



February 18, 2013

**Re: Transportation Coalition Proposal for CARB Cap and Trade Investment Plan**

The Transportation Coalition for Livable Communities, which includes the California Transit Association, Transportation California, California Alliance for Jobs, and local and regional government associations has developed a proposal for investing cap and trade revenue to address both the greenhouse gas reduction goals of AB 32 and critical transportation system maintenance and operation needs identified in the California Transportation Commission's Statewide Transportation Needs Assessment over the next ten years.

Our 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 GHG reduction goals of the state and local communities. We request that this proposal be considered for inclusion in the Investment Plan.

Our unifying 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. We believe that by integrating investments in new mobility, new infrastructure, and new jobs we can create healthy communities and better quality of life for all – while measurably reducing greenhouse gas emissions consistent with AB 32 and legal requirements for spending allocation revenues.

By targeting revenues and incentives toward local governments in support of regional planning goals we can leverage a cost effective investment portfolio across transportation infrastructure and efficiency measures, land use incentives, and improved transportation options to yield the greatest GHG reductions associated with the transportation sector. Allocating funding to promote combining strategies will maximize GHG reduction while reinforcing SB 375, regional blueprints, other regional plans and local innovation.

Implementing SB 375 and other GHG-reducing regional plans outside of metropolitan planning organizations (MPOs) requires rebuilding aging infrastructure within urban infill and existing rural communities. Our program concept allocates funds equitably to regional governments under statewide criteria to administer competitive grants to local entities. We propose combinations of investments, including transit service and operating costs, road and bridge maintenance, retrofits for complete streets and urban greening, and clean technology and other community infrastructure – integrated with land use modifications to support regional plans.

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 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.

For the first year Budget allocation we want to 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 CARB and the Administration 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*

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 Alliance for Jobs • California Transit Association • Transportation California • 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 • Sacramento Metropolitan Air Quality Management District • San Joaquin Valley Regional Policy Council**