September 15, 2014

Mary Nichols, Chairman
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: ARB Interim Guidance

Dear Chairman Nichols,

The San Francisco Municipal Transportation Agency (SFMTA) respectfully offers the following comments on the Interim Guidance proposed by the Air Resources Board (ARB) for state agencies administering Greenhouse Gas Reduction Fund monies from California's cap and trade program. The SFMTA is the multi-modal transportation agency for the City and County of San Francisco, overseeing the second largest transit system in the State, bicycle and pedestrian projects, street operations and regulator of taxi services. The SFMTA is committed to joining with the State in working to identify investments that will best help us achieve our greenhouse gas reduction goals, including those critical investments in disadvantaged communities (DACs).

As background, the SFMTA strongly supports the intent of SB 535 (DeLeón, 2012) and SB 862 (2014) to ensure that a minimum percentage of funds be used for investments located within and for the benefit of DACs. As a city with an extremely high cost of living, we support state policy designed to ensure that Cap and Trade auction proceeds benefit urban areas most low-income communities. For context, there are 69 census tracts in San Francisco where more than 30 percent of the residents live at or below the poverty line. Only one of these census tracts, representing 3,499 residents, is captured under the current CalEPA proposal to use the CalEnviroScreen 2.0 (CES). San Francisco will be providing comments separately to CalEPA regarding the impact of the proposed CES leaving out the wide majority of the City's disadvantaged communities.

With respect to the Air Resources Board Interim Guidance, we recommend the state refine its criteria to acknowledge that transportation improvements provide benefits at a corridor level, not strictly in a buffer zone around the investment. Similarly, with respect to affordable housing, the state should prioritize its subsidies in transit-rich areas close to jobs that are identified for development in adopted sustainable communities strategies. A further broadening of the criteria would help ensure that those communities most in need of additional transportation investment and affordable housing have the greatest opportunity to benefit from the new Cap and Trade funds.

Comments on ARB's Interim Guidance

The SFMTA's comments on ARB's Interim Guidance focus on Appendix 1 of the document, titled *Criteria for Evaluating Benefits to Disadvantaged Communities by Project Type.* These are the draft criteria that state agencies will use to determine whether a project is located within or provides benefits to a disadvantaged community. The SFMTA's comments are divided into three parts: 1) how transportation projects provide benefits to DACs; 2) the "Low-Carbon Transit Projects" draft criteria; and 3) Affordable Housing and Sustainable Communities draft criteria. Specific edits to the proposed criteria are included as an attachment.

How Transportation Provides Benefits to Disadvantaged Communities

The SFMTA is supportive of ARB's inclusion of a two-step process for evaluating the investment categories under the Cap-and-Trade program. This process acknowledges that many projects provide direct, quantifiable benefits to disadvantaged communities without being physically located in those places.

This is especially important when considering how transportation investments benefit DACs. Transportation operates as a multi-modal *system* for moving people and goods. Transit, bicycle/pedestrian, and travel demand strategies on our expressways and local streets can all provide benefits on a regional scale. Additionally, a considerable proportion of San Francisco's transit ridership is made up of low-income individuals, many of whom reside in disadvantaged communities. In a recent survey of 22,000 riders, 25 percent reported living in households with incomes of $15,000 or less.

Improving these residents' access to reliable, clean, and modern transit and expanding service to key destinations reduces dependence on single occupancy vehicles, thereby reducing vehicle miles traveled (VMT) and the associated GHG and other vehicular emissions.

The draft criteria's narrow scope and somewhat arbitrary geographic zones threaten to exclude the transportation investments that best serve disadvantaged communities. While benefits are often experienced by communities in close proximity to the specific investment, given the diverse nature of travel patterns in the Bay Area, a project's benefits may be experienced in a community located miles away. For example, improving transit service to a job-rich destination can provide considerable benefits to workers who originate their trips in any number of places, not just areas proximate to the project's physical location. The SFMTA is prepared to work with your staff to develop the necessary data to support ensuring that there is a direct benefit to DACs under this "travel pattern" based approach.

Low-Carbon Transit and Transportation Projects Criteria (1-1 and 1-3)

1) Clarify Program Guideline Implications: It is not clear whether the criteria are meant to be applied to both the "Low Carbon Transit Operations" program (a formula program administered by Caltrans) as well as the "Transit and Intercity Rail Capital" program (a

competitive program administered by CalSTA, Caltrans, and CTC.) The guidance is currently silent on the latter program. Since the names of the programs, eligibility and process for project selection and verification differ between the two programs, we request ARB clarify this in the interim guidance. It may be simplest to set forth the criteria for each Cap and Trade program, despite some redundancy, since they are each administered separately.

2) Criteria to Determine Benefit to DACs: The interim guidance relies on two criteria for judging a transit project's proximity to a DAC that we propose for refinement.

   a) Specifically, in using ZIP code to determine whether a DAC benefits from a particular project, we recommend adding an additional half-mile around a census tract, in addition to the surrounding zip codes. This approach helps smooth localized projects that might otherwise be truncated by using only zip codes. This approach will also better capture the reality of travel patterns, the supply and demand of existing transit service in high travel corridors, and how persons from disadvantaged communities access transit.

   b) As an alternative to the proposed benefit criterion that a project demonstrate that it creates "at least 25% of new riders from DACs", we recommend focusing on providing benefits to *all* riders. While transit operators typically understand their existing travel markets, it is more difficult to estimate where "new riders" may reside. This is also a way to incorporate travel corridors, and not strictly geographic buffer zones. In addition, we believe a high percentage threshold of 25%, while attractive for its simplicity, is not ideal in this case as it could understate the benefit to a DAC served by a large transit operator such as San Francisco's Muni which already carries over 750,000 passengers daily. Alternatively, we propose the following revised criteria: "Project will increase or improve bus and rail transit service with at least 15% of riders originating from or going to a zip code that contains a DAC census tract."

3) Finally, we recommend broadening the criteria to include the full range of eligible transit projects under the Low-Carbon Transit Operations Program and Transit and Intercity Rail Capital Program, including "rail and bus capital projects, expanded intermodal facilities and operational improvements that result in increased ridership and reduced GHG emissions." The Bay Area's aging public transit system is already impacting its service and reliability, harming transit-dependent riders, but also discouraging use of transit by those who might otherwise drive. Rehabilitation and modernization of transit vehicles used in areas serving DACs should be recognized as benefiting DAC residents.

4) Low Carbon Transportation Program: Again, we recommend that the criteria for this program be revised to reflect more realistic travel patterns in urban areas such as San Francisco to capture the mobility needs for residents of DACs traveling to jobs, school and health care facilities. Towards that end, we recommend revising the ARB Low Carbon 1-3, step 2 criteria D as follows: Project provides greater mobility and increased access to clean

transportation for DAC residents by placing car-sharing/bike-sharing services or car-sharing/bike-sharing parking spaces or stations within a ½ mile of a zip code that contains a DAC census tract.

Affordable Housing and Sustainable Communities Projects Criteria

The SFMTA offers these following suggestions on the draft criteria for Affordable Housing and Sustainable Communities Projects. While the AHSC program casts the widest net of any Cap and Trade program in terms of project eligibility, the guidance only offers one substantive criterion for judging if a project provides benefits to a DAC: "Project is within ½ mile of a DAC and reduces vehicle miles traveled, and is designed to avoid displacement of DAC residents and businesses."

The AHSC program is the broadest of all the Cap and Trade funding programs in terms of project eligibility, but the reference to displacement in this criterion suggests it is strictly a housing program. The SFMTA recommends the guidelines be revised to define benefit as it relates to *all* project types in the statute, consistent with legislative intent and reflective of the range of sustainable communities strategy investments designed to reduce GHG emissions.

SB 862 requires that at least 50 percent of AHSC funds be invested to provide affordable housing. With this requirement in mind, the SFMTA requests reconsideration of ARB's criterion that affordable housing projects be located within one half mile of a DAC in order to qualify as *benefiting* a DAC. For this program as well, similar to the other criteria previously reviewed, we urge consideration of a corridor-approach and/or a wider buffer zone for projects affordable and accessible by public transit to residents of DACs. By focusing solely on projects located in or within one half mile of DACs, ARB's guidance could actually discourage the production of affordable housing in job-rich areas with good transit service, thereby reducing opportunities for current residents of DACs to move into such areas. Moreover, such narrow criteria could encourage development in and around areas with high rates of pollution, a perverse and undesirable outcome from a public health standpoint.

Thank you for giving these recommendations consideration.

Sincerely,

Edward D. Reiskin
Director of Transportation

cc: Mayor Ed Lee
San Francisco Legislative Delegation
Brian Kelly, Secretary, California State Transportation Agency
Shelby Livingston, Chief, Climate Change Program Planning and Management Branch, ARB
Matt Botill, Climate Change Program, ARB

1-1 LOW-CARBON TRANSIT OPERATIONS PROGRAM: *Projects will achieve GHG reductions by reducing passenger vehicle miles travelled through incentives, infrastructure, or operational improvements (e.g., providing better bus connections to intercity rail, encouraging people to shift from cars to mass transit).”*

Step 1 – Located Within: Evaluate the project to see if it meets at least one of the following criteria for being located in a DAC census tract and provides a desirable benefit to a DAC.
Project must meet at least one of the following criteria focused on increasing transit service or improving transit access for DAC residents, or reducing air pollution in a DAC:

A. Project provides improved bus or rail transit service or intercity rail service to stations/stops located in a DAC census tract (e.g., more frequent service, bus rapid transit service, improved reliability, greater capacity on lines nearing capacity, new or replacement vehicles and infrastructure).
B. Project provides transit incentives to residents with a physical address in a DAC census tract (e.g. transit passes, reduced fares).
C. Project improves bus or rail transit connectivity for stations/stops in a DAC census tract (e.g., better integration of complete streets and active transportation projects, improved connections with other service, schedule and fare system integration, additional capacity for bicycles).
D. Project improves connectivity between travel modes for vehicles or equipment that service stations/stops in a DAC (e.g., bicycle racks on bus or rail).
E. Project creates or improves infrastructure or equipment that reduces air pollution at a station/stop or transit base in a DAC (e.g., auxiliary power, charging stations).
F. Project creates or improves infrastructure or equipment that reduces air pollution on routes that service a DAC (e.g., rail electrification, zero-emission bus).
Step 2 – Provides Benefits To: If the project does not meet the above criteria for “located within,” evaluate the project to see if it meets at least one of the following criteria for providing a desirable benefit to a DAC.*
Project must meet at least one of the following criteria focused on increasing transit service or improving transit access for DAC residents, or reducing air pollution in a DAC:

A. Project provides improved bus or rail transit service for riders using stations/stops in a zip code that contains a DAC census tract (e.g., more frequent service, bus rapid transit service, improved reliability, greater capacity on lines nearing capacity, new or replacement vehicles and infrastructure).
B. Project improves bus and rail transit connectivity for riders using stations/stops in a zip code that contains a DAC census tract (e.g., better integration of complete streets and active transportation projects, improved connections with other service, schedule and fare system integration, additional capacity for bicycles).
C. Project provides improved intercity rail service (and related bus and rail feeder service) for riders using stations/stops in a ZIP code that contains a DAC census tract (e.g., more frequent service, improved reliability, greater capacity on lines nearing capacity, new or replacement vehicles and infrastructure).
D. Project provides improved intercity rail (and related bus and rail feeder service), connectivity for riders using stations/stops in a ZIP code that contains a DAC census tract (e.g., better integration of complete streets and active transportation projects, improved connections with other service, schedule and fare system integration, additional capacity for bicycles).
E. Project will increase or improve bus and rail transit service, including intercity rail service, with at least 15% of riders originating from or going to ZIP codes that contain a DAC census tract.
F. Project includes recruitment, agreements, policies or other approaches that result in at least 25% of project work hours performed by residents of a DAC.
G. Project includes recruitment, agreements, policies or other approaches that result in at least 10% of project work hours performed by residents of a DAC participating in job training programs which lead to industry-recognized credentials or certifications.

1-3 LOW-CARBON TRANSPORTATION: *Projects will achieve GHG reductions through the use of zero and near zero-emission passenger vehicles, buses, trucks, and other freight technology.*

Step 1 – Located Within: *Evaluate the project to see if it meets at least one of the following criteria for being located in a DAC census tract* and provides a desirable benefit to a DAC.*
Project must meet at least one of the following criteria focused on reducing air pollution for DAC residents:
A. Project provides incentives for vehicles or equipment to those with a physical address in a DAC*.
B. Project provides incentives for vehicles or equipment that will be domiciled in a DAC.
C. Project provides incentives for vehicles or equipment that reduce air pollution on fixed routes that are primarily within a DAC (e.g., freight locomotives) or vehicles that serve transit stations or stops in a DAC (e.g., zero-emission buses).
D. Project provides greater mobility and increased access to clean transportation for DAC residents by placing car-sharing services or car-sharing parking spaces in a DAC.

Step 2 – Provides Benefits To: *If the project does not meet the above criteria for "located within," evaluate the project to see if it meets at least one of the following criteria for providing a desirable benefit to a DAC.*

Project must meet at least one of the following criteria focused on reducing air pollution for DAC residents:
A. Project provides incentives for vehicles or equipment to those with a physical address in a ZIP code* that contains a DAC census tract.
B. Project provides incentives for vehicles or equipment that operate primarily in "impacted corridors," [Note: ARB will publish a list of "impacted corridors" based on its assessment of which freight corridors have a substantial air quality impact on DACs.]
C. Project provides incentives for vehicles or equipment that primarily serve freight hubs (e.g., ports, distribution centers, warehouses, airports) located in a ZIP code that contains a DAC census tract.
D. Project provides greater mobility and increased access to clean transportation for DAC residents by placing car-sharing or bikesharing services or car-sharing parking spaces or bikesharing stations within a ½ mile of a zip code that contains a DAC census tract.