



Office of Climate Change
California Air Resources Board
1001 I Street
PO Box 2815
Sacramento, CA 95812

August 1, 2008

RE: AB32 Draft Scoping Plan

To Whom It May Concern:

The City of Chula Vista appreciates the California Air Resources Board (CARB) and its staff's efforts to include local governments in its AB32 Draft Scoping Plan outreach meetings and workshops. Over the past 15 years, the City of Chula Vista has been involved in multiple climate change forums including the United Nations Framework on Climate Change, ICLEI's Cities for Climate Protection Campaign and the California Climate Action Registry. These efforts allowed the City to achieve municipal and community-wide per capita emissions reductions of 18% and 17%, respectively, between 1990 and 2005. More recently, the Chula Vista City Council passed a new suite of progressive climate protection measures focused on expanding alternative fuel vehicle use, increasing energy efficiency building requirements (over Title 24), actively retrofitting older homes and businesses to exceed current Title 24 standards, facilitating broad adoption of community renewable energy opportunities, reducing water use and promoting transit-friendly "Smart Growth" developments (Attachment A).

Chula Vista agrees with earlier statements by CARB, the California Legislature and State energy agencies that local governments need to be actively and directly involved in the implementation process of AB32 if it is going to have any realistic chance of meeting its reduction targets. Cities and counties are well positioned to incorporate land use decisions that support future carbon free transit needs, to aggregate the vast majority of small market participants in a manner that creates direct market signals and to work with utilities to provide the public education and outreach needed to transition behaviors for a carbon free energy future. In response to the Draft Scoping Plan, the City of Chula Vista's staff has outlined a number of comments and recommendations which will help empower local governments and ensure their participation as a value added partner in the successful implementation of AB32:

Regional & Local Government Targets

The Draft Scoping Plan combines local governments and regional transportation agencies into one sector which will create an estimated 2 million metric tons (CO₂e) of carbon reductions by 2020. Chula Vista staff believes that the Final Scoping Plan should more

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closely evaluate the two entities separately to better understand their unique reductions potential. For example, while regional planning agencies' actions can provide an incentive for land use designations and transportation designs providing indirect carbon emissions reductions, local governments are able to provide direct carbon reductions through its land use authority, CEQA review process and numerous municipal policies and codes. For example, SANDAG's Regional Climate Action Plan forecasted that "Smart Growth" land use designations could only achieve a minimal reduction level (approximately 1.4%), while coupling these land use patterns with higher parking fees (which is directly under a local government's authority) increased emissions reductions up to 11.8%. Local Governments can also play a unique role in expanding alternative fuel use and infrastructure by leveraging their own fleets as well as city-contracted fleets.

Consistent & Equitable Funding

The AB32 Draft Scoping Plan outlines a number of financing options to cover the new State program's projected implementation costs including cap & trade allowance auctions, carbon fees and a water consumption-based "public goods charge". These funds will be used to cover State administrative costs as well as incentive and rebate programs to promote emissions reductions outside the capped sectors. However, this funding design does not explicitly provide the direct resources or the local level authority to develop resources to address this important statewide goal, thus creating an unfunded mandate. In order to truly engage local governments in the State's carbon reduction efforts, local jurisdictions need to have consistent, adequate long-term funding available to train applicable existing staff and to recruit new technical staff who can help local elected officials in developing climate protection policies, integrating emissions reduction strategies into local programs, policies and codes and reporting local reductions over time. Therefore, Chula Vista staff believes that if the State hopes to empower local governments to help successfully implement AB32, they cannot fund their own costs without allocating a portion of AB32's revenues to local governments or without working to establish "Local Fee Authority" for jurisdictions through the California Legislature so that local elected officials and ratepayers can determine the appropriate funding sources and levels to support local carbon reduction programs. A Local Fee Authority was established in the past by the State Legislature to enable local governments to develop and fund solid waste diversion programs and has proven to be a critical component in providing local governments with the resources and ability to tailor programs to local needs and allowing the State to reach its 50% diversion benchmark.

Offset Market

The Draft Scoping Plan provides general information on the role of both compliance-based and voluntary offsets to complement a cap & trade system. In order to receive the full benefits of an offset market, AB32 must use offsets to stimulate a variety of offset project types and investors to maximize cost effectiveness and carbon reductions. The City of Chula Vista staff firmly believes that energy efficiency, cogeneration and renewable energy projects should be considered eligible offsets and that those funding the projects (not just the local utility companies) should receive the carbon credits for these projects. Without this incentive and its resulting direct market signal, the carbon offset market will not respond effectively or efficiently because a large voluntary sector will be

left out of the reduction market. The City also believes that local government and other entities should be allowed to aggregate smaller consumers so long as the majority of the financial benefit is returned to the consumer to stimulate additional carbon savings. Automatically transferring these credits to the local utility would remove a major financial incentive for local governments and private companies to invest in these technologies and on-the-ground projects, thus reducing cost-competitiveness and delaying measurable carbon reductions.

CEQA Review

The California Environmental Quality Act's role in contributing to statewide carbon emissions reduction targets was only briefly referenced in the Draft Scoping Plan. However, Chula Vista staff believes that CEQA will play a significant role at the local level in minimizing the carbon impact of future development projects. Because CEQA review is generally triggered whenever local agencies take a discretionary action, significance thresholds established by local governments (whether meeting or exceeding statewide standards) can lead to broader carbon reductions through project re-design or local mitigation requirements. Therefore, the Final Scoping Plan should more thoroughly evaluate local governments' unique role in administering CEQA and the potential emissions reductions. The Final Plan should also integrate the technical analyses and guidance provided by the State's Office of Planning & Research and the Office of the Attorney General, to date.

Early Adopters

Assembly Bill AB32's legislation states that entities that have voluntarily reduced their emissions prior to AB32 implementation should receive appropriate credit for early actions [38562 (b)(3)]. Chula Vista staff recommends adding more detail in the Final Scoping Plan to describe how voluntary, early adopters will be credited for their reduction efforts. Furthermore, staff recommends using the reporting protocols developed over the past 5 years by the California Climate Action Registry as the basis for measuring the impact of early voluntary actions by entities.


Environmental Justice

Chula Vista hosts a high concentration of power generation facilities within its boundaries including the South Bay Power Plant (708 MW), the MMC Peaker (44 MW), Goodrich (9 MW) and Otay Landfill (6 MW). Additionally, the Wildflower/Larkspur (90 MW), Border-Calpeak (49.5 MW) and Otay Mesa Calpine (590 MW) generation facilities are very close to the City's boundaries and generally within its local airshed. City of Chula Vista staff strongly believes that more clarity needs to be added in the Final Scoping Plan analyzing how the proposed market-based implementation strategy will lead to the equitable reduction of carbon emissions (as well as other co-pollutants) across all California communities. CARB should be able to assure communities which host large-scale emission sources that local, on-the-ground carbon reductions will occur, especially in communities comprised of low-income and minority populations.

The City of Chula Vista hopes that the AB32 Final Scoping Plan will provide the necessary programs, policies and funding mechanisms to allow local governments to

continue and expand their leadership role in reducing greenhouse gas emissions and protecting public health. The City of Chula Vista looks forward to continuing its dialogue with CARB and other stakeholders as the Final Scoping Plan is developed.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael T. Meacham", with a long horizontal flourish extending to the right.

Michael T. Meacham
Director

ATTACHMENT
Climate Protection Measures Summary

CITY OF CHULA VISTA
CLIMATE PROTECTION MEASURES



On July 10, 2008 City Council adopted implementation plans for seven measures, which were designed to reduce the City's greenhouse gas or "Carbon" emissions and were originally recommended by the City's Climate Change Working Group - comprised of residents, businesses and community representatives. The implementation plans outline the City's detailed strategy for initiating, funding and tracking the individual measures. Although partial implementation will begin immediately, the City will be pursuing a variety of funding sources over the next 6 months to ensure the measures' full and long-term implementation. A summary of each measure, as approved by City Council, is outlined below:

1. *Clean Vehicle Replacement Policy for City Fleet*

When City fleet vehicles are retired, they will be replaced through the purchase or lease of alternative fuel or hybrid substitutes. In addition, the City fleet will begin to pursue installing new fuel tanks to allow heavy-duty vehicles to convert to biodiesel fuel immediately.

2. *Clean Vehicle Replacement Policy for City-Contracted Fleets*

As contracts for City-contracted fleet services (such as transit buses, trash haulers and street sweeper trucks) are renewed, the City will encourage contractors to replace their vehicles with alternative fuel or hybrid substitutes through the contract bid process. In addition, the City will pursue implementing two hydrogen vehicle demonstration projects.

3. *Business Energy Assessments*

Although not mandatory, businesses will be encouraged to participate in a no cost energy assessment of their facilities to help identify opportunities for them to reduce monthly energy costs. The business assessment will be integrated into the existing business licensing process and codified through a new municipal ordinance.

4. *Green Building Standard*

Chula Vista will implement a citywide, mandatory green building standard for new construction and major renovations. The new standard will have 3 main components: (1) a minimum energy efficiency (carbon equivalent) requirement of 15% above Title 24 - 2005, (2) the early adoption of the new California Green Building Codes for all residential and commercial projects and (3) a Carbon Offset Fee available for projects not meeting the 15% above Title 24 threshold. The City will re-evaluate its Green Building Standard in summer 2009 when the revised Title 24 becomes effective.

5. *Solar & Energy Efficiency Conversion Program*

The City will create a community program to provide residents and businesses a streamlined, cost-effective opportunity to implement energy efficiency improvements and to install solar/renewable energy systems on their properties. The City will develop a funding mechanism to allow program participants to voluntarily choose to place the

improvement costs on their property's tax rolls, thereby avoiding large upfront capital costs. In addition, the program will promote vocational training, local manufacturing, and retail sales opportunities for environmental products and services. To lower the cost for installing renewable energy systems on new homes, the City will require all new residential buildings to include pre-wiring and pre-plumbing for solar photovoltaic and solar hot water systems, respectively.

6. *Smart Growth Around Trolley Stations*

The City will continue to implement the "Smart Growth" design principles, which promote mixed-use and walkable and transit-friendly development, particularly in and around the E, H and Palomar trolley stations. These principles were emphasized in the revised Chula Vista General Plan and the Urban Core Specific Plan. In particular, the City will initiate site planning, design studies and Specific Area Plan development to further support "Smart Growth" development that complements greenhouse gas reductions.

7. *Turf Lawn Conversion Program*

The City will create a community program to provide residents and businesses a streamlined, cost-effective opportunity to replace their turf lawns with water-saving landscaping and irrigation systems. Some municipal turf lawn areas (such as medians, fire stations and non-recreational park areas) will also be converted to act as public demonstration sites and to reduce monthly water costs. The City will establish the model for water-wise landscaping for new development through an update of its Municipal Landscape Ordinance and Water Conservation Plan Guidelines.

This multi-departmental implementation plan represents a strong commitment on the part of the Chula Vista City Council and staff to reduce greenhouse gas emissions. The City Manager is personally engaged in ensuring the success of the implementation plan and will routinely report all progress to the Council and the public. Chula Vista's precedent-setting climate change measures reflect the continuing commitment by the city to lead the region in progressive environmental policy.

For more information about the City of Chula Vista's climate protection efforts, please visit <http://www.chulavistaca.gov/clean/conservation/> or contact the Department of Conservation & Environmental Services at 619-409-3893 or Conservation@ci.chula-vista.ca.us