California Association of Councils of Governments
Effective Regions Through Partnership

July 28, 2017

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed Update to the SB 375 Greenhouse Gas Emissions Reductions Targets.

Dear Chair Nichols,

Thank you for the opportunity to comment on the *Proposed Update to the SB 375 Greenhouse Gas Emissions Reduction Targets.* The California Association of Councils of Governments (CALCOG) is an association of regional agencies that includes all eighteen of the state's metropolitan planning organizations (MPOs) that are responsible for SB 375 implementation.

We share the same goal: the effective implementation of SB 375. We appreciate ARB's recognition of the strong performance of MPOs in the Sustainable Communities Strategies (SCS) adopted to date. Like so many elements of the state's climate policy, this has truly been a ground-breaking endeavor. To date, most MPOs have met and exceeded their targets. To build on this success, MPOs are increasingly emphasizing the successful implementation of their plans to assure that the planned-for reductions materialize. Consistent with this progress, the MPOs recommendations for this round of target setting are "ambitious and achievable" and reflect an assessment of the most recent data and trends applicable to each MPO region.

The draft Scoping Plan, describes a framework that identifies responsibilities for both regions and the state for reducing greenhouse gas emissions from cars and light duty trucks. We appreciate this step forward and acknowledge that it will deepen state-regional collaboration. It is in this spirit of cooperation that we share these comments. It is important to get it right.

Each MPO has provided technical support and/or target recommendations during the consultation process. These recommendations contained the most recent technical work as well as lessons learned from the first rounds of SCS development. This letter highlights six areas where further clarification between ARB and MPO recommendations is warranted.

Finally, factors that drive travel behavior can vary between regions, as a result, the recommendation affects each of our members slightly differently. We anticipate many of our members will provide more detailed comments requesting their 2035 target reflect their respective MPO recommendations. We concur.

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1. Recommendation Fails to Update Targets with Most Recent Data

The target recommendation fails to incorporate the best technical data, forecasts, and other information as the statute requires. Specifically, the staff report incorrectly captures the technical work provided by many of the MPO regions.

Each of the 18 MPO regions provided technical data and/or target recommendations in support of the ARB target setting process. Additionally, ARB has already relied on and used more specific MPO data in the process of certifying that each SCS would achieve its GHG reduction target. To the extent that it is practicable, the same sources of data and technical information should be used in setting the target and determining whether the target has been achieved.

There are also instances where the report mischaracterized the data. For example, *Table 5: Potential GHG Target Impacts – MPO Analysis and CARB Review,* makes several assumptions about the Stress Test work completed by the four largest MPO regions that is not correct. (It should be noted here that the Stress Test process itself was highly complex, and each MPO submitted slightly different data—so it is not easy to get it right). The problem is that the staff report assumed the factors included in the Stress Test (where values were not provided) by the largest MPOs were not included in their target recommendation. But in a quick review of several ARB *Technical Evaluations of MPO RTP/SCSs,* we found many MPO RTP/SCSs already include many of the strategies ARB indicates will achieve these additional reductions. The result is that some of these factors are being counted twice. Once by the MPO in making its recommendation, and secondly by ARB in the assumption that MPOs have additional strategies that were not included in their base recommendation.

It is important to get the data right. The problems we identify here will affect the various MPOs in different ways. We encourage ARB staff to reach out to the MPO regions prior to finalizing the recommendation. These meetings would be to discuss what is correctly captured in the staff recommendation, and what can be updated to better reflect the most recent data submitted by our members. As we mentioned above, we anticipate many of our MPO members will submit letters providing further information for their respective MPO regions.

2. Statewide Pricing

The staff report's treatment (see below quote) of how an MPO might incorporate pricing strategies is inconsistent with the recommendations of the Regional Targets Advisory Committee (RTAC).

> *"The SB 375 targets are in units of per capita reduction in GHG emissions from automobiles and light trucks relative to 2005, this excludes reductions anticipated from implementation of state technology and fuels strategies, and any potential future statewide road user pricing. CARB staff believes that to achieve the intent of the legislation and to maximize community co-benefits, the per capita GHG emissions target should be achieved predominantly through strategies that reduce VMT"*

A clear indicator pricing was to be considered as one of many strategies in the target setting process can be found in the RTAC final report. The RTAC report identified the following question as part of the report's framework to focus the committee's discussion:

> "*What are the key factors within the control of local governments and MPOs that influence greenhouse gas emissions from automobiles and light trucks use? How do land use, the transportation system, and pricing specifically affect vehicle miles traveled (VMT) and greenhouse gas emissions? What is the magnitude of these factors under a variety of conditions?*"[1]

The RTAC report goes further in its discussion of pricing to highlight the vital role empirical data plays in setting greenhouse gas reduction targets and designing strategies to meet those targets through changes in land use, transportation infrastructure and other transportation policies - *"In the SB 375 context, the relevant empirical evidence consists of a set of cause-and effect relationships observed to occur in real-world situations. The "causes" or inputs include land use strategies such as infill development, development mix, density, urban design (also known as the "4Ds"), affordable housing development, transportation strategies such as pricing, incentives, new transit service and service improvements, new roadway investments, operational improvements, and other forms of transportation demand management (TDM)."*

The staff report contradicts the RTAC Final Report and the intervening years of practice. To maintain consistency, the staff report should be updated to remove the words "*and any potential future statewide road user pricing."*

3. Rebound Effect

The target recommendation references U.S. EPA's Mid-Term Review in support of ARB's statewide "rebound effect" analysis. The mid-term review's conclusions suggest strong evidence that the rebound effect varies due to a combination of income, fuel costs, and urbanization[2]- Factors that vary by MPO region throughout the state of California. During the target setting process MPO and ARB staff began a dialogue regarding the impact of the "rebound effect" in their respective MPO regions. Recognizing the Mid-Term reviews conclusion that rebound varies, our members would like to continue the dialogue with ARB.

[1] Recommendations of the Regional Targets Advisory Committee (RTAC) Pursuant to SB 375 (ARB, 2010).
[2] U.S. EPA Mid Term Review – The Rebound Effect from Fuel Efficiency Standards: Measurement and Projection to 2035 (EPA-420-R-15-012, July 2015)

4. SB 1 Reductions are Overestimated

In April 2017, the California Legislature passed Senate Bill 1 (SB1) – The Road Repair and Accountability Act of 2017. While this act is the State's largest transportation investment in decades, expected to raise roughly $52 billion over the next decade, these funds will largely be allocated towards fixing local streets, state highways, transportation infrastructure while also ensuring the state's transit system are maintained in a state of good repair. Over the next ten years, the state faces a $137[3] billion short fall to maintain the existing highway and local streets and roads networks as well as a $72[4] billion shortfall to support transit infrastructure. SB 1 is a positive step towards meeting those needs.

A relatively small portion, is expected to be a new revenue source for funding SB 375-related or VMT reduction projects. A little less than 20 percent of funding--or $9.85 billion over ten years—is available for investments that could be directly counted toward reducing emissions from cars and light trucks. (See table below). For context, this amount is approximately equivalent to the share of funding provided by the Federal Transit Administration to partially fund 15 major transit projects throughout the area covered by California's 18 MPOs (note that the total cost of these projects is $22 billion, the difference being made up by other sources, including local sales tax funds). In addition, of the $9.85 billion, roughly $6.4 billion will be competitively awarded – offering little certainty by which to deliver SCS priorities.

FUNDING SOURCE	PROGRAM FUNDED	FUNDING AMOUNT (over next 10 years, in millions $)
SB 1	Public Transit Formula	$3,550
	Transit and Intercity Rail	$2,529
	Intercity and Commuter Rail	$380
	Local Planning Grants	$250
	Resiliency Planning Grants (One-Time)	$20
	Solutions for Congested Corridors	$2,500
	Active Transportation Program	$1,000
	Total	**$9,849**

[3] SB 1 Transportation Funding (Beall, 2017)
[4] California's Unmet Transit Needs Funding: Fiscal Years **2011**-2020 (California Transit Association, 2013)

Put another way, SB 1 is helpful, but not a silver bullet in terms of reducing GHG emissions. The target recommendation appears to over-estimate the value of the investment that can be made by SB 1 in reducing GHG emissions. Additional funding—from federal, state, and local sources—will still be needed to support transit, ridesharing, non-motorized transportation, redevelopment, and SCS implementation, including funding to incentivize infill and compact residential development and policies to encourage a better jobs/housing match.

5. Funding Roundtable

We look forward to working with you and participating in the "Roundtable" discussion that was highlighted in the ARB Board meeting discussion of March 23, 2017. But the threshold issue for many of our members is the receipt of an ambitious yet achievable target that is based on realistic policy and forecast assumptions. (It is difficult to meaningfully engage in a discussion of future targets when there is a great deal of uncertainty around the current target).

There are several very significant challenges relating to SB 375 implementation on the road to 2035. We believe the following are vital factors in developing a successful funding roundtable discussion.

- The ambitious-achievable balance of the final target recommendation.
- A thoughtful dialogue concentrated on how the state achieves the goals of SB 32.
- The expenditure of Cap and Trade to support SCS efforts and incentivize desirable development patterns.
- A discussion of policies and regulations related to future mobility technology, such as increasing TNC usage and the adoption of autonomous connected vehicles. These technologies have the potential to increase VMT by replacing transit, walk, and bike trips, or decrease VMT by supplementing transit. We need proactive policies to ensure technological advances result in decreased greenhouse gas emissions.
- Identification of next steps for pricing/user charge or other transportation funding solutions including how this funding mechanism can be set up to support reinvestment in GHG reducing projects.
- How to assess and address equity throughout policy development.
- Continuing our cooperative relationship and improving the exchange of technical information.

6. Additional State Strategies Need Further Discussion

The target recommendation identifies four state-level strategies to reduce VMT. We are optimistic about the inter-relationship and collaboration in developing state and regional policies. But we need more than 14 lines of text within a 589 page document (with appendices). Our members have questions: How does the state propose to expand investments in transit and active transportation, for example? Will there be a new funding mechanism? What is the schedule for development of

these activities? What will be the outreach process to interested stakeholders? How will equity and geographic parity be assessed to ensure each MPO region is able to deliver on the commitments contained in its respective SCS?

While it's perhaps too early to provide detailed explanations to these questions, the report should at least include some timelines and milestones for fleshing out the details. We acknowledge that this involves attempting to quantify reductions over agencies and conditions that are outside of ARB's control—and MPOs are definitely familiar with the challenges implicit in that structure. Nevertheless, a full analysis will be necessary to assess the magnitude of GHG reductions from potential state strategies and state commitment to implementation.

We look forward to working with you as the state better articulates its proposed implementation process.

CONCLUSION

In closing we look forward to working with you to ensure a sustainable future. The achievement of GHG emissions reductions under SB 375 is a cooperative partnership between local governments, MPOs, ARB, and other state agencies. MPO recommendations reflect ambitious, but achievable targets developed in coordination with local governments. We look forward to working with you to ensure final target recommendations reflect ambitious but achievable emissions reductions levels.

We look forward to working with ARB in achieving California's ambitious climate goals.

Sincerely,

Bill Higgins

BILL HIGGINS
Executive Director