



September 15, 2014

Mr. Matthew Rodriguez  
Secretary, California Environmental Protection Agency (CalEPA)  
1001 I Street  
P.O. Box 2815  
Sacramento, CA 95812-2815

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

**RE: CalEPA's Approaches to Identifying Disadvantaged Communities and ARB's Interim Guidance for Investments to Benefit Disadvantaged Communities**

Dear Chair Nichols and Secretary Rodriguez:

Thank you for the opportunity to provide comments to the proposed Approaches to Identifying Disadvantaged Communities ("Approaches") and ARB's Interim Guidance for Investments to Benefit Disadvantaged Communities ("Guidance") for maximizing benefits of the SB 535 Cap and Trade proceeds. Richmond applauds the intent to identify disadvantaged communities and prioritize funding decisions to reach those residents that are most impacted by Greenhouse Gas (GHG) emissions. This approach is consistent with the City of Richmond's General Plan 2030 and Health in All Policies (HiAP) Strategy to strength local resilience, build economic prosperity and eliminate health disparities within local neighborhoods with populations that are most impacted by GHG emissions and toxic air contaminants.

Appropriating SB 535 funding for disadvantaged populations is an extraordinary opportunity to utilize funding in such a way that will benefit both local communities and the entire state by reducing GHG emissions and improving the livelihoods of our most impacted residents. However, we are concerned that the proposed methods of 1) identifying disadvantaged communities; and 2) the guidance for these investments, **do not guarantee** that the funds will be allocated in a manner that maximizes benefits for disadvantaged communities and satisfies the legislative intent of SB 535.

Under the proposed methodologies, some of Richmond's most impacted census tracts, including fenceline communities adjacent to the Chevron Refinery, are not accurately recognized as environmentally burdened communities. The outcome of the proposed methodologies will limit access to SB 535 funding that is essential for improving community health and economic development opprotunites that are negatively affected by hosting facilities regulated by cap and trade. Hosting these cap and trade sources within our community places Richmond at an economic disadvantage by depressing property values and discouraging investment. SB 535 funding will be an essential tool for stimulating economic development and building health

equity within these areas. Below, please find an outline of the City of Richmond's comments and concerns for your consideration.

### **1) Approaches to Identifying Disadvantaged Communities**

The City of Richmond encourages the California Air Resources Board (ARB) and California Environmental Protection Agency (CalEPA) to either: 1) modify Method 1; or 2) develop an alternative method other than those currently proposed. All five methods currently proposed fail to identify multiple fenceline communities in Richmond as disadvantaged, despite the fact that they incur a high pollution burden and contain population characteristics that should be prioritized per the legislative intent of SB 535. Many of the State's largest emitting industrial facilities, including refineries and landfills, are located in low-income communities and communities of color. It is these areas where the Greenhouse Gas Reduction Funds (GGRF) are actively generated by the sale and purchase of cap and trade allowances, and thus, there are inherent flaws in the proposed methodology if census tracts directly adjacent to the State's largest refinery are not identified as a disadvantaged community.

Richmond hosts the Chevron Refinery, consistently one of the largest single source of GHG emissions in the State, a large commercial port, multiple wharves served by tug boats, extensive railroad yards, a landfill and solid waste transfer station, three major highways (I-80, I-580 and the Richmond Parkway), and numerous manufacturing, assembly and warehousing businesses. The presence of these facilities creates the added burden and stress from emergency events, flares, noise, and pollution that are not considered in EnviroScreen 2.0. The intent of SB 535 is to ensure that environmentally burdened communities are direct recipients and beneficiaries of this funding source to alleviate the impacts of cap and trade. Richmond residents are burdened with a high cost of living, and the city experiences comparatively high unemployment rates and a low average median income. Nonetheless, under the proposed ARB methodologies, in Richmond only one census tract registers within the top 15% cutpoint, and three census tracts are in the top 20% cutpoint. **None of the current methods sufficiently illustrate the true vulnerability and impacts that Richmond residents experience with other fenceline communities.**

**Richmond requests that ARB consider a neighborhood's proximity to the state's largest sources of GHG emissions as well as the magnitude of the emission source when determining a methodology.** It appears that Methods 1-5 all result in the inequitable misclassification of fenceline communities suffering from a disproportionate share of pollution and poor health outcomes. There is no reasonable explanation that a census tract adjacent, and downwind, to the Chevron Refinery should not register as a highly impacted census tract within any of the proposed methodologies. ARB and CalEPA should create an automatic eligibility consideration for census tracts within close proximity to California's largest GHG emitters, such as major oil refineries.

**Richmond requests that in effort to build resiliency and health equity throughout the State, ARB should include the location of the regulated facilities and the respective usage of cap and trade allowances as data sources in the methodology to determine a disadvantage**

**community and environmental burdens.** It is a true measure of revenue generation for the cap and trade program and the associated impacts of GHG emitting facilities. The issuance and purchase of allowances has a direct correlation to a facility's pollution and impact on adjacent communities. Additionally, AB32 directs ARB to:

- Section 38562(b)(2): "Ensure that activities undertaken to comply with the regulations do not disproportionately impact low-income communities."
- Section 38562(b)(6): "Consider overall societal benefits, including reductions in other air pollutants, diversification of energy sources, and other benefits to the economy, environment, and public health."
- Section 38565: "The state board shall ensure that the greenhouse gas emission reduction rules, regulations, programs, mechanisms, and incentives under its jurisdiction, where applicable and to the extent feasible, direct public and private investment toward the most disadvantaged communities in California and provide an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions."

**ARB and CalEPA should consider local conditions that are indicators of environmental health, in addition to regional data.** CalEnviroScreen 2.0 employs regional data to determine particulate matter (PM), ozone and diesel emissions. These regional data are intended to provide a regional perspective and should not be used to determine environmental impacts within census tracts. The City is not aware of an ARB monitoring station within Richmond that measures PM or ozone – to our knowledge, the closest stations are 10 and 30 miles away. In Richmond, no census tracts register ozone levels above the standard, and none register higher than the 20th percentile for levels for PM 2.5. The methodology of employing regional air quality data is inaccurate as it is inconsistent with the local empirical data such as Richmond's child asthma hospitalization rates that are nearly twice as high as the state average, as reported by Contra Costa Health Services.

**ARB and CalEPA should factor and quantify the pollution burdens of environmental events and State environmental quality violations,** such as the August 6, 2012, Chevron Refinery fire that sent 15,000 residents to seek medical attention at hospitals. Since the fire, various State and Federal agencies have identified environmental violations, and levied fines onto the refinery. These impacts caused by environmental events are recognized by State regulatory agencies, yet they are not reflected in the scoring of Richmond's census tracts within CalEnviroScreen 2.0.

**ARB and CalEPA should modify CalEnviroScreen 2.0 to take regional variations in socioeconomic conditions into consideration.** For example using a universal scale of poverty values as an indicator does not factor for the high cost of living and housing within the San Francisco Bay Area. The San Francisco Bay Area has a decidedly higher cost of living than other regions of the State and it is unfair and inaccurate not to weigh this accordingly.

We are concerned that if the current Approaches are initiated without these modifications, GGRF funds will not be distributed effectively and the needs of many disadvantaged communities would be done an injustice.

## **2) Interim Guidance for Investments to Benefit Disadvantaged Communities**

**Richmond requests that ARB and CalEPA provide annual data pertaining to the 1) revenue generation of GGRF through the sale of GHG allowances listed by City, and 2) disbursement of these funds by City.** The data and analysis should include sale, quantity and dollar amount of GHG allowances purchased by regulated entities, and the amount of the GGRF funding that is returned to the communities that host the facilities. Doing so will maximize transparency and provide the State and local communities with a greater insight and understanding of where and how the GGRF funds are generated as well as what local onsite emissions are being reduced through the use of allowances compared to emissions reductions caused by local measures. Local communities that host large industrial facilities such as Richmond should have assurances that GGRF proceeds are benefitting their respective community proportionally to the burdens experienced.

**Richmond requests that ARB and Cal EPA clarify that the intent of SB 535 is to allocate both 25% for disadvantaged communities in addition to 10% directly within disadvantaged communities.** The legislative intent of SB535 was not to ensure that disadvantaged communities only receive a pro rata percentage of GGRF, as proposed by ARB and Cal EPA currently. Both SB 535 and AB 32 recognize that disadvantaged communities are already disproportionately burdened by the State's environmental impacts, and that these impacts may be exacerbated by the implementation of a cap and trade system. The intent of the State's legislation was to remedy burdens and inequities that disadvantaged communities experience. The Interim Guidance does not make a clear distinction on how much funding will be allocated to eligible communities.

The City of Richmond supports the ARB's recognition of the limitations of directing money only to specific census tracts. While providing a more precise screening of pollution burdens and vulnerabilities, this also confines projects to finite areas that do not reflect a community's true reach nor acknowledge how pollution burden and emissions dissipate into surrounding areas. **To support implementation, the "supplemental maps" should be included within the body of the guidelines, not in the Appendix. The identified census tracts should automatically highlight a ½ mile area around the tracts, and the zip codes containing identified census tracts should be relocated from the Appendix into the central document.** Moving the identified tracts will be most effective located in Section IV: Identification of Disadvantaged Communities to emphasize the prioritization of the relevant census tracts as well as the surrounding areas that are similarly impacted.

Additional modifications to the Interim Guidance document will further strengthen the intent of the GGRF allocations and are necessary to maximize the effectiveness of investments in disadvantaged communities. Maximizing benefits within this document is focused on directing

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funds toward disadvantaged communities that primarily exist in cities, but the guidelines provide no insurance that project will be implemented in collaboration with these cities and the target communities will actually receive the intended benefits. Richmond is concerned other agencies may use eligible census tracts that exist within the City limits to fund projects and programs without obtaining consensus from these communities and collaborating with the cities. **To this effect, Richmond requests that if a regional agency, special district, or joint-powers authority is applying for GGRF funding on a community's behalf, that the application require a letter of support from the respective City's executive branch (City Manager or Mayor) or a resolution from the City Council.**

**The City of Richmond encourages the ARB to prioritize directing funds to cities with policies and practices currently in place that support sustainability and health equity, such as Richmond's Health in All Policies Strategy (HiAP).** Cities with active plans for implementing health equity initiatives and eliminating disparities will be better poised to carry out successful and timely programs that will maximize GGRF funds.

The guidelines currently lack sufficient transparency. It is critical the document integrates the following objectives:

- a. Provide clearer guidelines for reviewing funding allocation to show how much money disadvantaged communities actually generate and receive;
- b. Provide a timeline on when the Method of allocation will be reviewed;
- c. Provide a timeline of periodic evaluation of the impacts to demonstrate the benefits of each program;
- d. Provide a timeline for the next opportunity to provide community input on the process;
- e. Include a list of all funded projects;
- f. Provide a list of the sources of Cap and Trade Funding;
- g. Indicate when and how often these guidelines will be reviewed and the website where all the information will be posted.

Thank you for the opportunity to address these concerns and provide comments on behalf of the City of Richmond.

Sincerely,



William A. Lindsay  
City Manager