

March 8, 2013

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

RE: Comment Letter on the Cap & Trade Investment Plan

Dear Chair Nichols:

Thank you for the opportunity to provide input on the development of the investment plan for the Cap & Trade (C&T) auction revenues. These revenues are a vital component for helping California achieve its greenhouse gas (GHG) reduction goals, and for maintaining the State's national leadership in environmental stewardship, technological innovation and job creation, and creating healthy communities. One of the hallmarks of AB 32 is its comprehensive scope. It recognizes that sustained, meaningful reductions in GHGs depend on multiple tools working in concert. With limited resources, it is important to prioritize investments in the key areas that will make the greatest impact on GHG reduction and the greatest improvement in California's quality of life.

The revenues will help to spur short-term investment in innovative technologies and to support projects that will not only drive a reduction in emissions but also provide a boost to the economy with the generation of new jobs and economic development. Equally as important, the revenues should also support long-term investments that foster sustainable mobility and land development. These tools should facilitate work in two primary areas:

1. *Invest in programs and tools to advance transportation and energy efficiency and renewable energy.*
 - a. Low-emission transportation investments, including High Speed Rail, and other significant regional mass transit projects like the extension of BART to Downtown San Jose, Bus Rapid Transit (BRT), bikeways, and alternative fuel vehicles.
 - b. Green building incentives, construction of green buildings and green rehabilitation.
 - c. Energy efficiency investments that provide improvements to existing buildings and provide conversion of street lights to adaptive LED lights.
 - d. Renewable energy systems including distributed solar and other emission lowering investments that include: water pollution control upgrades, water pumping, composing-waste to energy, recycling programs, and urban tree planting.

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March 8, 2013

Subject: Comment Letter on the Cap & Trade Investment Plan

Page 2 of 2

2. *Invest in programs and tools that facilitate Sustainable Communities including the integration of housing and land use planning with current and future non-auto transportation infrastructure.*
 - a. Affordable housing located near transit, which recent analysis has found will be necessary to reduce GHGs in growing areas – including new construction and green rehabilitation, as well as preservation of affordable housing in gentrifying areas to minimize out-migration and limit VMTs.
 - b. Link jobs, housing, public transit, biking, and walking infrastructure and amenities around dense development nodes linked to transit infrastructure.

The distribution of C&T revenues should reach cities that are: 1) advancing AB 32 and SB 375 goals; 2) participating in regional planning efforts for sustainable communities; 3) doing their fair share of regional housing needs; and 4) advancing equitable, accessible communities. Additional funding allocation mechanisms could include:

- Direct award to larger jurisdictions
- Competitive awards from the State to individual GHG-reducing projects
- Increases award amounts to areas with high costs of living
- Awards to be made through existing State, regional and local agencies and programs

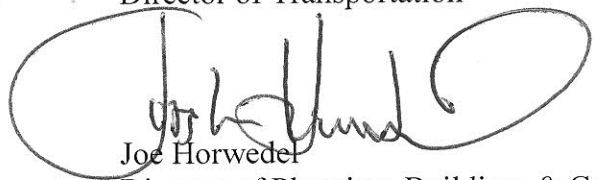
Again, thank you for the opportunity for the City of San José to provide comments on the development of the investment plan for C&T revenues. We look forward to staying engaged in this process, including reviewing the draft investment plan when it is released in April. Thank you for your efforts in developing the tools necessary for maintaining California's leadership in environmental and economic sustainability and healthy, strong, and equitable communities.

Sincerely,


Kerrie Romanow
Director of Environmental Services


Hans F. Larsen
Director of Transportation


Leslye Corsiglia, Director
Department of Housing


Joe Horwedel
Director of Planning, Building, & Code
Enforcement


Kim Walesh
Director of Economic Development and Chief Strategist