

CITY OF MURRIETA

November 17, 2008

Mary Nichols
Chair, California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95814

RE: CITY OF MURRIETA COMMENTS ON AB 32 PROPOSED SCOPING PLAN

Chair Nichols:

The City of Murrieta is pleased to have this opportunity to comment on the California Air Resources Board's (CARB) Proposed Scoping Plan, Appendices and Economic Analysis for implementing AB 32.

We join the vast majority of Californians in supporting a balanced, cost-effective strategy to implement California's landmark Global Warming Solutions Act (AB 32) in a way that reduces greenhouse gas emissions while protecting Murrieta's jobs, businesses and the overall health of our local economy. However, we remain concerned that the Scoping Plan will impose additional costs on our city's households and businesses. Our greatest concern with the Scoping Plan is the economic modeling results that found this measure to be an economic driver rather than, at best, revenue neutral. Many Murrieta companies are struggling due to the downturn in the economy, and any measure that may increase costs for fuel and energy must be considered. The City does not have the luxury of blindly supporting a plan without extensive research. The potential cost to implement AB 32, as determined by our staff, could dramatically worsen the economic realities during an already difficult period.

As both the State and local governments are struggling with budget shortfalls, additional costs to invest in greenhouse gas (GHG) reduction technologies, or to provide staff support to monitor new programs, will pass costs onto the City, its residents and businesses. In our opinion, we do not feel these costs were adequately considered. While the City of Murrieta in principal supports AB 32, we remain cautious and appeal for CARB to implement this legislation regardless of politician's timelines and terms of office. Time is essential to study the economic impacts of this measure, and we are not convinced that time has been properly utilized. A case-in-point, even the greatest skeptic would foresee that implementation will cost millions, if not billions, of dollars on cities, businesses, and individuals. Yet the Scoping Plan claims increased economic production (\$33 billion), increased personal income (\$16 billion), economic growth, job growth

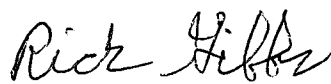
(100,000), and savings for households and businesses. Staff has read through the research provided, and suffice it to say that we remain, at a minimum, unconvinced.

Greenhouse gas emission reductions need to occur on a global level if we truly intend to make a difference in climate change. This legislation is symbolic, and if done properly, could serve as a model for other states and countries to address global warming. Taking a leadership role comes with responsibility, and the State must ensure the implementation of AB 32 is done equitably, fairly and with a balanced hand. CARB must fully understand the environmental, financial and community impacts of the Scoping Plan to avoid the unintended consequences that so often do irreparable harm.

To be fair, AB 32 and other global warming measures introduced in the future will likely mean higher energy costs. Our City accepts this as the cost of living in a responsible, civilized society. The reason for our hesitance and reluctance to join the chorus of support for AB 32 is to provide our residents and the business community with an honest assessment of the overall costs. To date, the State has not had a good track record analyzing the cost of doing business. The additional costs our staff determined that utility companies would bear would likely be passed onto our residents. If we were being candid, we would call this a tax increase. Knowing the political realities, we can continue to describe it as a fee. But for the good of the argument, the City of Murrieta explicitly acknowledges this will cost our citizens more money out of their pockets.

The State and the health of future generations demand that we implement a successful program. We appeal for the CARB to study this further, to provide more information, and open the research to a peer review committee of economists and scientists. Even the European Union has acknowledged that their goals of further reductions in GHG emissions are expensive, and if done improperly, could cause instability. Thank you again for the opportunity to comment. The City of Murrieta looks forward to the benefits of solutions on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Rick Gibbs".

Rick Gibbs
Mayor

Cc: City Council
League of California Cities