

September 14, 2010

The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I street
P.O. Box 2815
Sacramento, CA 95812

RE: Proposed SB 375 Targets

On behalf of the undersigned organizations, we would like to voice our opposition to the proposed emission reduction targets identified in CARB's August 9th, 2010 staff report: Regional Greenhouse Gas Emissions Reduction Targets for Automobiles and Light Trucks Pursuant to Senate Bill 375. Collectively, we represent communities across the state as well as businesses large and small that are vital to California and that provide hundreds of thousands of jobs to Californians. We believe the proposed targets are infeasible to achieve, would bring extraordinary cost increases to families, and would have severe ramifications for our state's economic recovery. We respectfully request that the Air Resources Board reject the unreasonable target levels and instead pursue more reasonable levels at the low end of the contemplated target range.

While we appreciate the challenge of reaching our climate change goals, the targets recommended by CARB staff fail to balance the goals with California's need to provide jobs and housing for our residents. The targets as they have been proposed are unreasonable and unachievable, and will have a chilling effect on new economic projects and developments. This unfortunately undermines the extensive collaborative process that the metropolitan planning organizations engaged in to make thoughtful recommendations to CARB.

During the course of CARB's stakeholder input process, the Southern California Association of Governments (SCAG) evaluated targets of 3-12% for emission reductions. SCAG's analysis determined that the higher end of this range was not achievable. However, CARB's report seems to ignore this warning, and has instead issued a recommended target of 13% by 2035. According to staff at the Bay Area Metropolitan Transportation Commission, even a target of 12% was "not considered attainable by any stretch of the imagination." But CARB's proposed targets go beyond 12% for both the Bay Area and Southern California regions.

Similarly, the MTC stated they could achieve a 5% reduction in 2020 and 5% reduction in 2035. But CARB staff recommendations set the levels at 7% for 2020 and 15% for 2035 for the Bay Area. In the Central Valley, which has been particularly hard hit by the recession and cannot absorb the additional economic burdens that would come from high targets, CARB raised the 2035 target for Fresno County by 250%, from 4 to 10%.

The statewide economic impacts of these extraordinarily high target levels were not modeled in any comprehensive and transparent way, and are based on entirely impractical

assumptions about transportation improvements. For example, CARB's targets assume the development of expensive mass transit projects such as high speed rail, that are not likely to be completed anytime soon. Furthermore, the targets do not realistically account for potential population growth. In addition the targets may result in reduced job growth – in fact SCAG recently adjusted their job forecast downward by 200,000 jobs in order to demonstrate a half percent reduction in emissions. It is unfortunate that these targets are premised on reduced economic activity as correlated to reduced emission levels, at a time when California should instead be prioritizing job creation and economic growth.

Another consequence of the targets is significant cost increases for families and businesses. The MTC professional staff analysis indicated that to meet CARB's aggressive standards, auto operating costs will have to increase five-fold. Emission reduction methods under such extreme targets would have to include a VMT tax, congestion pricing, toll roads, parking fee increases and gasoline prices of more than \$9. Annual travel costs will skyrocket 460% to meet these standards.

Until these policies are vetted and analyzed for economic impacts, and the public is informed about the ramifications, CARB should reject the proposed target levels.

Although the CARB staff report was silent on the potential impacts to jobs and the economy, we can safely predict that businesses will be forced to pay fines or expensive, mitigation fees under California Environmental Quality Act (CEQA) in order to receive necessary building permits. At the same time, these targets will place unnecessary burdens on local governments during the worst recession in modern history and while there are chronic public revenue shortages. Local governments will be required to provide numerous transportation improvements, but won't be supplied with any guaranteed funding to finance these expensive endeavors. Furthermore, the targets are so unreasonable that they would jeopardize local planning flexibility and result in the imposition of restraints on local land use decisions.

The process that started as a collaborative effort has turned into a massive new state regulatory program that will create major uncertainty for employers and increase job losses. In order to preserve the spirit of SB 375 and promote a program that will move forward successfully, CARB should go back to the input and analysis that was provided by experts during the stakeholder process, and adopt lower range targets that have been modeled and shown to be reasonable and achievable.

Sincerely,

California Building Industry Association

California Manufacturers & Technology Association

California Business Properties Association

American Council of Engineering Companies of California

Associated General Contractors

California Retailers Association
California Restaurant Association
California Independent Grocers Association
California Chamber of Commerce
Engineering & Utility Contractors Association
Golden State Builders Exchanges
Oxnard Chamber of Commerce
Transportation California
National Federation of Independent Business – California
Southern California Contractors Association
Solano County Black Chamber of Commerce
Valley Industry and Commerce Association
Northern California Carpenters Regional Council
California Grocers Association
Contra Costa Council
Solano County Taxpayers Association
California League of Food Processors
California Hotel & Lodging Association
Air Conditioning Trade Association of California
California Independent Oil Marketers Association
Seawright Custom Precast, Inc.
Roofing Contractors Association of California
EJ Enterprise
Engineering Contractors' Association
California Fence Contractors' Association
Flasher/Barricade Association
California Chapter of the American Fence Association
CARNEY Associates LLC
California Professional Association of Specialty Contractors
California Metals Coalition
California Alliance for Jobs
Milpitas Chamber of Commerce
CA Forestry Association

New Reagan Patriots

Irvine Chamber of Commerce

Building Industry Association of Southern California

Building Owner and Managers Association of Greater Los Angeles

Building Industry Association – Los Angeles Ventura Chapter

Building Industry Association – Antelope Valley Chapter

Building Industry Association – Baldy View Chapter

Building Industry Association – Orange County Chapter

Building Industry Association – Riverside County Chapter

Building Industry Association of the Bay Area

Construction Industry Air Quality Coalition

Charlie Goeken, Mayor of Waterford

Craig Vejvoda, Mayor of Tulare

Marin Builders' Association

California Dump Truck Owners Association

Coalition of Labor, Agriculture & Business of Santa Barbara County

Coalition of Labor, Agriculture & Business of San Luis Obispo County

California Beer and Beverage Distributors

Santa Maria Valley Contractors Association

Western Electrical Contractors Association

North State Building Industry Association

Building Industry Association of San Diego

Building Industry Association of the Central Coast

Building Industry Association of Fresno/Madera Counties

Home Builders Association of Tulare/Kings Counties

Construction Industry Legislative Council

Roofing Contractors Association of Southern California

Associated Roofing Contractors of Northern California

California Construction and Industrial Materials Association

CC: Members of the California Air Resources Board
Virgil Welch
Dan Pellissier, Office of Governor Arnold Schwarzenegger