



June 4, 2013



Re: Transportation Coalition Proposal for Cap & Trade Revenue Investment



TRANSPORTATION COALITION for LIVABLE COMMUNITIES



The Transportation Coalition for Livable

Communities includes the California Transit Association, League of California Cities, California State Association of Counties, Sacramento Metropolitan Air Quality Management District, CALCOG, and major Metropolitan Planning Organizations including SACOG, MTC, SCAG, SANDAG and San Joaquin Valley Policy Council, as well as the Natural Resources Defense Council, California Alliance for Jobs, Transportation California, Environmental Defense Fund, Self-Help Counties Coalition, and the California Center for Sustainable Energy - in short, the agencies and institutions responsible for operating, maintaining, and advancing a sustainable transportation system in California.



The Coalition has developed a proposal to invest cap and trade revenue to address both the greenhouse gas reduction goals of AB 32 and critical transportation system needs identified in the California Transportation Commission's Statewide Transportation Needs Assessment over the next ten years. Our uniting principle is that auction revenues derived from vehicle fuels should be used to fund transportation system needs in a way that achieves AB 32 objectives and builds on the framework of SB 375 and other GHG reduction strategies.



The proposal would allocate funds equitably to regional governments to establish a competitive grant process for local entities, under state criteria, to incentivize integrated strategies that combine land use changes with infrastructure investments at the neighborhood scale to achieve greatest long term greenhouse gas emission (GHG) benefits.



California faces a significant shortage in funds to maintain our existing transportation system, and lacks adequate funding to build an active transportation network. This proposal would provide funding for livable community investments to meet the challenges of increasing development in existing urban and developed areas to meet the requirements of SB 375. Further, it would fund GHG-reducing investments at the local level that implement regional Sustainable Communities Strategies within existing urbanized or developed areas – while also helping local governments meet critical sustainable transportation infrastructure and maintenance needs.



This approach of integrating livable community infrastructure, maintenance, and operations of the transportation system at the neighborhood scale will maximize GHG reductions from the transportation sector through combinations of strategies – rather than single purpose investments. This integrated approach achieves the most cost-effective results and support a range of community benefits – including public health, resource protection, affordable housing, equity, air quality, and safe routes to schools and other community services. It also would serve as a leverage to investments in rail modernization, interregional plans, and other funding mechanisms to encourage more sustainable growth and transportation infrastructure.



Unique among most proposals for state funding programs, the Transportation Coalition's proposal would stimulate local innovation and flexibility to get the greatest GHG reductions and best overall benefits for communities – while cost effectively meeting the goals of AB 32.



The proposal incentivizes combinations of transportation investments, including transit service and operating costs, road and bridge maintenance, retrofits for complete streets and urban greening, and clean technology infrastructure – all integrated with land use changes to achieve the maximum greenhouse gas emission reductions from the transportation sector.



This proposal is consistent with AB 32, SB 375, and the provisions of AB 1532 and SB 535 --- and most equitably and effectively meets the transportation and greenhouse gas emission reduction goals of the state and local communities. Cap and trade revenue is public money resulting from the administration of AB 32, the Global Warming Solutions Act. It must be spent to implement that law.



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We believe the Transportation Coalition's proposal provides the most public and local community benefits while achieving the most cost effective implementation of AB 32.

For the first year Budget allocation we propose the state provide funding through the regions for planning and project development focused on this competitive and integrated approach to most effectively reduce greenhouse gases, meet our local and regional transportation needs, and revitalize our communities. Over the life of the program, we believe that allowance revenues related to motor vehicle fuels should be dedicated to reducing emissions from the transportation sector, with a major part of those funds allocated to this sustainable community funding program.

We have commissioned research to identify how to get the best results from such a program and have brought together the local governments and regional agencies responsible for administering our sustainable community programs to create a program concept that will most equitably and effectively achieve the state's short term and long term GHG reduction and sustainable community goals.

We want to work with the Administration and the Legislature to craft an effective strategy to achieve maximum GHG reductions and long term co-benefits under AB 32 by investing a major portion of revenues related to fuels in integrated transportation and land use strategies consistent with the SB 375, the California Regional Blueprint plans and other regional planning processes. We request that the following concepts be considered for inclusion in the Investment Plan:

1. Auction revenue from fuels should implement the AB 32 regulatory program to reduce GHG emissions from transportation
2. Favor cost-effective and integrated transportation and land use strategies
3. Project funding determinations should be done primarily at regional level under statewide criteria for evaluating GHG impacts. Criteria for project selection should be uniform statewide and developed by the State of California. Regions shall administer competitive funding processes and select projects based on these criteria.
4. Allow flexibility at the regional and local level to develop most cost effective projects.
5. Assist local governments in meeting regional GHG reduction goals
6. Create performance-based approach to maximize regional flexibility with improved modeling and verification systems to ensure effective results
7. Promote innovation, collaboration, economic development and rural sustainability
8. Support co-benefits: air quality, public health, resource protection, equity, affordable housing, agriculture, and safety
9. We hope you will give us the opportunity to work with you to refine these concepts and take advantage of this opportunity to make AB 32 a key component of California's transportation investment program.

Sincerely,

California Transit Association • California Alliance for Jobs • Natural Resources Defense Council • California State Association of Counties • League of California Cities • Self-Help Counties Coalition • California Association of Councils of Governments • Sacramento Area Council of Governments • Southern California Association of Governments • Metropolitan Transportation Commission • San Diego Association of Governments • Sacramento Metropolitan Air Quality Management District • San Joaquin Valley Regional Policy Council • Transportation California • Environmental Defense Fund • California Center for Sustainable Energy • American Planning Association - California Chapter • American Lung Association in California