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September 22, 2010

Mary D. Nichols, Chairman
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: Adoption of Greenhouse Gas Emission Reduction Targets per Senate Bill 375

Dear Chairman Nichols,

As the California Air Resources Board (ARB) considers adopting greenhouse gas (GHG) emission reduction targets required by Senate Bill 375 (SB 375), the California Transportation Commission (Commission) will extend whatever resources and expertise we have at our disposal to help your agency, the Metropolitan Planning Organizations (MPOs) and all those impacted by this far-reaching legislation to achieve its objectives in an achievable manner. As you grapple with this important but complex task, it is our recommendation that the following issues be factored into your deliberations:

- **Impact of the various target levels under consideration on jobs, business and the state's economy**. As the current recession is the deepest in California's history and the unemployment rate continues to rise, adopting targets absent the resources necessary for achievement may further impact an already distressed economy. We are particularly concerned about potential impacts to the construction industry, which is the sector relied upon to build our transportation and housing infrastructure and which at 30 percent unemployment, is suffering more economic adversity than any other sector. Therefore, the Commission encourages targets that achieve a balance between California's environmental and economic goals.

- **Current lack of adequate funding to fully implement and sustain SB 375**. While the Commission recognizes the degree to which consensus was reached between the ARB, the MPOs and other stakeholders in recommending targets, the Commission is concerned with the lack of necessary funding and legislation that is needed for successful implementation and sustainability of SB 375. It is a well known fact that funding for transportation and transit is

not sufficient to address California's infrastructure needs. Therefore, the Commission is prepared to work in partnership with ARB to secure sustainable transportation funding to provide for mobility options and pursue the necessary legislative authority to provide the MPOs with the tools required for achievement of SB 375 objectives.

- **Potential for litigation and project delays and/or stoppage.** The worthy intent of SB 375 is to provide an avenue to reduce greenhouse gas levels by using transportation funding as an incentive to gradually change land use patterns. However, with current transportation funding levels severely constrained, the most important vehicle for accomplishing that objective does not exist. The current lack of mobility and the consequential gridlock is a major economic and environmental challenge. We are concerned that if future funding levels are not increased, regions will lack the tools necessary to reach targets if they are unrealistically high, while at the same time, individuals or entities who oppose growth will have yet another tool to delay or stop projects through litigation.

- **Value of flexibility and more frequent review of GHG targets**. Most, if not all the MPOs are counting on the current recession and estimated future increases in fuel costs –elements over which they have no control – to help them reach their GHG reduction targets. Combined with the uncertainty of future transportation funding increases, target numbers adopted today are at best an educated guess of where we may actually be in a few years. Until necessary funding and legislative needs are addressed and the first set of sustainable communities strategies (SCS) are developed, an incremental, cautious approach to the GHG reduction targets would be the way to proceed .

Our final point deals with the important role that sustainable community strategies have in implementing SB 375. The law requires that regional transportation plans be consistent with federal planning and programming requirements and conform to the regional transportation plan guidelines adopted by the California Transportation Commission, when applicable. Unlike the alternative planning strategy (APS), transportation investments are directly linked to the SCS included in an adopted regional transportation plan. Since projects included in an SCS are likely to be constructed as opposed to those projects in an APS, adopting targets that can be achieved through an SCS is critical in increasing the likelihood of reducing GHG emissions from passenger vehicles and light duty trucks.

As regions prepare regional transportation plans that demonstrate achievement of the targets, it is likely that the SCS will include strategies that differ from the scenario planning assumptions used to develop the targets. Given the volatility in transportation funding and in consideration of the modeling and data improvements that will be made over the next four years, the Commission encourages the ARB, in their adopting resolution, to document the assumptions forming the basis for the targets; condition achievement of the targets on the degree to which the assumptions are realized; monitor implementation efforts to achieve the targets; and consider modifications to the targets every four years in lieu of waiting the statutorily required eight years. The Commission also encourages the ARB to continue its efforts to secure the financial and other incentives outlined in the September 29, 2009 Regional Targets Advisory Committee (RTAC) report to the ARB.

The Commission looks forward to working with ARB towards achieving California's climate action goals and is committed to working with ARB and other partners in the effort to secure necessary funding and legislation to address SB 375 implementation needs. Please be assured that the Commission will continue to utilize those resources that are within its purview to assist the regions in developing transportation investments that will enable California to meet its mobility, economic and environmental objectives.

Sincerely,

JAMES EARP
Chair

c: California Transportation Commissioners
Bimla G. Rhinehart, CTC
Cindy McKim, Caltrans
MPO Executive Directors