



**California Special
Districts Association**

CSDA

Districts Stronger Together

November 13, 2015

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

Re: Cap-and-Trade Auction Proceeds Second Investment Plan

Dear Chair Nichols:

The California Special Districts Association (CSDA) represents over 1,000 independent special districts and affiliate organizations which provide essential local services throughout California. Special districts are responsible for providing millions of Californians with infrastructure and services, such as water, sanitation, fire protection, transit, hospitals and health services, parks, open space, airports, and ports. We support dedicating cap-and-trade auction proceeds specifically to local governments, including all special districts, to create an efficient and streamlined process for local agencies, while maximizing the state's investment in addressing climate change.

We are pleased to see that the Draft Second Investment Plan includes potential cross-cutting approaches, including local integrated projects and diversifying the financing mechanisms for greenhouse gas (GHG) emission reduction projects. Local governments, including special districts, are instrumental to meeting the state's climate and energy goals. Local leadership enables special districts, cities and counties to work together with community partners to initiate projects that target the biggest GHG reductions, promote energy and water use efficiency, and create jobs. Local agencies have developed programs that improve energy efficiency, divert waste, increase urban greening, upgrade fleets and facilities and protect open space. However, funding for these projects is limited.

Integrated Projects

Encouraging integrated projects will additionally foster innovation, community partnerships and multiple benefits. Projects that support comprehensive solutions and benefits in a community are best served by a single source of funding. It is vital that a local agency is able to receive Greenhouse Gas Reduction Fund (GGRF) proceeds by submitting one application for a single integrated project in order to promote a cross-cutting, integrated approach. This will also streamline the process and ensure the most efficient use of state funds. As discussed below, this could occur through a local government integrated funding market. Additionally, while it is important to focus integrated projects in disadvantaged communities, eligibility should not be limited to just these regions of the state.

Diversified Funding Mechanisms

As the Draft Second Investment Plan notes, diversifying the financing mechanisms for GHG emission reduction projects will enhance the state's efforts by maximizing financing options and alternatives. Leveraging alternative financing mechanisms will help take full advantage of the state's investment and help provide longer term and multiple benefits. In particular, an integrated

California Special Districts Association

1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
t: 916.442.7887
f: 916.442.7889
www.cstda.net

A proud California Special Districts Alliance partner

Special District Risk Management Authority
1112 I Street, Suite 300
Sacramento, CA 95814
toll-free: 800.537.7790
f: 916.231.4111

CSDA Finance Corporation
1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
f: 916.442.7889

funding market dedicating funds to local governments will provide these additional efficiencies and will help target GGRF proceeds for local integrated projects. Such a funding market necessitates either a dedicated all-inclusive funding source or pooled funds from multiple state programs. This type of state investment will best support local integrated projects that cross multiple sectors and allow local governments to submit integrated projects with one comprehensive application.

Special District Inclusion

Special districts are vital to the efforts of the state to meet the goals of AB 32 and the Governor's long-term climate and energy goals. Whether an air quality management, park, water, sewer, open space, transit, or other type of district, all special districts collectively play an important role in reducing emissions. Special districts are key partners working in the state's local communities and are well-suited to address these long-term goals. As such, a cap-and-trade investment plan should consider the benefit of investing in all types of special districts and not limit funds to specific types of districts.

Dedicating funding to local governments, including special districts, will create a more coordinated and streamlined approach that will allow local agencies to submit integrated projects in one application, while maximizing the state's investment. It will encourage collaboration with other public agencies and community organizations and promote projects with multiple benefits that might not be feasible when applicants have to apply to a variety of state agencies, each with its own unique parameters and timelines. This will result in projects with deeper GHG emission reductions and help to streamline the process, ultimately creating efficiencies in the distribution of GGRF proceeds.

Thank you again for your continued leadership. Please do not hesitate to contact me at 916-442-7887 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Christina Lokke". The signature is written in a cursive, flowing style.

Christina Lokke
Senior Legislative Representative