



INNOVATING FOR A BETTER TOMORROW

July 27, 2017

Ms. Mary Nichols
Chair
California Air Resources Board
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Sacramento, CA 95814

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ASSOCIATION OF GOVERNMENTS
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RE: SB 375 Target Update - ARB Staff Draft Recommendation of 21% Per Capita GHG Reduction for the SCAG Region by 2035

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Dear Ms. Nichols:

The Southern California Association of Governments (SCAG) would like to first thank you for your leadership in addressing climate change challenges our state is facing. The California Air Resources Board's (ARB) efforts and accomplishments have been exemplary and serve as a model for many to follow. Each level of government, the private and non-profit sectors, and individuals all have respective roles to contribute to the state climate goals.

As the Metropolitan Planning Organization representing 6 counties and 191 cities in Southern California, SCAG has committed to develop an ambitious—but achievable—Sustainable Communities Strategy (SCS) that meets the per capita greenhouse gas (GHG) emissions reduction target. Over the years, we have worked closely with our local jurisdictions, the six County Transportation Commissions (CTCs), fifteen subregional COGs, business, and other partners and stakeholders in the development of the 2012 and 2016 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Each significantly exceeded the ARB target for 2035 (16% vs 13% for the 2012 RTP/SCS and 18% vs 13% for the 2016 RTP/SCS). SCAG will continue to be a partner and contribute meaningfully to implement state climate policies and achieve the SB 32 GHG reduction goals.

We also like to extend our thanks for the opportunity to provide comments on the ARB staff report released on June 13, 2017 regarding the "Proposed Update to the SB 375 Greenhouse Gas Reduction Targets," which contains a 21% per capita GHG reduction by 2035 for the SCAG region. As you know, however, the SCAG recommendation of 18% per capita GHG reduction target by 2035 is very ambitious and achievable with a substantial effort led by SCAG to develop our next plan, the 2020 RTP/SCS. The four largest MPOs (SCAG, MTC, SACOG and SANDAG consisting 85% of the state's population) also jointly recommended an 18% GHG reduction target to ARB on May 1, 2017. These recommendations were based on the most recent data, technical analysis, lessons learned from the first two rounds of SCS development, and implementation, as well as extensive consultation with ARB staff. Unfortunately, there is still disagreement between ARB staff on some of the key technical details provided by SCAG and other MPOs. ARB indicates that technical work from MPOs forms the basis for their staff recommendation.

As such, it is important to come to a common understanding. SCAG staff is currently working with ARB to clarify technical information provided and will also provide additional data and analysis to help ARB determine the final GHG target recommendation for SCAG region in October 2017.

For the reasons discussed further below, ARB's draft recommendation of 21% target will not be achievable and the final GHG target for the SCAG region should be no more than 18%. We sincerely request considerations from you and the ARB Board when finalizing target updates scheduled for October 2017.

First, it will be a challenge for the 2020 RTP/SCS just to maintain the 18% level of per capita GHG reduction for 2035 as in the 2016 RTP/SCS. Part of the reason is from what is called the vehicle miles traveled (VMT) rebound effect (i.e., better fuel efficiency will lead to more driving, resulting in more VMT). ARB states that the rebound effect is "on the order of 1 percent increase by 2035," and applies this metric to all regions, regardless of the potential variation among regions. The rebound effect, however, is particularly significant in Southern California with our unique combination of income, fuel costs, transit accessibility, urbanization, and land use in the SCAG region, which will result in up to a five percentage point gap to fill to reach an 18% level of GHG reduction in 2035.

In addition, for each RTP/SCS, we develop planning assumptions based on the best information available. Recent data, statistics, and emerging trends as documented below, however, are not aligned with the assumptions adopted in the 2016 RTP/SCS. As a result, the GHG achievements of the 2016-2040 RTP/SCS will be a few percentage points less than 18%, though will still exceed the target of 13% for 2035.

- Growth in high quality transit areas (HQTAs) fell shorter than expected by SCAG. Household growth in HQTAs was about 30% versus the 45% called for by the RTP/SCS in recent years (SCAG staff processed data within HQTAs from the 2007-2011 and 2011-2015 American Community Surveys).
- Decline in transit ridership (please refer to page 108 of the report at the following link):
<http://www.scag.ca.gov/committees/CommitteeDocLibrary/tc060117fullagn.pdf>
- Millennials are all in their adulthood (aged between 20 and 38). Many are moving from urban areas to suburbs and exurbs because of housing unaffordability. Their next move, and potential impacts on residential locations and transportation preferences, could pose challenges to future trends in VMT.
<http://scag.ca.gov/calendar/Documents/demo27/DemoProgram2016.pdf>
http://scag.ca.gov/calendar/Documents/demo27/Demo27Panel01_Myers.pdf
- Low unemployment rates relative to the same population levels will generate more commuting trips and higher VMT per capita based on similar levels of population.
- Based on recent research and studies, SCAG's off-model analysis of GHG reductions from mobility innovations may be too aggressive.

SCAG appreciates the continuing discussion and dialogue with your staff and will conduct and submit additional analyses along the priority areas identified above in order to substantiate SCAG's position that ARB's final GHG target for the SCAG region should be no more than 18% in 2035.

Second, SCAG's 2016 RTP/SCS (and the upcoming 2020 RTP/SCS) has largely accounted for the revenue from the 12-cents-per-gallon gas tax increase contained in SB 1, which will begin in November 2017. Specifically, our RTP/SCS includes a 10-cents-per-gallon gas tax increase to be incurred 2020 through 2024. SCAG also plans to implement a mileage-based user fee to replace existing gas taxes (state and federal) beginning in 2025.

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Third, the SCAG region has not received its fair share of funding from the Greenhouse Gas Reduction Fund, despite having almost half of the state's population and 67% of the state's disadvantaged communities by population.

Fourth, ARB's staff report (June 2017) also contains numerous provisions that will constrain options and make SCAG's efforts much more difficult. For instance:

- It relies predominantly on VMT strategies to reduce GHG (page16, 2nd paragraph).
- There is an over-reliance on SB 1 for GHG reductions (page 2 (first full paragraph) and Page 19 (last bullet)).
- It dismisses the significance of the rebound effects in the SCAG region (page 20, 3rd paragraph).

In summary, ARB's draft recommendation of 21% per capita GHG reduction is not achievable and will be likely set up SCAG for failure to develop an SCS and meet the target. SCAG's recommendation of an 18% per capita GHG reduction target for 2035 is ambitious and achievable, pending much effort and innovation in developing our next RTP/SCS. We respectfully request due considerations from you and the ARB Board when finalizing the target updates scheduled for October 2017.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Hasan Ikhata".

Hasan Ikhata
Executive Director