



REDWOOD COAST Energy Authority

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April 24, 2018

To: Clerk of the Board, California Air Resources Board
From: Aisha Cissna, Transportation Specialist
Subject: Comment Letter for CARB Beneficiary Mitigation Trust Plan

Dear Honorable Board,

The Redwood Coast Energy Authority (RCEA) is pleased to submit comments regarding the California Air Resources Board (CARB) Beneficiary Mitigation Plan for the VW Environmental Mitigation Trust, and associated Discussion Document released April 20, 2018.

RCEA recognizes CARB's responsibility to focus on areas most affected by poor air quality. Conversely, VW NOx emissions diffused across the California landscape and affected most if not all California communities. We believe that CARB could achieve equitable mitigation fund distribution while also considering disadvantaged and low-income communities by adopting program design elements used by the California Energy Commission for Proposition 39:

- **Ensure funds are available across all regions:** Ensure investments are made across all regions – NOx emissions impact all regions and are not confined by political or social boundaries. RCEA supports CARB's effort to provide investments across all regions of the State and encourages CARB to take a proactive approach. For example, Proposition 39 equitably distributed funds to statewide school districts, and CARB can replicate this approach through air districts. This provides all regional populations with an opportunity to benefit from VW settlement funds.
- **Provide stable funding:** Guarantee available funds for up to four years. This provides small districts with extra time to develop projects and compete with districts with more staff and expertise. Unallocated funds can be restored into the statewide program and available for competitive solicitation after the guaranteed period.
- **Use tiered disbursements:** Tiered disbursement creates a scaling mechanism so that all districts receive a proportional share of funding. This promotes statewide participation and gives confidence to businesses, agencies, and air districts in rural and small-urban regions that at least some funding is available for their traditionally hard-to-reach communities. Tiering can also set a fixed minimum funding threshold for small districts to ensure sufficient funds for meaningful projects. For example, designate a combined 10-20% of funding from all five mitigation categories for counties with populations under 250,000.
- **Capitalize projects:** Provide capital directly to awarded entities, rather than using a reimbursement model. This reduces challenges for public agencies with limited reserves, eliminates bridge funding, and reduces overall financial and administrative costs.
- **Provide technical assistance:** Small agencies historically lack the time and expertise to equitably compete with larger counterparts. CARB can address this by designating technical

assistance funds and/or expertise to assist small, rural, and other qualified agencies with project design and implementation support.

- **Include a low-income/disadvantaged adder:** In combination with a statewide tiered distribution, CARB can further enhance program design with a project adder for disadvantaged and low-income communities. Applicants who meet selection criteria receive a proportional share of designated funds.

Regarding the timing of fund distribution, a lesson learned from Proposition 39 is that a single rather than phased distribution may be preferred since an agency may then conduct one large rather than several small public works projects. A single distribution reduces program administration overhead across multiple project participants, simplifies grant management activities such as invoicing and auditing, streamlines the integrity and accountability of funding streams, and so on.

RCEA supports increased support for disadvantaged and low-income communities, and encourages CARB to retain the low-income communities eligibility criteria. Many rural and small-urban communities remain ineligible for funding when state programs limit eligibility to only disadvantaged communities defined by CalEnviroScreen. Retaining low-income eligibility criteria meets the intent of this program to mitigate statewide NOx emissions, as well as CARB's stated guiding principles of the mitigation trust.

Our belief is that the proposed program elements will allow CARB to distribute funds equitably through the state, support both small and large rural and urban projects, enable cost-effective projects at a variety of scales, and benefit disadvantaged and low-income communities. RCEA staff wishes to thank CARB for their consideration of these comments.

Sincerely,

Aisha Cissna
Transportation Specialist

Cc: Dana Boudreau