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Darrell Johnson
Chief Executive Officer

March 4, 2013

Ms. Mary Nichols
Chairwoman
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairwoman Nichols,

The Orange County Transportation Authority (OCTA) appreciates the opportunity to comment on the Cap-and-Trade Auction Proceeds Investment Plan Draft Concept Paper (Concept Paper), as released on February 15, 2013. OCTA acknowledges the challenges associated with developing an investment plan to promote measures that not only help the state meet its near and long-term greenhouse gas emission goals, but also provide co-benefits such as economic stimulus and air quality improvement. The Concept Paper's emphasis on funding transportation improvements, including mass transportation, as well as the implementation of sustainable communities strategies (SCS), is supported by OCTA.

Investment in transportation improvements aligned with AB 32 (Chapter 488, Statutes of 2006) and SB 375 (Chapter 728, Statutes of 2008) can offer the most significant potential to reduce statewide greenhouse gas emissions, with the transportation sector representing almost 40 percent of statewide emissions. Extensive work has already been completed within the development of each SCS, as well as in statewide transportation needs assessments, to identify immediate and long-term transportation needs. These plans can be used to help influence the allowance revenue allocation process.

Investment in transportation projects offers a wide array of co-benefits, including improved mobility, air quality and immediate economic stimulus. Specific attention should be given to funding local transit, which will experience an increase in demand due to the policies promoted as a result of AB 32 and SB 375. In addition, as electricity rates increase due to the cap-and-trade program, transit and rail systems will be forced to incur additional electric costs. Allowance revenues can be used to help offset some of these costs, and ensure maintenance of existing systems. Other transportation investments such as bus rapid transit, signal synchronization, and bikeways can offer immediate emission reduction benefits, some with minimal investment needed.

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In making these investments, recognition should be given to the flexibility provided to regions under SB 375, both in project selection and plan development. Because of the unique geographic and demographic characteristics of each region, SB 375 granted deference to regions in creating each SCS and meeting the associated greenhouse gas emission reduction targets. Furthermore, within the region covered by the Southern California Association of Governments (SCAG), each sub region can create their own subregional SCS to be included in SCAG's larger SCS. For SCAG's 2012 Regional Transportation Plan and SCS, Orange County was one of two sub regions opting to do a subregional SCS. Recognition of this unique framework in allocation decisions will allow regions to address specific local needs, as presented in the regional and subregional SCSs.

In order to ensure that the projects lead to the necessary emission reductions, it should also be ensured that any new technologies promoted under the program are cost-effective and feasible for implementation. Currently, some of the technology promoted by the Concept Paper, such as zero emission buses, is undergoing demonstration programs that have shown existing costs and technology to not yet be at the point where widespread adoption can take place. Additionally, because of the extensive infrastructure needs associated with such technology change, the cost-effectiveness of such measures is questionable. Instead, emphasis should be placed on more immediate measures that can promote further emission reductions, such as expansion of transit service and other transportation improvements.

OCTA looks forward to continuing to collaborate with the ARB, as well as other state agencies involved in the development of the cap-and-trade investment plan and associated allocation of revenues. If you have any questions please contact Kristin Essner, Senior Government Relations Representative, at (714) 560-5754.

Sincerely,



Darrell Johnson
Chief Executive Officer

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c: Sloat Higgins Jensen & Associates