



March 8, 2013

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95184

Re: Comments on the Cap-and-Trade Auction Proceeds Investment Plan

Dear Chair Nichols:

Thank you for the opportunity to comment on the Air Resources Board's Cap-and-Trade Auction Proceeds Investment Plan Draft Concept Paper.

The California Special Districts Association (CSDA) proposes investment of cap-and-trade auction proceeds in local governments, including special districts, in an effort to achieve the greenhouse gas (GHG) reduction goals of AB 32 and consistent with the provisions of AB 1532 and SB 535. We respectfully request that our proposal be considered for inclusion in the Investment Plan.

The underlying principle of our proposal is that the state would be best served if it employed local governments as a delivery tool for a range of investments and therefore the Investment Plan should create a program for local governments, including special districts, to access a portion of the cap-and-trade auction proceeds.

Local governments are already engaged in many of the same types of GHG reduction activities contemplated in the Governor's Budget and are best able to identify and implement projects to reflect local needs, leverage other funding and achieve the greatest reductions of GHG. Local governments have already developed programs that improve energy efficiency, divert waste, increase urban greening, upgrade fleets and facilities, and plan for cleaner more efficient communities. However, funding to continue these projects is dwindling.

Another advantage for local governments is that they have a greater understanding of the local economy, providing an advantage over the state to leverage private capital and allowing auction proceeds to go further.

We would like to work with the Air Resources Board and the Administration to create an effective approach to maximize GHG reductions and propel California's communities forward through expenditure of auction proceeds. As mentioned above, local governments can be a key facilitator for the state to achieve these goals, and request you consider the following principles in creating a local government program:

1. Allocate auction revenue for local assistance grants and other financial assistance to develop and implement GHG emission reduction projects.
2. Develop standards and guidelines for grant funds that achieve one or more of the following:

California Special Districts Association

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CSDA Finance Corporation
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- a. Decrease air or water pollution
 - b. Reduce the consumption of natural resources or energy
 - c. Provide opportunities to achieve GHG emission reductions in ways that increase localized energy resources
 - d. Increase the reliability of local water supplies
 - e. Increase solid waste diversion from landfills
 - f. Increase electric vehicle infrastructure
 - g. Achieve GHG emission reductions in ways that reduce vehicle miles traveled
 - h. Promote alternative transportation modes, such as pedestrian and bicycle
 - i. Prevent conversion of agricultural, forest and open space lands to uses that result in higher GHG emissions, and encourage development of new or expanded lands that sequester GHG
3. Prioritize projects that have the ability to leverage additional public and/or private funding, achieve co-benefits, are replicable and consider geographic and socioeconomic issues.
4. Provide opportunities for both small and large populations.
5. Provide funding for both:
 - a. The development and implementation of innovative projects that create new systems or technologies to be deployed at a local or regional level
 - b. Implementation of existing, proven GHG emission reducing or sequestering projects

We respectfully request that you consider these principles and allow us an opportunity to work with you to refine these concepts so that local governments, including special districts, can continue helping the state meet the goals of AB 32.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kyle Packham', with a long horizontal flourish extending to the right.

Kyle Packham
Advocacy & Public Affairs Director