



MEMORANDUM

TO: PCTPA Board of Directors **DATE:** May 8, 2013

FROM: Celia McAdam, Executive Director

SUBJECT: LEGISLATIVE POSITION: AB 574 (LOWENTHAL)

ACTION REQUESTED

Adopt a position of support for AB 574 (Lowenthal): California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund: Sustainable Communities Strategies.

BACKGROUND

AB 32, which was enacted in 2006, targets reduction of greenhouse gases, specifically reducing these gases to 1990 levels by 2020, as a way to address global warming. The law requires the California Air Resources Board (CARB) to develop regulations and market mechanisms (cap-and-trade) to achieve this goal.

In the cap-and-trade program, CARB places a cap on greenhouse gas emissions by issuing a limited number of tradable permits, called allowances, equal to the cap. As we get closer to the target year, the number of allowances declines proportionally to achieve the level of reduction required to meet the 2020 goal. Businesses that are able to reduce their emissions to the final goal early can trade their surplus allowances to firms that find it more expensive or challenging to reduce their emissions. In distributing the emissions allowances, CARB allocates a portion of the allowances for free to covered entities, places some in a cost containment reserve, and auctions the remainder. The price of auctioned allowances is set by the marketplace. As the target date gets closer, program regulations require a greater reliance on auctioning, which is expected to maximize incentives for sources to reduce their emissions. These auction revenues can then be reinvested for additional greenhouse gas reductions.

DISCUSSION

As with most legislation, especially sweeping regulatory change like AB 32, the devil is in the details. AB 574 addresses a key issue, in regards to the proceeds from cap-and-trade auctions for greenhouse gas allowances attributable to transportation. Amongst other things, the bill specifies that these funds should be allocated to projects that comply with a Sustainable Communities Strategy (SCS), as required in SB 375, and help reduce greenhouse gases. Examples of projects that would be eligible for funding under AB 574 that could be of particular interest to Placer jurisdictions include:

- a. Transportation network and demand management, such as trip-reduction programs, and roadway modifications, such as roundabouts;
- b. Public transportation, including operations, maintenance, and capital costs;
- c. Road and bridge maintenance;
- d. Operations and retrofits for complete streets, bike, and pedestrian safety enhancements; and safe routes to schools;

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- e. Development and adoption of local plans and land use policies that help to implement regional plans;
- f. Community infrastructure, including public works and municipal improvements necessary to support transit-oriented development, affordable housing, infill in existing urbanized areas, and small walkable communities in rural neighborhoods;
- g. Multiuse facilities and accommodations for bicyclists, pedestrians, and neighborhood electric vehicles; and
- h. Interregional rail modernization and related community infrastructure.

Of particular note is that AB 574 emphasizes local control. Specifically, the funding would be distributed on a proportional basis to regional transportation planning agencies, such as PCTPA, for local project selection.

The League of California Cities, California State Association of Governments, Capitol Corridor Joint Powers Authority, SACOG, and other transportation agencies have already taken a position of support for AB 574. As concurred with by the TAC, staff recommends approval.

CM:ss

April 17, 2013

The Honorable Wesley Chesbro
Chair, Assembly Natural Resources Committee
State Capitol, Room 2141
Sacramento, CA 94249-0002

The Honorable Shannon L. Grove
Vice Chair, Assembly Natural Resources Committee
State Capitol, Room 4208
Sacramento, CA 94249-0034

RE: AB 574 (Lowenthal) – SUPPORT

Dear Chair Chesbro and Vice Chair Grove,

On behalf of the Capitol Corridor Joint Powers Authority (CCJPA), I am submitting a letter in support of AB 574 (Lowenthal), which creates the Sustainable Communities Infrastructure Program. This bill establishes a program to allocate a portion of cap and trade revenues to help local governments and public agencies implement sustainable communities strategies, mandated by SB 375, and other regional transportation plans required by law. Furthermore, this bill prioritizes funding for transit operations, maintenance, and infrastructure and clean transportation fueling infrastructure among other key investments for cap and trade revenues.

AB 574 ensures:

Each region gets its fair share of funding.

AB 574 provides for a per capita distribution of funds allocated for sustainable communities. SB 375 imposed requirements on regions to reduce per capita greenhouse gas (GHG) emissions. This bill provides funding on a similar basis to assist in implementation of those requirements.

Local flexibility and innovation in meeting state GHG goals.

By focusing on outcomes—GHG reduction—rather than methods as most single purpose grant programs do, it allows local governments to find the right combination of strategies to reduce GHG emissions, meet local transportation needs and provide the co-benefits—air quality, public health, economic development, affordable housing, etc.—that best meet local needs.

Maximized greenhouse gas emission reductions.

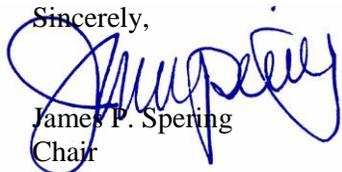
By using competitive grants at the regional level based on cost effective GHG emission reductions, it will achieve the greatest emission benefits per dollar and provides the most cost effective way to meet state goals.

An integrated approach to land use planning and transportation investments.

This is consistent with SB 375 and necessary to implement on the ground changes to meet regional GHG reduction goals. The GHG benefits of transit, bike and pedestrian facilities, and other transportation investments are multiplied significantly when combined with land use changes that support those investments.

Transportation is the largest source of greenhouse gas emissions and reducing emissions from that source has been recognized in the Governor’s Budget and the Draft Investment Plan as a key priority. AB 574 provides an effective way to accomplish this objective while meeting the transportation needs of interregional passenger rail services like the Capitol Corridor trains that will provide a vital link to create more livable communities.

Sincerely,



James P. Spering
Chair

cc: The Honorable Bonnie Lowenthal, Assembly District
CCJPA Board of Directors



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