California Air Resources Board

Sacramento, California

Re: Comments on Draft of Cap-and-Trade Auction Proceeds-Funding Guidelines for

Agencies that Administer California Climate Investments

My comments are offered as a public taxpayer concerned for the protection of California Climate Investments(CCI) funds.

The Funding Guidelines should focus on the total viability of an agencies ability to complete a project to achieve their GHG goals as opposed to the “accountability tools” that allows for the recovery of funds. The recovery of funds is meaningless to the taxpayer since it merely moves the lost funds from one agency to another. Either way it comes out of the taxpayers pocket.

A perfect example of why front-end examination is so critical is High-Speed Rail(HSR). Their 2014 Business Plan reads like a high-end glossy sales prospectus. Only one problem, they left out the estimated total cost and completion date. No responsible lender would consider any request for funds without this information.

A close examination of the projects funding requirements is probably why the High-Speed Rail Authority(HSRA) has refused to provide this information since 2008. At that time their estimate for a total statewide, 800 mile system including Sacramento, The Inland Empire and San Diego was approximately $45 billion. The only costs they provide in their 2014 Business Plan is $68 billion for Phase 1-San Francisco to Los Angeles/Anaheim(520 miles). A simple extrapolation of numbers, 520 miles costs $68 billion, then the additional 280 miles added for the required total statewide 800 mile system would cost approximately $104 billion.

The over riding question since the inception is, where are they going to get the money? The only funds outside of the California taxpayer is the $3.3 billion from the

Congress and they have made it very clear they will not provide any more money. This leaves approximately $100 billion to build a statewide system. Prop 1A bond money amounts to $9.95 billion. $90 billion still needed, so Governor Brown went to his only source, California Climate Investments for $250 million for the year. This is approximately one third of one percent of $90 billion, which leaves the Governor looking for another $90+ billion. If he committed 100% of the CCI funds to HSR, you still couldn’t get there.

These costs are all based on the low end minimums. When is the last time you ever saw a project of this size come in on projected budget? Think “Bay Bridge.”

All of this leads to the ARB responsibility to structure your guidelines to obtain the necessary information up front to guarantee the completion of an agency project. With the HSR as an example, this may require an evaluation by an outside expert consulting firm to determine if the project can be completed. HSR has been handled as a political football, which requires a set of unbiased eyes to provide an honest appraisal to the ARB. This is much more than just GHG funds, it is a protection on how the California taxpayer’s money will be spent.

Tanks for your consideration,

Sincerely,

Ted Hart

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