

September 10, 2014

The Honorable Edmund G. Brown, Jr.

Governor’s Office, State of California

State Capitol, Suite 1173

Sacramento, CA 95814

**Subject: Establishment of a Rural Sustainability Fund**

Dear Governor Brown,

3CORE, Inc., generally supports the concepts and approaches set forth in the ARB/California Department of Finance Cap and Trade Auction Proceeds Investment Plan for Fiscal Years 2013-14 through 2015-16.

3CORE is an active Community Development Financial Institution (CDFI) certified by the California Insurance Commissioner and by the US Treasury. 3CORE is one of five (5) California Economic Development Districts recognized by the US Department of Commerce.

I see challenges in a process in where 25% of the over $850 million annual Greenhouse Reduction Fund (GGRF) is directed to disadvantaged communities as determined by SB 535 (DeLeon).

Disadvantaged communities are determined by a program called *CalEnviroscreen 2.0.* While SB 535’s intention is to not disproportionately impact disadvantaged communities through the use of pollution “scores” based on Census tract data, most of rural California will be overlooked with regards to funding.

I am requesting your consideration in creating a fund dedicated to rural sustainability projects using revenues collected as part of the introduction of fuels into the State’s Cap and Trade Program. I believe that when fuels are added to the Cap and Trade Program, costs will be passed on to rural Northern California consumers and not internalized by fuel providers. As gasoline, diesel, and propane are then sold at higher prices in rural Northern California, I ask you to consider dedicating this revenue back to Northern California to pursue projects that will result in black carbon and greenhouse gas reductions in accordance with our upcoming finalized Climate Action Plan.

Right now, a majority of the GGRF monies have been earmarked for mainly urban projects with

rural Northern California receiving little direct benefit. Through the creation of a Rural Sustainability Fund, rural areas can, subject to spending guidelines, approved policies and procedures, or a locally approved Climate Action Plan, invest these funds locally to create jobs as well as provide economic and sustainability benefits while measurably reducing greenhouse gases and black carbon.

Possible projects include the following:

* Energy efficiency projects including wood stove change-out programs
* Diesel to electric and electric to solar agricultural irrigation projects
* Residential and commercial solar power programs
* Electric vehicle infrastructure along the I-5 Corridor
* Forestry and Wildland Urban Interface projects that lessen catastrophic wildfire risks and promote healthy forests

We ask that you consider the long-term economic impacts on rural areas due to the inclusion of fuels into the Cap and Trade Program, and the benefits that could be achieved through funding a program targeting rural Northern California. If you have any further questions, please contact me at 530-893-8732 ext. 204 or [mnemanic@3coreedc.org](mailto:mnemanic@3coreedc.org).

Sincerely,

Marc Nemanic

Executive Director

Cc: Matthew Rodriquez

Secretary for Environmental Protection

CalEPA

Michael Cohen

Director

Department of Finance

Richard Corey

Executive Officer

Air Resources Board