



OFFICE OF THE MAYOR
ANTONIO R. VILLARAIGOSA

March 8, 2013

Ms. Shelby Livingston
Chief
Climate Change Program and Management Branch
California Air Resources Board (ARB)
1001 "I" Street
Sacramento, CA 95814

Re: Cap-and-Trade Auction Proceeds Investment Plan

Dear Ms. Livingston:

For decades, the nation has looked to California as a leader in environmental and technology innovation. With AB 32 and SB 535, our state continues to push forward to find creative solutions to our world's most challenging environmental issue – climate change. The State has built a coalition to bring a collaborative problem-solving approach to climate change. The City of Los Angeles is ready, willing, and able to be strong partner. In this spirit of cooperation, we offer the following recommendation for the State's three-year investment plan for cap-and-trade auction proceeds.

The City of Los Angeles recommends that the State invest cap-and-trade auction proceeds in local communities. As the State's largest city, Los Angeles has made tremendous progress in reducing GHG emissions from a wide range of cutting edge initiatives, including renewable energy, energy efficiency, green building codes, public and private retrofit programs, water conservation, enhancements to transit and active transportation infrastructure, transit-oriented land use planning and affordable housing programs, emissions regulations and alternative fuel conversions for city fleets, recycling and waste diversion programs, and tree planting/urban forestry programs.

To support such transformative efforts, the State should empower Cities to produce change at the local level by:

1. Supporting a holistic "local, place-based" approach to sustainability in disadvantaged areas.

Funding would be allocated to local governments for multidisciplinary projects which are transformative and meet GHG reduction objectives. Criteria would incentivize proposals to leverage and coordinate multiple funding sources and find opportunities for synergies across disciplines.

Utilizing this funding, Los Angeles would mobilize city departments and resources to lead a demonstration project focused in a disadvantaged, transit-rich community such as Boyle Heights, the Crenshaw district, or Van Nuys. This pilot program would implement multiple GHG reduction programs around existing projects and planning along our transit corridors. Such a program would couple cap-and-trade investments with on-going City programs to illustrate what a "finished" community would look like. The integrated strategies and systems include: energy efficiency improvements, transit-service enhancement, the creation/preservation of affordable housing near transit, active transportation infrastructure implementation, and environmental health improvements. This community would serve as a model for other communities within LA and for other jurisdictions.

The place-based grant structure would enable specific programming decisions to be made at the local level, similar to a block grant. This reduces administrative costs to ARB and affords local governments the flexibility to fund the most appropriate programs for their communities, according to guidelines developed by ARB.

This project would make connections outlined in Senate Bill 375 between land-use planning, affordable housing, economic development, transportation infrastructure, energy efficiency, city services and amenities. A project of this scope and scale will demonstrate the profound change that can happen when these efforts are focused within an individual community.

2. Expanding and Enhancing Existing GHG Reduction Projects

To have the biggest impact on reducing harmful emissions, proceeds from cap-and-trade auctions should also be directed toward local government projects and programs with the most immediate measurable results and the biggest "bang for the buck." The City of Los Angeles has many ongoing initiatives and programs that have proven track records of success, and that demonstrate the kind of leadership that cities can take in implementing the goals outlined in AB 32 and SB 535. A select number of these are outlined below:

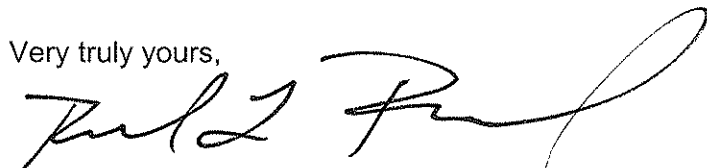
- *Green Goods Movement*: The development of zero emission trucks, yard tractors, and cargo handling equipment, coupled with smart investments in terminal energy efficiency at the Port of Los Angeles, would be an effective use of Cap-and-trade funds, while laying the foundation for continued transformation of our goods movement system. Targeting of funds to reduce GHG emissions in our supply chain can address climate change while promoting competitiveness and supply chain resiliency.
- *Green Retrofit and Workforce Program*: The Green Retrofit and Workforce Program is the first large scale municipal green retrofit and workforce program of its kind in the nation. The strategy promotes investment in energy efficiency, water conservation and pathways to good green jobs for workers in low income communities. The Program delivers on the promise of green jobs by upgrading the City's own infrastructure while providing meaningful career track employment to low income City residents.
- *Transit-Oriented Affordable Housing*: Affordable Housing near transit is highly leveraged and significantly reduces climate impacts. Cap-and-trade revenues are an essential part of making this programs scalable citywide. By the end of 2012, the City had 71 operating light rail or bus rapid transit stations, with dozens more in nearby communities throughout the

county. The City recently adopted the first Transit-Oriented Consolidated Plan to direct federal affordable housing and community development dollars along transit corridors. Over the next 5 years, this translates to an annual investment of roughly \$90 Million a year in Federal Entitlement resources from HUD near transit in disadvantaged communities.

- Planning for Transit Neighborhoods: The City of Los Angeles Department of City Planning (DCP) is focused on aligning long range planning efforts with the region's growing mass transit network and updating the City's Mobility element to create a layered street network that prioritizes transit and bicycle use. These efforts will help attain greenhouse gas reductions derived from more compact, walkable, transit-oriented land use development patterns and multi-modal rights-of-way.
- Implementing Mobility Hubs: The Los Angeles Department of Transportation has launched an effort to create a series of "Mobility Hubs" to reduce reliance on cars and promote public transit and active transportation throughout the City. These projects will streamline existing technologies and create new amenities to boost public transit ridership and reduce the number of vehicles on the road.
- Energy Efficiency: More than a quarter of the emissions reductions needed to reach California's goal will have to come from energy efficiency. The City of Los Angeles invested its Energy Efficiency and Conservation Block Grant (EECBG) American Recovery and Reinvestment Act (ARRA) funding a number of innovative programs, including the Los Angeles Housing Department (LAHD) Multifamily Retrofit Program provided 10 properties with a total of \$3.7 million in funding to perform energy efficiency retrofit work. Each of these properties is anticipated to achieve, at minimum, a 20% improvement in energy efficiency by completing retrofit work such as new appliances, new windows, more efficient HVAC systems, CFLs, timers and sensors, and faucet aerators.
- Gateway to Green: Through the Systematic Code Enforcement Program (SCEP), LAHD performs habitability inspections on all multifamily residential properties in the City of LA (approximately 100,000 multifamily properties, 750,000 units) on a 4-year cycle. The Gateway to Green program issues energy and water efficiency surveys to provide landlords with a set of recommendations for energy efficiency improvements. LAHD will also provide a report tailored to each tenant encouraging him/her to conserve water and energy.

As you can see, the City of Los Angeles is well on its way to implementing the types of policies and programs that will make the improvements outlined in AB 32 and SB 535. All of these initiatives would benefit from additional partnership from the State. I urge you to shape the allocation of resources in a way that will be mutually beneficial for our cities and our environment. If you have any questions on these matters, please don't hesitate to follow up with Teresa Sanchez, Dan Caroselli, or Nat Gale in our office at 213.978.0600.

Very truly yours,



ROMEL PASCUAL

Deputy Mayor, Environment and Sustainability
Office of Mayor Antonio R. Villaraigosa