

November 1, 2013

Amy Worth, Chair, and Members
Metropolitan Transportation Commission
Mark Luce, President, and Members
Association of Bay Area Governments

**Re: Principles for Implementing Plan Bay Area's Amendment on
Regional Cap and Trade Revenue Allocation**

Dear MTC Chair Worth, ABAG President Luce and Members:

As you prepare to launch the Bay Area's process for setting priorities for Cap and Trade revenue, we write to provide background on the close connection of AB 32 revenues with the needs of disadvantaged communities, and to offer a social and economic justice framework for a Cap and Trade process that will benefit our entire region. Dozens of organizations from around the Bay, including 6 Wins members and allies, stand eager to participate in the process by which the region will determine how best to spend this important new source of funds.

We applaud MTC and ABAG for adopting the amendment proposed by Supervisor John Gioia to ensure transparency and equity in the allocation of Cap and Trade funds in the Bay Area. Plan Bay Area commits MTC and ABAG to conducting "a transparent and inclusive regional public process" for the allocation of AB 32 Cap and Trade revenues in the region and guarantees that "at least 25 percent of these revenues will be spent to benefit disadvantaged communities in the Bay Area."¹ These regional commitments are in line with AB 32's goal of "direct[ing] public and private investment toward the most disadvantaged communities in California and providing opportunities for "community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions. "Plan Bay Area also builds on SB 535's requirement that at least 25 percent of Cap and Trade revenues be targeted to "projects that provide benefits to [disadvantaged] communities," with at least 10 percent to projects "located within" these communities.²

Cap and Trade revenues provide our region with an important opportunity to allocate funds to a variety of projects that reduce GHG emissions and improve public transit, land use patterns, public health and quality of life.

To meet the objectives of both state law and regional policy - and to achieve a better Bay Area for *all* our residents - Cap and Trade spending in the Bay Area should be governed by the following principles:

1. **Ensure Full Transparency and Accountability in Decision Making.** It is critical that MTC and ABAG stay true to Plan Bay Area's commitment to "a transparent and inclusive" regional public process for prioritizing Cap and Trade expenditures. A timeline for decision

¹ See "Summary of Major Revisions to Draft Plan Bay Area," amendment 48, available at http://www.mtc.ca.gov/planning/plan_bay_area/.

² Health & Saf. Code §§ 38501 (h), 38565, 39713.

making and public participation should be developed promptly in consultation with membership groups and their community members from around the region. Key decision points should be identified, and opportunities for local and regional input should be provided for. Any MTC and ABAG consultations with Congestion Management Agencies, and the outcomes of those meetings, should be made public. Finally, all agencies responsible for carrying out projects funded with Cap and Trade dollars should be held accountable to ensure that promised benefits are delivered, measured and reported.

2. Prioritize the Needs of Communities Suffering the Greatest Toxic Exposures. A significant portion of our region's Cap and Trade revenues should be dedicated to reduce emissions and cumulative health risks *in* the communities suffering the greatest exposure to air and other toxic contaminants. The needs of disadvantaged communities should be the first ones addressed in the Cap and Trade revenue expenditures since they are the most heavily and disproportionately burdened by the health impacts of GHGs and co-pollutants, and potentially at risk of further localized burdens as a result of the Cap and Trade system itself. In 2000, diesel PM alone contributed to 2,900 premature deaths compared to 2,000 deaths by homicide.³ Co-pollutants emitted with GHGs, such as PM 2.5, are responsible for more annual deaths in California than caused by car accidents, murders and AIDS combined.⁴ Investing in these communities maximizes the environmental and economic co-benefits, as required by AB 32, by reducing the most hazardous emissions with the greatest human health impact first.

These heavily-burdened communities should play a central role in determining the regional and localized priorities that guide expenditure of this first tier of funds. Expenditures to address these needs should be subject to strict requirements. The funds should be: (a) spent in accordance with a clear plan to address priority community needs (such as a Community Risk Reduction Plan or an updated Community Based Transportation Plan); (b) maximize jobs and other co-benefits for community residents, and (c) ensure that residents are not displaced by the rising land values that are likely to accompany the clean-up of their communities.

3. Ensure that *all* Cap and Trade Revenue Benefits Low-Income Families Across the Region. The remainder of Cap and Trade revenues should be allocated region-wide with a focus on ensuring benefits to low-income communities and residents throughout the Bay Area by focusing on community-stabilizing investments such as improved local transit service, reduced fares, and affordable housing. The Investment Plan for Cap and Trade revenues that CARB and the Department of Finance adopted last spring⁵ includes funding transit operations and affordable TOD housing as important and appropriate expenditures to implement SB 375. Your analysis of the Equity, Environment and Jobs (EEJ) alternative showed that these investments deliver benefits to *all* Bay Area residents. Building on the OBAG program, these investments should also require local jurisdictions to put in place effective anti-displacement and affordable housing measures as a condition of receiving funds, to ensure that people of all

³ Air Resources Board, "Facts about Reducing Pollution from California's Trash Trucks," available at <http://www.arb.ca.gov/msprog/swcv/consumerfactsheet3.pdf>.

⁴ Environmental Working Group, "Particle Civics," available at <http://static.ewg.org/reports/2002/ParticleCivics.pdf>.

⁵ Available at http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf.

income levels are able to benefit from neighborhood improvements from public investments.

4. Leverage All Funding to Create Quality Jobs and Economic Opportunity for Those Who Need it Most. Finally, each dollar of Cap and Trade money spent for any use should carry appropriate policies to ensure that it creates quality jobs and economic opportunities. These policies include: hiring of disadvantaged or underrepresented Bay Area residents; collaboration with local Workforce Investment Boards and community-based workforce programs; where appropriate, utilization of state-certified apprentices on building and construction projects, and paid interns in other industries where feasible; prevailing wages on construction jobs; and living wages with health coverage on permanent jobs.

These policies would not only comply with the mandate of state law that the funds achieve economic co-benefits, but would also advance Plan Bay Area's commitment that MTC and ABAG will "identify job creation and career pathway strategies including local best practices on apprenticeship programs, and local hire and standard wage guidelines," and will utilize these strategies "in the implementation of the current Plan Bay Area."⁶ These economic standards should apply as broadly as possible, whether the dollars are spent on direct hiring or are distributed to contractors or subcontractors, to consultants, on marketing and outreach, as incentive payments or through other avenues.

Thank you for this opportunity to offer a principled framework for the upcoming discussion of Cap and Trade priorities.

Sincerely,

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⁶ See "Summary of Major Revisions to Draft Plan Bay Area," amendment 69, available at http://www.mtc.ca.gov/planning/plan_bay_area/.

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