

# Funding for Local Governments to Combat Climate Change and Realize our Energy Future

## ISSUE

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An integrated approach on AB 32 auction revenue is needed to ensure that California meets its climate goals. Investment in reducing emissions from the transportation, land management, municipal electricity, water management, and other key sectors is necessary and broadly supported. Local governments stand at the intersection of these sectors, are uniquely positioned to implement the greatest emissions-reducing projects, can broaden the constituency to defend the AB 32 program, and thus should be at the center of an investment strategy aimed to achieve California's climate goals.

## BACKGROUND

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The California Global Warming Solutions Act of 2006 (AB 32) allows for the use of a market mechanism to help reach the State's greenhouse gas (GHG) emissions reduction goals as stated in AB 32. This past November saw the first action of that market mechanism as the Air Resources Board held its first auction as part of its cap- and- trade program. The expenditure of the revenue created from the cap- and- trade program will be critical to reaching California's environmental and economic goals of the future.

Local governments are instrumental to meeting state climate and energy goals. As the closest level of government to Californians, local governments are able to make a significant impact by taking action in our communities and promoting public awareness. Local leadership enables cities and counties to work together with a number of partners to initiate projects that target the biggest GHG reductions, promote energy efficiency and water use efficiency, and create jobs, all of

which will spur local economies as well as the state's economy.

Many local governments, special districts and joint powers authorities have already taken action to reduce GHG emissions through a variety of different approaches, including clean and renewable energy projects, energy efficiency measures, facility and fleet upgrades and innovative planning processes, to name a few. At the same time, the recent economic downturn has sapped many local governments' budgets and prevented projects from being funded or completed.

## SOLUTION

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The state would be best served if AB 32 funds were dedicated to a local emission reduction program whereby regional and local agencies can serve as a delivery tool for a range of investments from clean and renewable energy, to water efficiency and supply, to natural resource and urban forestry projects that achieve the greatest GHG reduction in a local jurisdiction.

Funding should be allocated through competitive and block grants, but other financing tools may also be employed. Further, funding should focus on the following two categories:

- Innovations that create new systems or technologies (concept development) to be deployed at a local or regional level
- Implementation of existing, proven GHG emission reducing or sequestering projects

Eligible entities should include:

- Local governments
- Special districts
- Joint powers authorities
- Non-profits working in partnership with local jurisdictions
- Regional agencies

## **SUPPORT**

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California State Association of Counties

League of California Cities

Local Government Commission

California Special Districts Association

Sonoma County Water Agency

Green Cities California

City of Berkeley

City of Chula Vista

City of Hayward

City of Los Angeles

City of Oakland

City of San Diego

City of San Francisco

City of Santa Monica

County of Marin

City of Davis

Los Angeles County

Placer County

Santa Clara County

Santa Cruz County