts the quality of life in our communities. RCRC's member counties have some of the highest unemployment rates in the state and, with state general fund support all but vanishing, rural county governments are struggling to maintain the operations they already have in place, much less start new projects to help reduce greenhouse gas emissions.

Beyond those specific recommendations, RCRC also asks the state to rethink the definition of "disadvantaged communities." RCRC's member counties have

some of the highest unemployment rates in the state and, with state general fund support all but vanishing, rural county governments are struggling to maintain the operations they already have in place, much less start new projects to help reduce greenhouse gas emissions. While rural population density doesn't equal those communities currently under the definition, GHG emissions reduction projects benefit the entire state equally, regardless of where they originate. There is extreme potential in our member counties for climate change measures that would greatly benefit all of California's citizens, and we ask that the state consider a future change to how it defines a disadvantaged community.

We thank you for considering our comments, and look forward to working with the state in the future as cap-and-trade funds are allocated through the budgeting process. .

Sincerely,

A handwritten signature in black ink, appearing to read "Staci Heaton", with a large, sweeping flourish extending to the right.

Staci Heaton
Regulatory Affairs Advocate

cc: RCRC Board of Directors