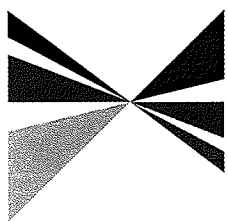


SOUTHERN CALIFORNIA



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March 7, 2013

Mr. Cliff Rechtschaffen,
Senior Advisor to the Governor
Governor's Office
State Capitol
Sacramento, CA 95814

SUBJECT: Comments-Draft Cap and Trade Investment Plan

Dear Mr. Rechtschaffen:

On behalf of the Regional Council of the Southern California Association of Governments (SCAG), thank you for holding public workshops regarding the draft Cap and Trade Investment Plan and including a workshop in Southern California. SCAG appreciates the Administration's leadership in releasing the February 15th Draft Cap and Trade Investment Plan and providing the opportunity for public comment.

The SCAG Regional Council includes representatives from six counties (Los Angeles, Orange, Ventura, Riverside, San Bernardino and Imperial), and 191 cities with over 18 million residents. Four million more residents are anticipated in our region by 2035 (mostly our children and grandchildren).

Providing a realistic, fundable sustainable transportation and housing plan for our 22 million future residents is an important responsibility. SCAG has spent considerable resources getting this delicate balance right. Over the past four years, the SCAG Regional Council adopted, without objection, the most collaborative, bottom-up regional planning process in our region's history to develop a consensus based 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS) to best accommodate these four million additional residents. Stakeholders actively involved in the RTP/SCS process included local governments, county transportation commissions, transportation stakeholders, the building industry and other business interests, the environmental community, air districts, public health interests, housing advocates, and others.

The accomplishment of the 2012-2035 RTP/SCS will be truly meaningful only if the Plan is fully funded and successfully implemented with our stakeholder partners. The state's funding of the plan is estimated to be 17 percent, only if the state gas tax is amended to assure that it keeps pace with inflation. Without a change or added source of revenue, the contribution from state resources will shrink over time and the ability of regions and the state to effect real GHG reductions going forward will be less effective.

We all recognize the challenge given that a share of cap and trade revenues will be derived from transportation revenues beginning in FY 15. Therefore, our collective

joint interest to seek an equitable share of revenues for sustainable transportation projects should be understandable to the Administration. In particular, there is an urgent need to secure a portion of these valuable revenues for active transportation, public transit, transportation demand management, sustainable communities, and zero- and/or near-zero emissions goods movement projects in the Plan. This will not only reduce greenhouse gas (GHG) emissions, but also improve the livability, competitiveness and sustainability of our region. The proposed California Cap and Trade Investment Plan is part of the solution to provide funding for these important activities.

SCAG respectfully requests that when the Administration considers comments from the workshops and is refining the draft Investment Plan, that the principles supported by the Transportation Coalition for Livable Communities, and approved by the SCAG Regional Council, be embodied in the Transportation element of the Investment Plan.

In addition to SCAG's support of the principles of the Transportation Coalition for Livable Communities, we offer the following:

- Every region of the state should receive a fair share of the auction proceeds.
- SCAG supports the allocation targeted to disadvantaged communities per SB 535 and based on top-ranked distressed communities from results provided by Cal/EPA. However, clarification is needed on the draft Investment Plan's stated investment categories and goals regarding the remaining 75% of the cap and trade allocation funds used to further the purposes of AB 32.
- We learned at our numerous workshops that many stakeholders share a collective goal of sustainability through a strong California economy. As such, SCAG suggests that the draft Investment Plan should address and promote economic development. Investment in RTP/SCS projects makes "dollar sense." For example, independent economic experts have determined that the SCAG region will recover \$2.90 in benefits (mobility, energy, air quality/sustainable benefits) for every \$1 invested. These cost-effective and sustainable projects are detailed below.
- SCAG notes the proposed 1.5 million ZEV fleet by 2025 on page 3 in the draft Investment Plan and hopes that the ARB EMFAC2013 model provided to the MPOs will be able to account for the GHG emission reduction benefit associated with the projected ZEV fleet for each of the regions.
- SCAG appreciates the state role in ensuring that these scarce resources are obligated responsibly and in accordance with state law. SCAG respectfully requests that the revised Plan consider the statutory MPO role (per SB 375) for achieving the ARB-established GHG reduction goals through an approved RTP/SCS, including developing consensus for the Plan, approving SCS projects, and monitoring and meeting the GHG emission reduction targets.

- The revised transportation/land use element of the Investment Plan should recognize that some regions have chosen to exceed the GHG emission reduction targets by 2035. For example, in Southern California, while SB 375 addresses the State's goals for VMT-related GHG reductions associated with the light and medium duty fleet, SCAG's SCS contains additional GHG reduction benefits from the policy on zero- and/or near-zero emission freight and infrastructure projects.
- Please note that Investment Principles (page 15, #3) states: "Investments should be prioritized toward sectors with both the 'highest' GHG emissions and the 'greatest need' for future reductions to meet GHG goals." SCAG would welcome an opportunity to work with the Administration on clarifying "greatest need" to meet GHG transportation emission reduction goals.
- To ensure our analytical tools are technically sound and improve transparency relative to the benefits of the investment plan, improvement in modeling and other performance monitoring tools should be eligible and encouraged in the updated plan. The Investment Plan should consider funding statewide, cooperative model development cost and data sharing.
- Since 2005, SCAG's Compass Blueprint program has funded over 130 local-level plans for infill, mixed-use and transit-oriented-development, downtown and corridor revitalization, streetscape and active transportation improvements, transit, traffic and parking planning, all aimed at reducing VMT and implementing the RTP/SCS. Cap-and-Trade proceeds can supplement and accelerate local efforts to implement these completed plans on-the-ground and realize their full potential for GHG emission reductions.

The following types of projects will ensure timely implementation of SCAG's 2012-2035 RTP/SCS and are a good fit for funding under the Cap and Trade Investment Plan. The criteria and principles for these projects include:

1. Meeting the State's priority to integrate transportation and land use
2. Readiness and timely implementation to see results by 2020 including in the next 1-3 years as feasible
3. Cost-effectiveness
4. Maximizing co-benefits to cover multiple SB 1532 investment priorities

The types of projects include, but are not limited to:

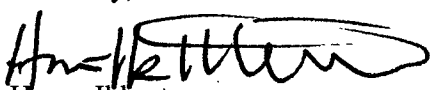
- Active Transportation
 - First mile/last mile connection and bike lane gap closure
 - Safe routes to a) school, b) transit, c) parks and d) other essential services
 - Complete street, particularly the new roadway projects
 - Street design, bike/pedestrian lanes, land use (mixed use) design

- Sidewalk ADA Compliance upgrades
- Transportation Demand Management Strategies
 - Rideshare incentives/Rideshare matching
 - Parking management and parking cash-out policies
 - Preferential parking or parking subsidies for carpoolers
 - Promotion and expansion of Guaranteed Ride Home program
 - Telecommuting incentives
 - Integrated mobility hubs
 - Establish a platform to facilitate and track ride-share participation
 - Transit Pass Reimbursement/Subsidy
 - Incentives for employees who bike to work
- Transportation Systems Management Strategies
 - Ramp meters
 - Advanced traveler information systems
 - Traffic signal synchronization
 - Left-turn lanes
 - Coordination and design and interactions with bike lanes
 - Grade-crossings
- Land Use
 - Transit-oriented development
 - Infill and mixed-use development
 - Transit-ready development
 - Complete Communities development
 - Multi-family and affordable housing
 - Downtown and corridor revitalization
 - Streetscape improvements
 - Parks and open spaces
- Public Transit
 - Bus expansion
 - Passenger rail expansion and connection
 - Regional transit centers
 - Integration and upgrade of local rail with High Speed Rail
- Goods Movement System
 - Systems planning
 - Zero and near-zero medium-duty and heavy-duty trucks (demonstration and incentives)
- Regional Strategic Planning and Performance Monitoring
 - Model development
 - Performance assessment
 - Monitoring
- ZEV infrastructure planning and development

California has a tremendous opportunity to help shape a livable and sustainable future with these Cap and Trade revenues. SCAG looks forward to the revised plan and the proposed April 25th/26th workshops in Sacramento to continue these policy discussions before the final plan is submitted to the Legislature in May. Our agency supports the Administration's CAT team leadership to get this delicate balance right in investing these scarce revenues. We also look forward to continued collaboration with the Administration to both stimulate job recovery and the State's continued economic growth in a sustainable manner.

Should you have any questions or comments, please contact me at (213) 236-1944, or at Ikh rata@scag.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hasan Ikh rata', written over a horizontal line.

Hasan Ikh rata
Executive Director

cc: Ms. Mary Nichols, Chairwoman, ARB
Mr. James Goldstene, Executive Director, ARB
Mr. Brian Kelly, Acting Secretary, BTH
Ms. Ana J. Matosantos, Director, California Department of Finance
SCAG Regional Council
CEOs, County Transportation Commissions