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March 8, 2013

Ms. Mary Nichols, Chairwoman
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Dear Chairwoman Nichols,

Thank you for allowing Metrolink to submit comments on the Cap-and-Trade Auction Proceeds Investment Plan Draft Concept Paper. As stated in the concept paper, transportation generates nearly 40% of the greenhouse gases (GHG) in California. As a provider of commuter rail, we recognize the crucial role of our service in reducing GHG and meeting regional AB 32 GHG reduction goals. Metrolink is the largest provider of commuter rail in Southern California, currently providing service to 43,000 riders and removing over 18,000 cars from the congested roads of the Southland, each day. This translates to a reduction of almost 8.5 million car trips annually and a weekday Vehicle Miles Traveled (VMT) reduction by 320 million miles annually. Reducing the number of vehicles traveling and congesting the roadways directly impacts the amount of GHG being generated.

Metrolink service is one of the only cost and time effective alternatives to driving alone for many long-distance commuters in Southern California. We serve commuters from the counties of Ventura, Orange, San Bernardino, Los Angeles and Riverside. On average, our riders travel 38 miles each way on our trains. Many of our riders are discretionary, or have the option to travel by private car. Therefore, attracting and retaining our riders is a critical component for reducing VMT and GHG, and we hope that cap-and-trade proceeds are used to support this link.

Therefore, we would like to suggest the following considerations regarding the eligible investments for Cap-and-Trade proceeds:

- A comparable level of funding should be directed towards measures that will reduce transportation related GHG. 40% should be considered a minimum level of funding and when additional revenues from fuel regulation become available, those too should be reinvested in transportation.
- Funding should be directed to public transit, including commuter rail, which removes single-occupant vehicles from the roads. Increased mode shift on to transit and the associated net decreases in GHG from decreased VMT and shortened vehicle idling times should be recognized.
- Supporting public transit includes both the operational and capital needs of transit networks. In the case of Metrolink, rehabilitation and renovation of rolling stock is directly linked to attracting and retaining ridership, increasing capacity, reliability and customer convenience, and should be eligible for funding.
- Funding and project selection should support existing plans and programs, rather than create new plans or bureaucracy and be administered through local authorities.

- Investments from cap-and-trade, including those in disadvantaged communities should consider benefits beyond GHG reduction including the expansion of alternative fuels use in transportation, improvements to air quality or connectivity and cost-effectiveness.

The current implementation of SB 1018 will require transit to absorb higher operating costs due to the anticipated rising electrical rates due to cap-and-trade impacts to independently owned utilities (IOUs) and the municipally owned utilities (MOUs). The estimated costs impacts to transit agencies range from \$300,000 to \$3 million per year. To absorb higher operating costs generally means cutting service or passing costs on to customers.

The goal of AB 32 and cap-and-trade is to reduce GHG production therefore cap-and-trade implementation should have a net positive effect on transit's ability to attract and retain riders and not be a fiscal burden. Funding from AB 1532 and SB 535 should not merely "neutralize" the costly impacts of cap-and-trade to transit agencies, but should provide tools to increase transit options and our ability to attract new riders.

Thank you again for your consideration of Metrolink's comments regarding cap-and-trade auction proceeds. We look forward to working with you and your board to reduce GHGs in an effective manner.

Please feel free to contact me for additional information.

Sincerely,



Michael P. DePallo
Chief Executive Officer