TRANSMITTED via EMAIL

October 31, 2013

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

Re: Comments on Draft Scoping Plan Update (2013)

Dear Chair Nichols:

Thank you for the opportunity to comment on the *Draft Scoping Plan Update* ("*Draft Update"*). The California Association of Councils of Governments (CALCOG) represents 37 regional agencies identified in the *Draft Update* as "critical partners." Our membership includes all 18 of the State's Metropolitan Planning Organizations (MPOs); 14 more transportation planning agencies, commissions, congestion management agencies, and councils of governments located within MPO regions; and 5 rural area transportation planning agencies located outside MPO areas.

Our three primary recommendations are described below. In addition, we incorporate by reference (and do not repeat) the comments made by the letter submitted by the Transportation Coalition for Livable Communities (of which CALCOG is a member).

Before going farther, we greatly appreciate the working relationship that our members have developed with the Air Resources Board (Board). Our collaboration to implement regional Sustainable Communities Strategies has been successful: every plan submitted to date has been broadly supported by the Board and in our regions. We look forward to continuing our relationship with the Board and your staff as we all work to achieve emission reductions beyond 2020.

I. *Commit to coordinate with the State Transportation Agency, regional transportation agencies, and local governments to identify ways to maintain and improve a transportation and road system to support ZEVs*

The *Draft Update* anticipates increasing the use of electric Zero Emission Vehicles (ZEVs) to achieve 2050 goals. Electric cars, buses, and trucks will need well-maintained roads, bridges, and improved design. But the primary funding mechanism—the gas tax—does not account for ZEVs. The California Transportation Commission's *Statewide Transportation Needs Assessment* found that funding for critical infrastructure is not available because gas tax revenues fall well short of the need. Although transitioning to ZEVs is good climate policy, the side effect is that it exacerbates the problem of properly maintaining and improving the road and highway system on which ZEVs will rely.

The *Draft Update* should address this point squarely by committing the Board to collaborate with other entities to find solutions that equitably share costs across all users. Accordingly, language should be added to the Funding and Market Transition list under Transportation, Fuels, and Infrastructure (page 90) that states:

- *<u>Work with the California State Transportation Agency, other state agencies, local governments, and regional transportation planning agencies (including MPOs) to address transportation funding shortages to assure that transportation systems for all modes of travel (including freight, transit, bicycling and other active transportation modes, and automobile travel) are sufficiently maintained and improved in a way that reduces carbon emissions</u>*

In addition, on page 87, in the paragraph beginning with "*California has an effective policy framework for addressing transportation emissions,*" a sentence should be added that explains that while the policy framework may be in place, changes to funding mechanisms are needed to reflect current economic and environmental circumstances.

This recommendation is <u>not</u> related to cap and trade. Although allowances may make a partial contribution road improvement and maintenance (*e.g.,* the *Cap and Trade Auction Investment Plan* states that some funds may be used for "infrastructure for smooth/GHG pavements, complete streets, ramp meters/traffic management"), they are not sufficient—nor are they intended—to address the full need identified by the CTC. The *Draft Update* should account for both the investment of allowance proceeds and the need for a fair user-based funding mechanism.

II. *Acknowledge the Constraints Related to Developing "Low Carbon, High Quality" Communities And Chart A Course to Confront These Constraints*

The *Draft Update* does not provide an adequate vision for investing in "low carbon, high quality lifestyles" in developed communities. Admittedly, this is a thorny issue that involves multiple jurisdictions and legal authorities. But this is why the earlier described "courage, creativity and boldness" is greatly needed on this point.

The *Draft Update* broaches this issue in several places, but not comprehensively. For example, on pages 79-80, there is a discussion of carbon reducing trends in locally developed strategies, but no acknowledgement of the absence of a catalyzing infrastructure investment— like the highway system cited in the first sentence — to assure that these trends "establish the foundation for a more sustainable future." On page 80-81, there is a discussion of social norms and market decisions around energy use and product consumption. Yet there is no discussion of how people choose where they live or what characteristics are needed for "high quality" sustainable communities.

On pages 81-82, in a section entitled *Coordinated Planning and Infrastructure Developmen*t, after a short mention of "multiple level planning and coordination," the focus turns to energy transmission and small-scale renewable systems. On page 88, a number of planning tools are mentioned that can be used to reduce vehicle demand, expand mobility, and improve goods movement. Although these plans involve significant investment of federal and state funds, they are often for an over-subscribed, specific purpose in which the ability to address GHG emissions is constrained.

Page 90 includes a general recommendation to support regional planning, local leadership, and implementation of adopted Sustainable Community Strategies to ensure that expected GHG reductions are achieved. But the Board could exert more leadership with a specific set of action-oriented recommendations (*compare: the recommendations for Natural and Working Lands on page 103*). Finally, on Page 108 in the discussion of funding, there is a discussion of filling information gaps and analyzing tradeoffs, but there is no discussion about addressing infrastructure funding gaps.

As a result, the *Draft Update* does not adequately acknowledge the major constraint for low carbon, high quality communities. As a visionary document, it would be appropriate to acknowledge and set a course to address infrastructure and service funding gaps related to transportation, transit, and urban infill. This approach would build on the acknowledgements made by the Board in Resolution 10-31 (adopting the targets required by SB 375):

> *Successful implementation . . . will require resources for land use and transportation planning, provision of transit and other transportation options, and development of infrastructure necessary for sustainable community development.*
> *. . .*
> *Resources for land use and transportation planning and implementation have been severely reduced as a result of the recent recession, including multiple years of budget reductions that have severely reduced available funding for sustainable community planning, including transit system improvements and redevelopment of urban areas.*
> *. . .*
> *Regional and local governments need supportive action from the state and federal governments including commitment of financial and other resources and incentives.*

Accordingly, CALCOG recommends that on page 90, in the table Key Recommended Actions for Transportation, Land Use, Fuels, and Infrastructure, the following be added:

- *Work with other state agencies, regional transportation planning agencies, and metropolitan planning organizations to track available resources for the implementation of SB 375.*

- *Convene an urban, transit, and transportation infrastructure investment working group to develop specific recommendations for funding—including cap and trade allowances—to reduced carbon emissions through fix it first programs related to road and bridge improvements, focused transit expansion and ridership programs* *(including inter-regional rail), transit-oriented development, and complete streets investments that focus on achieving SB 375 land use strategies and similar outcomes in rural areas of the State not covered by SB 375 plans.*

- *Partner with other state agencies, regional transportation planning agencies (including MPOs), and local governments to develop strategic guidelines, performance criteria, and protocols for sub-allocation and to prioritize investment strategies related to Sustainable Communities as new funding sources (such as cap and trade allowances) become available.*

- *Work with other agencies, regional, and local governments to develop provisions for monitoring GHG reduction actions and investments, evaluating outcomes, and refining programs over time.*

On Page 110, under Funding of Specific Areas to Support AB 32; add the following under Sustainable Community and Development and Implementation:

- *Local, regional, and state funding mechanisms that support development, maintenance, and operation of transportation systems, transit, infill infrastructure, and services.*

This is a place where multi-governmental collaboration is essential. The state has set an overarching objective, and local and regional entities possess the technical expertise, knowledge, and the land use and transportation development authority. These recommendations also track with the language in Board Resolution 10-31 (adopting SB 375 targets) and the *Cap and Trade Auction Proceeds Investment Plan* (see pages B-3-4).

III. *Retain Current SB 375 Targets, Focus on Implementation of Sustainable Communities Strategies.*

Although the *Draft Update* does not raise the point, some have recommended that the Board increase the regional greenhouse gas emission targets set under SB 375 (four years after setting the original target).

These requests are technically outside of the text of SB 375 because they seek a wholesale update. The Board is required to update (SB 375 uses "shall") the targets every eight years. At four years, the Board has limited discretionary authority (SB 375 uses "may") to revise the targets to account for reductions from regulations; specifically vehicle emission standards, changes in fuel composition, and other measures. *See* Gov't Code § 65080(b)(2)(B). Thus, the statute distinguishes between a full update at 8 years and an optional, limited revision at 4 years (we note the 8 year mandate is also consistent with the update of the regional housing needs assessment or "RHNA" process).

Accordingly, the *Draft Update* should remain silent on the issue. A revision, if any, should be considered separately. The targets are specific to SB 375 and based on Board-approved "technical methodologies" and estimates. The revision process should include a full review of how the specified regulatory changes identified in 65080(b)(2)(B)(iii) relate to the methodologies underlying each Sustainable Community Strategy.

Additionally, there are also sound policy reasons for retaining the targets. All MPOs to date have achieved their target through a Sustainable Communities Strategy (in lieu of an Alternative Planning Strategy). They feature remarkable policy changes like increased percentages of attached housing, reductions in raw land consumed, increased transit ridership, and elevated levels of active transportation investment.

While the progress is very real, this is also a critical moment in SB 375 implementation. The communities that supported these plans expect transformative change. They now seek resources to make it happen. An investment in implementation should be the top priority. This point was well understood when this Board adopted its "ambitious and achievable" targets. Board Resolution 10-31 (setting the targets) resolved:

> *that the Board commits to work with local governments, MPOs, state agencies, and the Legislature to <u>identify, pursue, and secure adequate incentives and sustainable sources of funding</u> for regional and local planning and other activities related to the implementation of SB 375.* (emphasis added).

In short, the availability of implementation resources provides the context for what is "*ambitious and achievable*." Unfortunately, funding for SB 375 planning and implementation is trending in the wrong direction: transportation funding will be significantly less due to expiration of Prop 1B Bond funds, completion of the federal stimulus investment, federal budget cutbacks (including Sequestration), and reduced gas tax revenues; and housing and other infill infrastructure funds have also been reduced.

Accordingly, the short-term focus is better placed on assuring that the first round of sustainable communities strategies are successful by beginning to address the issue identified in Resolution 10-31: to identify, pursue and secure adequate incentives and sustainable sources of funding to implement the strategies. We can then return our focus—and our ongoing collaboration with the Board and your staff—to achieving long-term reductions beyond 2020 related to improved Sustainable Communities Strategies.

Conclusion
Thank you for the opportunity to comment on the *Draft Update*. We look forward to a continued collaboration as we cooperatively work to achieve the goals, objectives, and targets outlined in AB 32 and SB 375. Please contact me if you have any questions.

Best Regards,

Bill Higgins

Bill Higgins
Executive Director