



401 B Street, Suite 800
San Diego, CA 92101-4231
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

March 7, 2013

File Number 3200300

Ms. Mary Nichols, Chairperson
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Ms. Ana Matosantos, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

MEMBER AGENCIES

*Cities of
Carlsbad
Chula Vista
Coronado
Del Mar
El Cajon
Encinitas
Escondido
Imperial Beach
La Mesa
Lemon Grove
National City
Oceanside
Poway
San Diego
San Marcos
Santee
Solana Beach
Vista
and
County of San Diego*

ADVISORY MEMBERS

*Imperial County
California Department
of Transportation

Metropolitan
Transit System

North County
Transit District

United States
Department of Defense

San Diego
Unified Port District

San Diego County
Water Authority

Southern California
Tribal Chairmen's Association

Mexico*

Dear Ms. Nichols and Ms. Matosantos:

**SUBJECT: SANDAG Comments on the Cap-and-Trade Auction Proceeds
Investment Plan Draft Concept Paper**

The San Diego Association of Governments (SANDAG) supports the proposal submitted by the Transportation Coalition for Livable Communities and is providing additional comments here. SANDAG adopted the 2050 Regional Transportation Plan and its Sustainable Communities Strategy (RTP/SCS) in October 2011. It includes a significantly increased commitment to transit and active transportation enhancements through the plan's horizon.

The RTP/SCS envisions 156 miles of new Trolley and light rail service as well as more than doubling transit service miles and increasing frequencies in key corridors. Further, the RTP/SCS makes an unprecedented commitment to new active transportation facilities to provide safe access throughout the region. SANDAG highlighted the need to identify new sources of revenue to fully realize the vision outlined in the RTP/SCS, and believes the investment of cap-and-trade revenues here would provide great public and local community benefits while achieving the most cost effective implementation of Assembly Bill 32, the Global Warming Solutions Act (AB 32).

Since the transportation sector contributes about 40 percent of the state's greenhouse gas (GHG) emissions and over 50 percent of the San Diego region's GHG emissions, we believe that a similar share of allowance revenues should be dedicated to projects and programs that reduce GHG emissions from the transportation sector.

In addition to the RTP/SCS, the SANDAG Regional Energy Strategy (RES) serves as an energy policy blueprint for the San Diego region. The electricity and natural gas sectors are the next largest contributors of GHG emissions in the San Diego region. The RES priorities align with the transportation and energy areas identified in the concept paper for investment of cap-and-trade revenues. RES priority actions include:

- Pursuing a comprehensive building retrofit program
- Supporting finance programs to pay for retrofit projects

- Supporting land use and transportation strategies that reduce energy use and GHG emissions
- Supporting electric charging and alternative fueling infrastructure

SANDAG recognizes the need to identify new sources of revenue to effectively implement the RES, and therefore supports the California Air Resources Board's attention to retrofit and financing programs as energy areas for investment.

We believe investments from cap-and-trade revenues should be consistent with regional plans and Sustainable Communities Strategies. Eligible projects should be consistent with Air Resources Board approved and regionally adopted Sustainable Communities Strategies. Further, each region's share of allowance revenues should be allocated on a formula basis to reflect a geographically equitable distribution of funds.

Lastly, the California Communities Environmental Health Screening Tool (EnviroScreen), developed by the California Environmental Protection Agency (CalEPA) Office of Environmental Health Hazard Assessment, is apparently a tool that will be used to make determinations regarding the allocation of cap-and-trade revenues. SANDAG and many other organizations have expressed concerns regarding the technical capabilities of this tool and its ability to accurately identify communities most in need of GHG reduction strategy investments. If it is too late make improvements to EnviroScreen prior to its implementation, SANDAG requests that CalEPA make it clear that the tool only is intended for use as one tool that can be used to indicate areas that need such investments, versus a requirement that the cap-and-trade funds be used solely in the particular zip codes identified by EnviroScreen. Additionally, in an effort to provide clarity, SANDAG requests that a statement along the lines of the following be published by CalEPA in coordination with dissemination of EnviroScreen and its modeling results:

"EnviroScreen and its model outputs are not intended to, and do not, create any right or benefit, substantive or procedural, enforceable by law or in equity by any party against state or local governments, or their departments, agencies, or entities, officers, employees, or agents, or any other person."

Thank you for your consideration in developing the AB 32 Cap-and-Trade Investment Plan. If you have any questions, please contact Kim Kawada, SANDAG, at (619) 699-6994 or Kim.Kawada@sandag.org.

Sincerely,



GARY L. GALLEGOS
Executive Director

GGA/SFR/mmo