



**METROPOLITAN  
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September 20, 2010

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

Dear Chair Nichols:

I understand that you have received a letter from the California Building Industry Association (BIA) dated September 15, 2010 containing a number of references to the scenario planning process conducted by the Metropolitan Transportation Commission (MTC) that helped inform the greenhouse gas (GHG) emission reduction targets requested by MTC – and ultimately recommended by Air Resources Board (ARB) staff – for the San Francisco Bay Area. These draft targets are before your Board for action on September 23<sup>rd</sup>.

The BIA letter makes a considerable amount of mischief with an out-of-context quotation from one of my statements at a recent MTC Planning Committee meeting to the effect that we had “dreamed up” some of our GHG planning scenarios. While I certainly regret the less than artful turn of phrase, all I meant to convey to my board members was that our planning scenarios had been developed by MTC staff without the benefit of significant stakeholder input or public comment due to the generic and preliminary nature of the scenarios. In 2011, when we commence crafting the Sustainable Communities Strategy (SCS) required under Senate Bill 375, MTC will be conducting an extensive public outreach program that will help shape the actual land use, transportation, demand management, and other strategies we will pursue in an attempt to meet the GHG targets to be established by ARB. In fact, I not only meant to say that, but actually did say so in language from the same statement that the BIA letter chose not to quote.

The BIA letter also implies that some inexplicable or nefarious change occurred in the results of our GHG planning scenarios between those submitted to ARB in May 2010 and later scenario results developed at the request of our Commission

The Honorable Mary Nichols  
Chair  
California Air Resources Board  
September 20, 2010  
Page 2

in July 2010. What took place over that two-month period is far more mundane: we learned from new information provided by our colleagues at other regional agencies, we corrected some errors we had made, and we revised some of the strategies we examined at the specific direction of the elected officials who sit on the Commission. At their meeting on July 28<sup>th</sup>, when the Commission approved GHG targets of a 7% per capita reduction by 2020 and a 15% per capita reduction by 2035, they were acting on the best and latest planning information that we could provide them. Their action was hardly pro forma; it followed a spirited discussion and included some dissenting votes.

One key finding MTC staff shared with our Commission at their meeting on July 28<sup>th</sup> was that the “Bay Area already is embarked on a fairly aggressive focused growth strategy.” For example, our adopted regional transportation plan contemplates that the City of San Jose will grow by roughly 430,000 persons from 2005 to 2035. In order to achieve a 15% per capita GHG reduction by that horizon year, our analysis suggests the City of San Jose might need to grow by another 60,000 persons. While the latter number is still substantial, the far greater increment of growth already is forecast in our adopted plan based upon a robust level of in-fill and transit-oriented development in the region’s largest city. The BIA letter claims that our SCS is liable to run afoul of federal requirements that our plans be based on reasonable demographic and financial assumptions. But our existing regional plan – including the focused growth assumptions outlined above – was approved by the relevant federal agencies last year.

Finally, I would like to respond to a separate email campaign the BIA is sponsoring that warns of \$9 per gallon gasoline if ARB adopts the staff recommended GHG targets. This number – from 25 years in the future when market forces are likely to push gas prices well above today’s levels – apparently was derived from an MTC planning scenario of charging a carbon fee of 15 cents per mile as one potential strategy for reducing GHG emissions. I think it is a safe bet that there aren’t many elected officials in California who are poised to enact such a fee. That’s why we called it a “planning scenario”. For the immediate future, it is far more likely that focused growth, infrastructure investment, and other non-pricing strategies will be the building blocks for the first SCS plans that MTC and our sister regional agencies adopt over the next few years.

The ARB has a difficult task on September 23<sup>rd</sup> as you seek to establish GHG emission reduction targets that meet your twin goals of being both “ambitious and achievable”. That task is not made any easier by the efforts of interested parties

The Honorable Mary Nichols  
Chair  
California Air Resources Board  
September 20, 2010  
Page 3

to misuse and misstate information that has been developed in good faith and with ample transparency by your partners at the state's metropolitan planning organizations. I plan on attending your Board meeting later this week, and would be happy to respond to any additional questions at that time.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line that loops back under the 'S'.

Steve Heminger  
Executive Director

cc: Commission  
MPO Directors