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August 3, 2010

***Via Electronic Mail***

Mary Nichols, Chair  
California Air Resources Board  
1001 "I" Street  
Sacramento, California 95814  
<http://www.arb.ca.gov/cc/sb375/comments.htm>

**Re: Comments on Draft Regional Greenhouse Gas Emission Reduction Targets**

Dear Chairman Nichols:

The League of California Cities ("League") submits the following four general comments to the Air Resources Board ("ARB") on the Draft Regional Greenhouse Gas Emission Reduction Targets for Automobiles and Light Trucks ("Draft Targets").

**I. Draft Targets Are Result of a Successful Bottoms-Up Process that Enjoyed Significant Stakeholder Participation and Buy In**

The draft targets are the result of an iterative process that enjoyed broad stakeholder participation (through the Regional Targets Advisory Committee and adoption and revision of the *Regional Transportation Plan Guidelines* by the California Transportation Commission).

The final targets—particularly those for 2020—should build on this foundation to reflect the upper end of what is achievable (or "ambitious achievable"). It may be that even more flexibility is needed on a region-by-region basis. This is not to say that the targets must be set so that every MPO can achieve its target within a sustainable communities strategy. But the final targets should recognize that change of this magnitude is going to take time.

While some have argued that the targets should be set to have maximum effect, we would encourage ARB to think about the effects outside of California as well as within. Many commented at the hearings about how the implementation of SB 375 is being watched in capitols across the nation and world. We agree that success against climate change will not be fully realized if SB 375 is only implemented in California; ultimate success also depends on states like Texas, Colorado, Florida, and Mississippi following suit. As such, ARB must consider the paradox that it might actually achieve greater reductions on the global stage by being more moderate in setting statewide targets, at least initially. A

program that is too top-down in structure may get more actual emission reductions in California, but not in a way the rest of the country, or world, may want to follow.

## **II. Sustainable Funding Sources for Planning and Infrastructure Have Yet to Materialize**

The findings in SB 375 state that “*California local governments need a sustainable source of funding to be able to accommodate patterns of growth consistent with the state's climate, air quality, and energy conservation goals.*” Accordingly, the targets should be set in a way that accounts for actual resources that will be available for planning, transportation, and infrastructure for infill development.

Unfortunately, after the passage of SB 375, the sum of actions at the state level has been to constrain—rather than enhance—the ability of local governments to achieve progress. Transportation and redevelopment funds have been used to balance the state budget. Meanwhile, the economic downturn is crippling planning departments that are largely dependent on fees from processing development applications. Moreover, an oft-discussed-but-never-realized sustainable planning fund has yet to be identified, much less implemented (the \$90 million “sustainable planning fund” from Proposition 84—of which local governments will likely receive \$40 million, or less than half, for SB 375 related planning—falls well short of the need for the state’s 538 cities and counties).

The ability of a region to actually meet a target will not be achieved by better planning alone. The land use patterns that support these low-carbon modes of travel will require additional revenue for infrastructure—such as sewers, fire rescue equipment, schools, park, and other public facilities—needed to make infill development happen. No one to date has adequately identified how local agencies will raise the funding necessary to provide these facilities. Cities also face constitutional limits (for example, Propositions 13 and 218 and the two-thirds vote requirement) that have been placed on their ability to raise new revenues.

In this respect, the targets—particularly for 2020—have to account for the likely governmental resources that will be in place to achieve them. The League appreciates that ARB has asked MPOs about how their forecasts are accounting for the current economic downturn. However, we are less certain how the fiscal constraints of local government budgets will be accounted for in determining how and whether the planning assumptions in regional plans will actually be implemented. For example, we are unaware of any region that has modeled how the take of redevelopment dollars to balance the state budget will affect assumptions about density and infrastructure in key urban centers.

## **III. Targets Should Be Set in Light of the RTAC Recommended Process, Not on an Arbitrary Relationship to a Scoping Plan Figure**

The targets should reflect the results of the bottoms-up process recommended in the Regional Targets Advisory Committee report that was accepted by ARB at its November 2009 meeting. Some have argued that the draft targets must be equal to or greater than

the 5 million metric ton figure in the Scoping Plan. But the Scoping Plan figure was merely an estimate of what the target setting process might yield.

Moreover, as you know, the outdated “business as usual”(BAU) emission calculation for 2020 (596 MMT) upon which the Scoping Plan is based also makes such a correlation impractical. The 2020 BAU calculation relied on economic forecasts from 2007. In contrast, ARB’s most recent estimate of the economic cost associated with AB 32 used a 2009 forecast, which more accurately accounted for the current economy and its likely effect over the future years.

We appreciate Chairman Nichol’s commitment to square this issue in her May 25 letter to League Board President Robin Lowe that stated that ARB is “currently re-evaluating the statewide growth projections detailed in the Scoping Plan and . . . will be adjusting [the] approach to implementing the measures included in the plan as appropriate.” In light of this upcoming re-evaluation, we do not think tying the draft targets to the earlier figure is particularly useful. Instead, the draft targets are stronger if they stand on their own process.

#### **IV. It Makes More Sense to Error on the Side of Achievability for 2020 and Be More Aggressive for 2035 Target**

SB 375 is already having a broad effect on planning in California. The language people use at regional planning meetings has changed in a very fundamental way. More and more, citizens and officials alike are drawing connections between emissions, travel, and health benefits. To be sure, the progress is too quick for some and too slow for others, but change is happening, plans are changing, and the communities that will spring from those plans will look and operate differently.

But there is risk in putting too much pressure on the targets too soon—particularly for the 2020 targets where regions will only have 7 to 10 years (depending on when they adopt their next regional transportation plan) to implement policies). Moreover, the modeling and measuring are still not quite up to the task, and the technology is not yet dispersed enough in smaller and rural regions. Finally, there is a significant lag time in the entitlement process itself: years will pass between the adoption of a regional plan, a subsequent amendment to a local general plan and zoning ordinance, and ultimately an application on a specific parcel.

More opportunity exists, however, in the setting of the 2035 target. At the very least, ARB will have the opportunity to revisit the target in four and eight year increments to make modeling improvements and conduct analysis that could not be accomplished in the time-constrained process for this first round of target setting. More importantly, there will also be more opportunities (hopefully), at the federal, state, and local level, to revisit the fiscal constraints related to planning and providing infrastructure that must be addressed if SB 375’s promise is to be fully realized.

## V. Conclusion

California's 480 cities are leading the way to help reduce greenhouse gas emissions. Cities across the state are finding cost efficient, innovative solutions to reducing emissions that accommodate the unique characteristics of their communities. Many have already completed GHG inventories, created climate change action plans, and implemented programs that are already resulting in the reduction of emissions from cars and light trucks.

Cities across the state are looking forward to the challenge of being the state's "essential partner" the Scoping Plan described them to be in the implementation of SB 375. But we are going to need the state to uphold its end of the partnership. We offer these comments as practical considerations in this light. The League looks forward to working with ARB in the future.

Sincerely,

A handwritten signature in cursive script that reads "Bill Higgins". The signature is written in black ink and is positioned below the word "Sincerely,".

Bill Higgins  
Legislative Representative