



March 18, 2014

Assemblymember Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 447
Sacramento, CA 95814

Re: FY 15 Funding for Cap and Trade Expenditure Plan

Dear Assemblymember Bloom:

On behalf of the Southern California Association of Governments and Los Angeles County Metropolitan Transportation Authority, collectively representing 48% of the state's population, we are writing in response to the Governor's proposed \$850 million Cap and Trade Expenditure Plan. The undersigned agencies support the Governor's proposed expenditures for Freight Technology, Commuter Rail, and High Speed Rail. However, we request the Committee increase the \$100 million FY 15 allocation to \$500 million for sustainability to the Strategic Growth Council for the Sustainable Communities Implementation Program. The language in the Governor's proposal has a number of good points recognizing the need to link transportation, land-use, infrastructure, and housing through implementation of Sustainable Communities Strategies. However, we recommend the funding allocation be increased to \$500 million, fully repaying the current year loan to the General Fund, and that the regional and local institutions responsible for sustainable communities be offered flexibility to most efficiently direct funds toward projects that maximize investment benefits and local innovation in transportation and land use. We believe acceleration of approved Southern California sustainable projects more fully address goals of SB 375 implementation. These projects have already undergone public outreach and have business/environmental community support.

Attached is a list of projects from the first six years of the approved 2012-2035 SCAG Regional Transportation Plan/Sustainable Communities Strategy totaling \$37.6 Billion, which clearly illustrates the overwhelming regional need for funding to accelerate implementation of these projects. By increasing funds available for the Sustainable Communities Implementation Program and investing them in the most cost-effective greenhouse gas reduction strategies in the plan, we estimate these funds could account for an accelerated 3-5% reduction of GHG emissions for the States most impacted air quality region. Additionally, the increased investment Statewide would lead to the creation of an estimated 6,000 jobs and an additional \$400 million of economic activity.

We urge the Assembly Budget Subcommittee No. 3 on Resources and Transportation to consider these critical factors to enhance the Cap and Trade Expenditure Plan:

1. SB 375 requires regions to achieve 8% reduction in GHG emission by 2020; yet while this deadline is quickly approaching, few resources have been provided to regions to meet this mandate.
2. A regional allocation of funds for projects included in Sustainable Communities Strategies implements SB 375 in the most efficient and effective manner and ensures collaboration by local and subregional levels of government.



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3. Integration of transportation and land use is the most effective strategy and results in significant co-benefits to the environment, public health, and economy.
4. Transportation revenues should directly benefit the transportation sector.

The undersigned agencies believe the Strategic Growth Council plays a critical role in establishing the policies, standards, criteria and procedures for directing resources to regions equitably and providing a framework for local governments to deliver integrated land use and infrastructure projects. Regional and local agencies like the metropolitan planning organizations (MPOs) and the county transportation commissions have the unique capacity to concurrently plan for and administer these types of multiple community projects, which would accelerate GHG emissions reductions and co-benefits. While MPOs have the statutory responsibility to achieve the California Air Resources Board approved GHG emission reduction targets, implementing agencies such as the county transportation commissions have the requisite expertise and experience to develop projects that will help to provide the greatest GHG emissions reductions.

Most of the cap and trade funds generated over the next 6 years will come from motor vehicle fuels. In California, revenues from charges on gasoline have historically been invested in improvements in the transportation system. We believe this principle should be applied to the cap and trade revenues—consistent with AB 32. It is critical that all communities see improvements in mobility from the fuel-related cap and trade funds by directing a significant share of these revenues to implement SB 375, this year and even more so in future years.

We urge the Legislature to modify the Governor's Cap and Trade Expenditure Plan to achieve greater GHG emissions reductions, and enhance local innovation and flexibility to better implement the Sustainable Communities Strategies required under SB 375.

Sincerely,

Art Leahy

Los Angeles Metropolitan Transportation Authority

Hasan Ikhata

The Southern California Association of Governments