



MAYOR ASHLEY SWEARENGIN

March 8, 2013

Mary Nichols
Chairman
California Air Resources Board
P.O. Box 95812
Sacramento, California 95812

RE: City of Fresno Comments on Draft Concept Paper on Cap-and-Trade Auction Proceeds Investment Plan

Dear Ms. Nichols:

Thank you for the opportunity to comment on the Cap-and-Trade Auction Proceeds Investment Plan Draft Concept Paper, and for holding a detailed workshop in Fresno soliciting feedback on the proposal and inviting written comments. As you know, the State's dedication to outreach and obtaining feedback in Fresno and the San Joaquin Valley on this issue will only further the State's goals for greenhouse gas (GHG) reductions.

Although we go into great detail below regarding many areas of opportunity for Fresno and the San Joaquin Valley in reducing GHGs through auction proceeds, I want to make it clear that my priority areas for near-term investment are the following:

- 1) Infill infrastructure development/revitalization around high-speed rail stations, particularly capital projects that are shovel-ready; and**
- 2) Development of comprehensive trails systems and urban parks.**

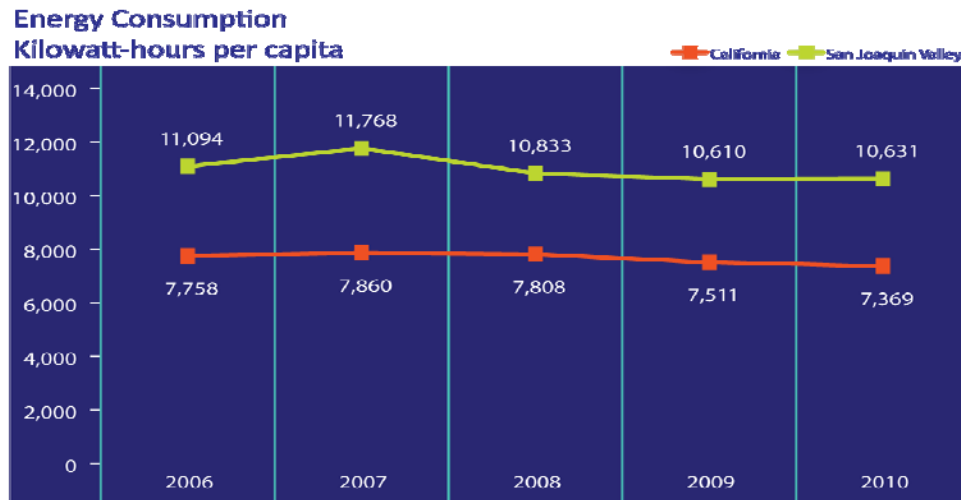
Before providing the City of Fresno's specific comments on Draft Concept Paper, we wanted to frame it with what we believe are some key data points for Fresno and the San Joaquin Valley as it concerns GHG reductions:

- The population in the San Joaquin Valley is growing at a rate that outpaces the rest of the state and, in doing so, has resulted in urban sprawl that encourages daily long-distance vehicle commuters instead of walking, biking or transit use. In the next 40 years, Valley counties are projected to add 3 million new Californians, growing from 3.1 million to 6.2 million¹. The City of Fresno alone has grown 17.3% in the past decade;
- The second largest source of GHGs is produced by electricity generation. In addition, the per capita electricity consumption in the San Joaquin Valley² has far exceeded the state average, as would be

¹ Source: California Department of Finance

² San Joaquin Valley includes the counties of San Joaquin, Stanislaus, Merced, Madera, Fresno, Tulare, Kings and Kern.

expected in general due to the region's hotter summers and colder winters as compared to California's more populated, temperate coastline (see graph below);



- Approximately 38% of criteria pollutant (NOx and PM) emissions in the San Joaquin Valley are related to the movement of goods and produce. Of the four major goods movement corridors in the state, nearly 50% of all truck VMT occurs in the San Joaquin Valley, mostly on Interstate 5 and SR-99³;

Investment in Smart Land-Use Planning & Related Infill Infrastructure

As previously indicated, infill infrastructure development/revitalization around high-speed rail stations, particularly funding for capital projects that are shovel-ready, are major priorities for Fresno.

Approximately 53,000 acres of farmland has been consumed by the City of Fresno over the last 40 years, as calculated by the City. Over the next 40 years, the City does plan to consume much, if any, farmland due to our new 2035 General Plan which constrains growth to our current sphere through 2035.

Under the City's current draft 2035 General Plan Update (paid for in part by the SGC Sustainable Planning grant program), the preferred alternative – Alternative A – focuses development in prime activity centers and transportation corridors, leveraging investments made in implementing Fresno's Bus Rapid Transit (BRT) project in 2015. This alternative has the ability to achieve the following GHG reductions:

- 21% average GHG reduction for Transportation and Buildings: 2.74 MMT business as usual versus 2.17 MMT for Alternative A.
- 31% GHG reduction for Fuel Combustion Emissions: 1.40 MMT business as usual versus 0.96 for Alternative A.
- 9 % reduction for Residential and Commercial Building Emissions: 1.33 MMT business as usual versus 1.21 for Alternative A.

³ In terms of road usage, GHGs are increased by congestion and stop-go traffic on slow moving stretches of those two highways. In addition, any truck stops or state weigh stations where, for example, refrigerated-goods vehicles are stopped and do not have access to electric charging, GHGs can increase as vehicle engines to run for the duration of the stop.

These GHG reductions, however, are dependent on significant investments made to infill infrastructure in downtown and prime transit corridors.

The City supports the example provided in the Draft Concept Paper that would provide funds for planning to promote transit-oriented development near high-speed rail stations – with one caveat. For those cities that have already utilized Strategic Growth Council funds and leveraged other funding to complete specific and neighborhood plans that encompass this area surrounding future HSR stations, we would suggest that funds be permitted to be spent in these early stages of the Investment Plan on funding actual capital infill improvements near high-speed rail stations that are shovel-ready (e.g. completed CEQA). In this spirit, the State should consider targeting additional funds to the *Infill Infrastructure Grant Program*, originally funded through Proposition 1C of 2006, with the recommended change of prioritizing those Capital Improvement Projects identified in a Specific Plan and/or High-Speed Rail (HSR) Station Area Master Plan as necessary for future infill projects to be planned and built in HSR Station Areas. This change would be in addition to the current authority to fund Capital Projects “required as a condition of, or approved by the local jurisdiction in connection with its approval of, entitlements for the Qualifying Infill Project or Qualifying Infill Area.” This change will allow HSR Station Areas to be poised and ready for infill housing and mixed-use development, enabling dense development at or before the time HSR service begins, rather than waiting for development projects to be proposed (e.g. reactionary vs. proactive) before putting the necessary infrastructure in place.

Urban Greening – Trail Systems and Parks

State investment in urban greening is extremely important to the City of Fresno. The City is in the initial stages of planning for a comprehensive trail system that would provide more recreational opportunities for residents living in older neighborhoods, and improve health and transportation options for these residents. As such, we would support continued and/or increased funding for the Strategic Growth Council’s *Urban Greening Planning and Project* grant programs as early action programs. Additionally, the City has utilized and would continue to pursue grant opportunities through the *Statewide Parks* program in order to fund park rehabilitation and construction in underserved neighborhoods.

Renewable Energy from Bio-Waste

Converting bio-waste to energy in the San Joaquin Valley has long been a missed opportunity. Some regulatory barriers have been the cause (e.g. policies preventing scrubbed methane produced by municipal or private biogas facilities from being pumped into the IOU pipelines), but we believe the lack of investment in this area is also due to a lack of waste asset networking - that is, establishing a network of waste assets (agriculture trimmings, food processing waste, biosolids, etc) that can be aggregated to reduce transportation costs and help create the business case for bioenergy development as source of job creation and distributed generation - and a lack of regional collaborating bodies that serves to guide this process.

What may be most effective for Valley counties, particularly in the Fresno metro area, is to provide funds for a new project category under the California Energy Commission for their *Community Scale Renewable Energy Development, Deployment and Integration* program targeted on the following:

- 1) Facilitating (through regulatory reform/exemptions and program direction and funding) municipalities into partnerships with industry and agriculture associations to engage in the sourcing, development and aggregation of bioenergy resources by local industry members; and

2) Providing local workshops in, and direct marketing of this funded source to, San Joaquin Valley counties. The City of Fresno would be pleased to host workshops and engage stakeholders.

Moreover the City believes that outreach to stakeholder and potential participant groups in Valley counties is an essential prerequisite for the creation and deployment of such a program. The program, under CEC auspices, may also partner with other statewide groups that have local ties, like CDFA, for solicitation and marketing. Lastly, we think a State interagency workgroup, much as has been done to develop the AB 32 Investment Plan (i.e. ARB working with CEC, CalEPA, and others) to increase interest in these types of funding opportunities and build capacity in agricultural communities throughout the state.

Energy Efficiency and Conservation

As we previously described, residents and businesses in the San Joaquin Valley use more electricity and spend more on electricity than many other areas of the state. The cost of this basic need reduces families' budgets, creates unhealthy living situations in some cases, and affects job growth and creation within the region. San Joaquin Valley communities represent the largest remaining potential for Energy Efficiency and retrofit activity in California – with the prospect of real savings.

The City would support the funding and implementation of the following existing programs to tackle this issue: Residential and commercial energy retrofit programs such as the *Home Energy Tune-up and Business Energy Tune-up Programs*, *Regional Energy Networks*, *Commercial PACE*, and rebate programs offered by the utilities. All of these programs are starting to get traction with property owners in the lower San Joaquin Valley and need to continue to be supported through the CPUC and other state agencies. The City of Fresno already serves an important role in the delivery of many of these programs throughout the region.

Residential PACE would be a very helpful new addition to the energy efficiency programs focused on existing owner-occupied homes. What has been missing from Fresno's energy efficiency portfolio has long been a mechanism that provides a financial incentive for encouraging landlords to make energy efficiency upgrades to rental single-family and multi-family homes. A residential PACE program could help meet this need. What we also believe may be needed is a dedicated research effort to quantify the value of energy efficiency upgrades on property values in the various regional areas of the State, and a direct marketing campaign aimed at property management companies, landlords, etc., to share the results of the research in order to make the business case for reduced energy costs for tenants (e.g. lower electricity costs for tenants as directly tied to more consistent on-time rental payments). This can be funded through existing mechanisms via current contracts with local governments administered by the utilities, such as Local Government Partnerships and Regional Energy Networks.

Electric Vehicles (EV) and Infrastructure

As the state seeks to build electric vehicle infrastructure and encourage the use of electric vehicles, this will require significant efforts to site and deploy advanced energy storage equipment in coordination with renewable energy generation to avoid creating negative impacts on the State electric grid capacity. The opportunity exists to leverage current energy efficiency programs such as the Business and Home Energy Tune-up programs and commercial PACE financing with new resources to encourage and stimulate deployment of advanced energy storage and renewable energy systems to achieve the goals for deployment of electric vehicles and at the same time improve the electric grid resilience and reduce regional electric grid demand impacts.

Specifically, the City wishes to integrate EV usage into its urban planning (e.g. as part of urban renewal projects such as the Fulton Mall and for integrated transit locations or parking near the future HSR station), but also to provide prominent charging stations for motorists passing through or visiting. In addition to the charging locations, new signage is required to advertise the charging spots. Charging stations should also be well lit – to encourage maximum usage – and that should be by means of high efficiency LED street lighting.

Transit

The City appreciates the interest in focusing resources on upgrading infrastructure to improve public transit operations system-wide and reduce travel times. In Fresno, as the economy improves, history has shown that people will increasingly begin to rely less on transit and operational revenues may suffer as a result. As such, investments along Fresno's future BRT corridors and in BRT infrastructure and operations will become increasingly important in Fresno as means to attract new and consistent ridership.

Water

Water is a finite resource and we must become smarter and more efficient in the way we access, move and utilize it for municipal users as well as agriculture interests in the Valley. With that need in mind, the City would support the State's near-term investment in increasing diesel-to-electric conversions for agriculture pumps and investment in technologies that improve the efficiencies of pumping, such as is being implemented by the Water and Energy Technology Incubator at Fresno State.

CalEnviroScreen Tool & SB 535 Disadvantaged Communities Requirement

We appreciate the State's efforts to establish a robust tool - CalEnviroScreen - to identify "disadvantaged communities" for the purposes of meeting SB 535 requirements, and that this analysis has appropriately targeted a large portion of the City of Fresno, including zip codes 93701, 93702, 93703, 93706, 93721, 93722, 93725, and 93727 which encompass Downtown, Central, Southwest and Southeast. Interestingly, however, a number of rural, disadvantaged cities are shown to reside just beyond the boundaries of the map. There is little doubt that small, rural cities in Fresno County, like Mendota and Huron, are severely disadvantaged due to extremely high, chronic unemployment, poor air quality, and degrading infrastructure that is energy inefficient and unhealthy. We would urge you to consider the needs of these small communities and seek investments that serve these areas of Fresno County and throughout the Valley as a function of the disadvantaged communities set-aside.

Additionally, the City of Fresno would urge the state to consider the disadvantaged communities funding targets as a "floor" not a "ceiling." That is, we believe you will find that these areas may require additional expenditure beyond 25% and have worthy projects within their boundaries that can utilize more than 10% of the funding available. We suggest, therefore, that these not be characterized as "targets," but, instead, seek to exceed these percentages.

Programmatic Improvements

Regarding potential funding mechanism agencies through which agencies will provide funds to recipients, we believe that the state should consider the diminishing capacity of local governments, nonprofits, and others throughout the state to compete for grants and contracts as they determine the best mechanism. Many counties, cities and NGOs simply have more need these days, but less staff to pursue funding opportunities, particularly if they are extremely time-intensive to prepare. As such, we would make a couple suggestions:

- 1) Allow small disadvantaged communities to submit joint applications as appropriate;

2) Seek opportunities to leverage other investments (e.g. federal Sustainable Communities and transit investments), but do not require onerous cash-matching. Oftentimes, leveraging can come in the form of in-kind or related investments that may contribute to the project, but not result in cash dedicated to the project;

3) Simplify applications and consider a pre-application process. Such a process may require applicants to submit concept papers or "pre-applications" in an effort to better facilitate grant planning at the local level and ensure all applicants spending time and resources on the lengthier final application meet basic criteria;

4) Consider making larger local governments the regional administrator of specific programs – much in the same way the state passes administration of energy efficiency to the investor owned utilities or as the CEC allocated to the City of Fresno the administrative role for Energy Upgrade California funds. This would reduce the administrative cost burden at the state level, would decentralize the expenditures and jobs, would directly impact some of the communities most in need throughout the state, and would empower local decision making.

While these are some of our initial thoughts, we look forward to participating throughout the development of the Investment Plan. If you have any questions, please feel free to contact me at (559) 621-7900 or the City's Government Affairs Manager, Katie Stevens, at katie.stevens@fresno.gov or (559) 621-7910.

Sincerely,



Ashley Swearengen
Mayor