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Chair
California Air Resources Board
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Mr. Michael Cohen
Director
California Department of Finance
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Dear Chair Nichols and Director Cohen:

SUBJECT: Comments on Draft Cap and Trade Auction Proceeds Triennial Investment Plan

The San Diego Association of Governments (SANDAG) appreciates the opportunity to comment on the Draft Cap and Trade Auction Proceeds Triennial Investment Plan.

As the Metropolitan Planning Organization (MPO) for the San Diego region, SANDAG is responsible for preparing a Sustainable Communities Strategy (SCS) that integrates the region's land use and transportation plans to show how future investments will reduce greenhouse gas (GHG) emissions. The California Climate Investments program is an important source of funding for implementation of the SCS and a critical component of the state's efforts to achieve GHG emissions reductions and other important co-benefits for California, including benefits to disadvantaged communities.

With this in mind, SANDAG would like to comment on the following components of the draft investment plan.

Efficient Financing Mechanisms to Maximize Investment

SANDAG supports the identification of innovative financing options within the draft investment plan. The development of self-sustaining funding mechanisms, such as a revolving loan fund or loan guarantee program, with the appropriate assignment of program design and oversight to relevant state agencies, would enable local and regional entities to leverage limited resources in support of major project delivery and implementation.

Needs Assessment

SANDAG appreciates the acknowledgement that a more efficient and competitive freight system will necessitate an integrated approach to overall system efficiency. As a major land, sea, and air gateway, the San Diego region is undertaking tremendous efforts to maximize the region's freight network in support of sustainable practices and operations. In addition to the public and regional stakeholders, SANDAG encourages the Department of Finance (DOF) to solicit the structured and documented input of industry as it considers how best to respond to this need. Industry stakeholders are well-positioned to provide guidance regarding best green practices, realistic funding incentives to achieve sustainability as well as implementation challenges and opportunities. This feedback is particularly pertinent as it relates to the "System Efficiencies" investment concepts outlined in Figure 3 of the draft investment plan.

Investment Concepts

In accordance with Senate Bill 375 (Steinberg, 2008), the SANDAG SCS (as included in the Draft San Diego Forward: The Regional Plan) highlights several approaches aimed at reducing GHG emissions and building a sustainable future. SANDAG encourages the DOF to broaden the draft investment concepts related to include more comprehensive support for activities related to the principles outlined in Attachment 1.

In particular, SANDAG encourages the DOF to highlight planning efforts as an eligible activity for investment. While the need for project implementation funds remains significant, short-, mid-, and long-range planning will be critical to developing the programs and projects needed to support the state's long-term reduction targets.

Transportation and Sustainable Communities

SANDAG suggests the DOF include support for transportation demand and system management efforts under the "Advanced Vehicle Technology" and/or "Sustainable Communities" investment concepts. Utilizing information technology and collaborative logistics to maximize the overall efficiency of transportation networks helps to reduce traffic congestion, thereby contributing to sustainable GHG reduction efforts. SANDAG also encourages the DOF to support investments in first and last mile connectivity to freight and transit services, including the development of mobility hubs. Mobility hubs are places of connectivity where different modes of transportation — walking, biking, ridesharing, and transit — come together seamlessly to connect people to their jobs, school, shopping, errands, recreation, and back home. As these services get easier to access and more competitive with the car, more travelers will show a willingness to try an alternative to driving alone.

In addition, SANDAG requests that the "Advanced Vehicle Technology" and "System Efficiencies" investment concepts specify that potential recipients include both sea and land ports of entry. Providing investments in support of planning and demonstration projects to improve efficiencies at border crossings could potentially support the implementation of unprecedented technologies and systems at the United States-Mexico border.

Finally, SANDAG encourages the DOF to standardize references to zero emission vehicles to also include the qualifier “or near zero emission vehicles.” This will help to ensure program consistency as well as establish realistic expectations for program deliverables.

Clean Energy and Energy Efficiency

SANDAG encourages the DOF to consider the inclusion of Zero Net Energy (ZNE) as a potential concept under the Clean Energy and Energy Efficiency category. ZNE has been identified as a top priority for California with mandates calling for 100 percent of all new homes in California to be ZNE starting in 2020 and a doubling of energy savings in existing buildings by 2030.

Implementing ZNE requires the integration of many unique energy elements including energy efficiency, energy storage, onsite generation, smart communications for the site, smart communications with the electric grid, and electric vehicle charging stations. As such, providing funding for public agencies and non-profits to undertake ZNE planning, policy, and projects would help leverage the objectives of the other concepts included within this investment category through broader, more sustainable energy policy and implementation.

SANDAG also requests that the potential recipients listed within the “Energy Efficiency and Renewable Energy” investment concept be clarified to include MPOs in addition to local governments. SANDAG works closely with local jurisdictions to implement the Regional Energy Strategy, which serves as the energy policy blueprint for the San Diego region.

Thank you for the opportunity to comment on the Draft Cap and Trade Auction Proceeds Triennial Investment Plan. If you have any questions, please feel free to contact Robyn Wapner, Senior Legislative Analyst, at (619) 699-1994 or by email at robyn.wapner@sandag.org.

Sincerely,



 GARY L. GALLEGOS
Executive Director

GGA/RWA/dsn

Attachment 1: SANDAG Sustainable Communities Strategy Building Blocks and Strategies