Cap and Trade Auction Proceeds

Investments to Benefit Disadvantaged Communities

2014 Public Workshops

Aug 25: Fresno
Aug 26: Los Angeles
Sep 3: Oakland

California Environmental Protection Agency

California Environmental Protection Agency
Air Resources Board

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"It is the intent of the Legislature that this act continue California's implementation of AB 32 by directing resources to the state's most impacted and disadvantaged communities to ensure activities…will provide economic and health benefits to these communities"

-- Senate Bill 535 (De León, 2012)

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SB 535 – Direction

For monies in the Greenhouse Gas Reduction Fund (State proceeds from Cap-and-Trade auctions):

- Maximize benefits to disadvantaged communities
- Allocate at least 10% of funds to projects "located in" disadvantaged communities
- Allocate at least 25% of funds to projects "benefitting" disadvantaged communities

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State Roles to Implement SB 535

Legislature and Governor

Define requirements & programs for investment

CalEPA	***ARB***
Identify disadvantaged communities	Provide guidance to agencies on SB 535
Maps that define communities	Guidance to maximize benefits

State Agencies Administering Proceeds

Invest in projects that cut greenhouse gases and benefit disadvantaged communities

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IDENTIFYING DISADVANTAGED COMMUNITIES WITH CALENVIROSCREEN 2.0

August-September 2014

Senate Bill 535 (De León, 2012)

- At least 25 percent of Greenhouse Gas Reduction Fund moneys shall be allocated to projects that benefit disadvantaged communities.
- At least 10 percent of these moneys shall be allocated to projects located in disadvantaged communities.
- CalEPA shall identify disadvantaged communities "based on geographic, socioeconomic, public health and environmental hazard criteria."

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CalEnviroScreen 2.0 Indicators

Pollution Burden		*Population Characteristics*	
Exposures	**Environmental Effects**	**Sensitive Populations**	**Socioeconomic Factors**
❑ PM 2.5 concentrations ❑ Ozone concentrations ❑ Diesel PM emissions ❑ Drinking water contaminants ❑ Pesticide use ❑ Toxic releases from facilities ❑ Traffic density	❑ Cleanup sites ❑ Groundwater threats (Leaking underground tanks and cleanups) ❑ Impaired water bodies ❑ Solid waste sites and facilities ❑ Hazardous waste generators and facilities	❑ Prevalence of children and elderly ❑ Asthma emergency department visit rate ❑ Rate of low birth weight births	❑ Educational attainment ❑ Linguistic isolation ❑ Poverty: Percent residents below 2x national poverty level ❑ Unemployment rate

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Geographic scale: Census tracts

- Approximately 8000 census tracts in California.
- Represents a relatively fine scale of analysis.
- Each census tract receives a CalEnviroScreen score (between 1 and 100) based on how its 19 indicators compare with other census tracts.
- CalEnviroScreen ranks census tracts based on their scores.
  - Census tracts with higher scores have higher pollution burdens and vulnerabilities than tracts with lower scores.

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Identifying Disadvantaged Communities

- How many communities should be considered disadvantaged?
  - Census tracts with highest 15%, 20% or 25% of scores calculated from CalEnviroScreen data?
    - Generally represent 15%, 20% and 25% of California's population
- How should CalEnviroScreen information be used in identifying disadvantaged communities?

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Method 1: Top CalEnviroScreen scores

- For each census tract, the pollution score is multiplied by the population score to get a final CalEnviroScreen score.
- Consistent with scientific studies showing that population characteristics can affect health risks from pollution.

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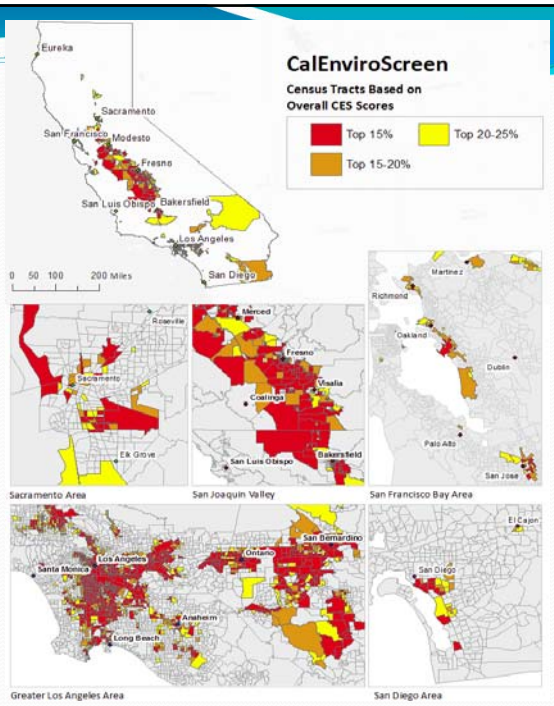

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Method 2: Pollution Burden Only

- Identifies census tracts with highest pollution burdens, regardless of health and socioeconomic status.
- Meets only two of the four criteria in SB 535 for identifying disadvantaged communities.

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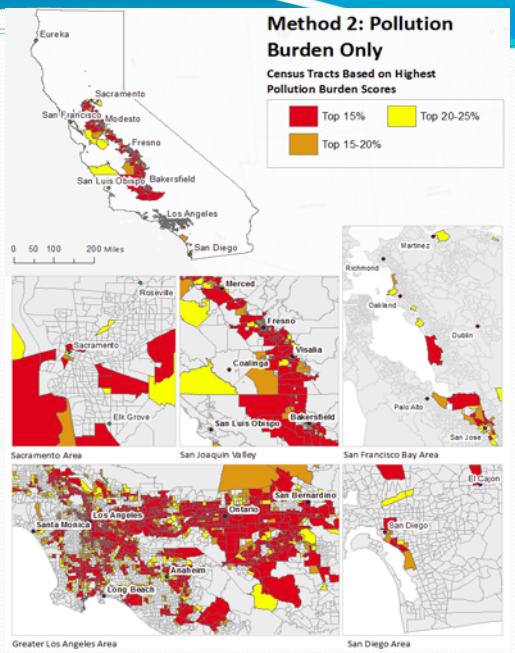

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Method 3: Population Characteristics Only

- Identifies census tracts based on public health and socioeconomic status, regardless of pollution burden.
- Meets only three of the four criteria in SB 535 for identifying disadvantaged communities.

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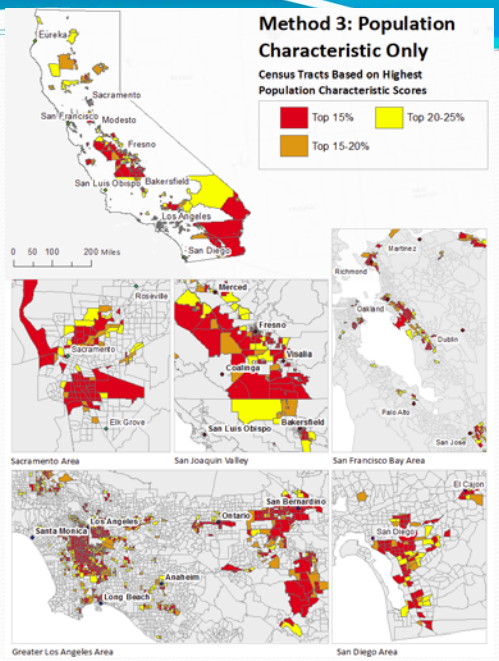

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Method 4: Equal cutpoints

- Only census tracts with the highest pollution burden <u>and</u> population characteristics scores can be considered disadvantaged.
- Could consider census tracts:
  - In the top 15% (equal cutpoints for pollution burden and for population characteristics).
  - In the top 20% (equal cutpoints for pollution burden and for population characteristics).
  - In the top 25% (equal cutpoints for pollution burden and for population characteristics).

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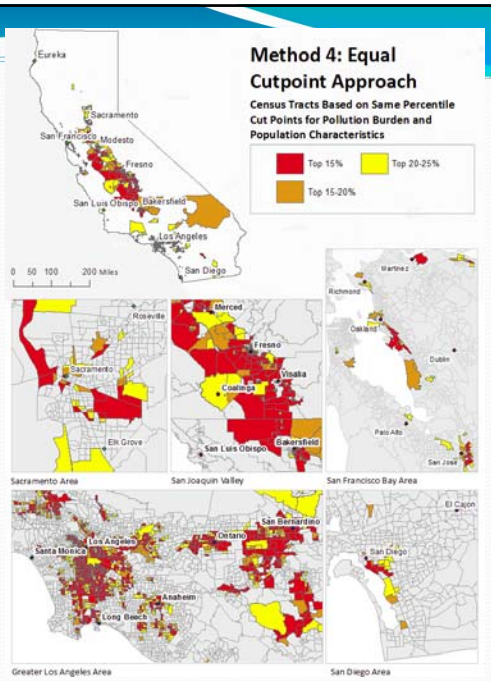

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Method 5: Low-Medium-High Categories

- Separate rankings of census tracts for pollution burden and population characteristics as "high" (top 25%), "medium" (25% to 50%) and "low" (below 50%).
- Identify census tracts that are:
  - "High" for both pollution burden and population characteristics.
  - "High" for pollution burden and "medium" for population characteristics.
  - "High" for population characteristics and "medium" for pollution burden.

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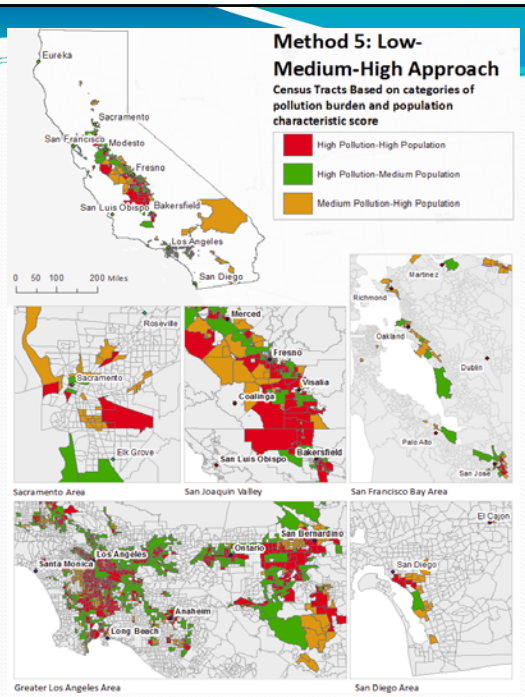

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Investments to Benefit Disadvantaged Communities

Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies

DRAFT FOR COMMENT

(August 22, 2014)

California Environmental Protection Agency
Air Resources Board

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Funding Path Based on State Budget

State Administering Agencies Receive Funding Directed to Specific Transportation, Energy, Resources Programs

- **Incentives to residents & business**
- **Regional & local entities (consistent w/ State policy)**
- **Direct funding for State capital projects**

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State Administering Agencies

- Each agency designs and implements its own program consistent with statutory direction, including public process, project criteria & selection
- Each agency incorporates ARB guidance on investments to benefit disadvantaged communities

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Key Programs to Benefit Disadvantaged Communities with FY 2014-15 Monies

- Weatherization/renewables
- Urban forestry
- Low-carbon transportation
- Affordable housing and sustainable communities
- Low-carbon transit operations
- Transit & intercity rail capital projects
- Other programs may offer benefits as well

Note: SB 535 minimum targets apply to total investment portfolio, not to each program; see page 12 for State approach

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ARB Staff Draft Interim Guidance

- Framework for projects funded w/FY 2014-15 monies so agencies can move quickly
- Approaches to maximize benefits and access to benefits
- Criteria for project evaluation to support benefits that are direct, meaningful, & assured
- Full ARB guidelines in 2015 will address future year funding

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Interim Guidance – Maximizing Benefits

"Maximize" % of funds and priority for communities

- All agencies to evaluate investments that reduce GHG emissions to assess potential for community benefits
- Target funding, as feasible, for projects located in and and benefitting communities based on ARB criteria
  - Increase community awareness & access to funding
  - Address needs commonly identified by communities or key factors that contributed to "disadvantaged" status
  - Consider "how to" strategies in guidance document
  - Identify a quantifiable metric to track/report benefits
  - Work together to provide benefits from multiple programs

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Examples of Common Needs

- Reduce health harms through clean air, plus walking, biking, and recreation
- Increase safety and thermal comfort
- Create quality jobs and job training
- Improve transit access and service
- Cut housing, transportation, energy costs
- Reduce exposure to local air toxics
- Prioritize zero emissions in areas with high diesel soot levels

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Interim Guidance – Determining Benefits

Draft guidance defines benefits and requires project evaluation against "yes/no" criteria for SB 535 targets

A. Located in and provides direct benefits to a disadvantaged community; or

B. Is not located in but provides direct benefits to one or more disadvantaged communities

   1. Based on proximity/access to benefit for residents (e.g., ZIP code or ½ mile walking distance)

   2. Provides jobs/job training, cleaner air, transit, access to green space, waste diversion, etc.

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Project: vouchers for hybrid + zero-emission trucks & buses

Primary benefit: reducing air pollution for residents of census tracts identified as disadvantaged communities

"**Within:**" vehicle based in a community census tract or travels a fixed route primarily in these tracts, or serves transit stations/stops in these tracts

"**Benefitting:**" vehicle based in ZIP code that contains a community census tract, or serves a hub in such a ZIP code, or operates primarily on impacted corridors that substantially impact air quality in these tracts

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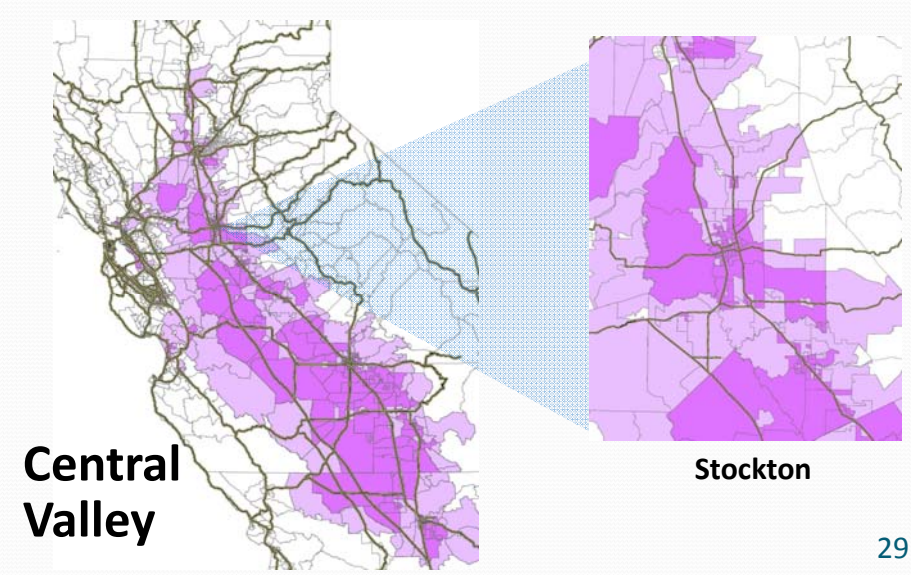
Census tracts = disadvantaged communities

ZIP codes containing those tracts



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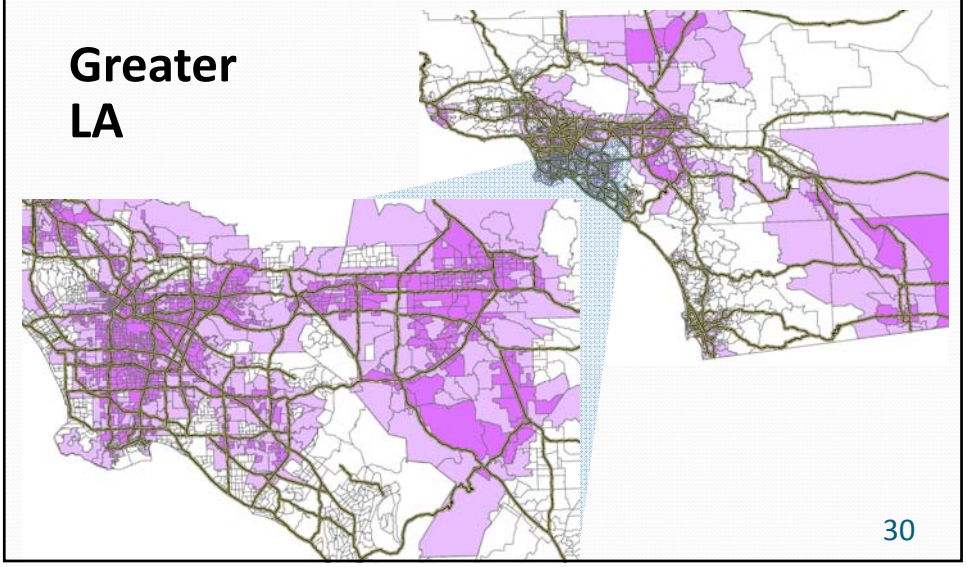
Census tracts = disadvantaged communities

ZIP codes containing those tracts



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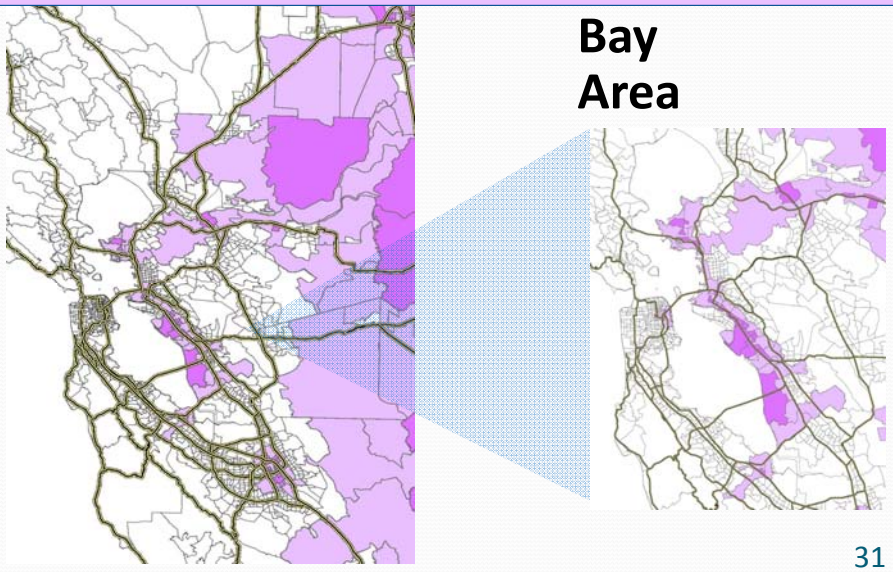
Census tracts = disadvantaged communities

ZIP codes containing those tracts



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Key Question for Discussion

Are there other criteria ARB should consider for projects that are located outside disadvantaged community census tracts, but provide benefits that are direct, meaningful, and assured to residents of those tracts?

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Next Steps on ARB Interim Guidance

- Sep 15, 2014: written comments due
- Sep 18, 2014: Board to hear testimony & consider Interim Guidance with recommended amendments
- Visit www.arb.ca.gov/auctionproceeds to:
  - submit comments electronically
  - subscribe to list serve
  - see the upcoming events
  - see all the program information

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