SIERRA
BUSINESS COUNCIL

June 29, 2015

Mr. Matthew Botill
Manager, Climate Investments Branch, Policy Section
California Air Resources Board
1001 I St.
Sacramento, CA 95812

RE: Funding Guidelines for Agencies that Administer California Climate Investments

Dear Mr. Botill,

I am writing on behalf of Sierra Business Council (SBC), a non-profit network of 4,000 business, local governments and community partners working to foster vibrant, livable communities in the Sierra. We appreciate the chance to comment on the Draft *Funding Guidelines for Agencies that Administer California Climate Investments*, released June 16, 2015.

The revised funding guidelines provide useful direction to agencies that are or will be distributing Greenhouse Gas Reduction Fund monies. We especially appreciate the existing direction related to resiliency, engaging local government, and coordinating outcomes and funding across programs. We do, however, have a few comments for your consideration below.

On April 29 of this year, Governor Brown issued Executive Order B-30-15, describing the dangers of climate change to the state's well-being (public health, natural resources, economy, environment), pointing out the disproportionate effect of climate impacts on the state's most vulnerable citizens, and setting an interim 2030 GHG emission reduction target to get us to the already established goal of 80 percent below 1990 levels by 2050. To help address those issues, the EO calls for assessment of vulnerability by sector and region and prioritization of projects that reduce vulnerability risks [#4]; prioritization of projects that address both mitigation (GHG emission reduction) and adaptation (ie. climate preparedness as a co-benefit) [#7]; and use of full life-cycle cost accounting to evaluate and compare infrastructure investments [#6].

To ensure consistency of the statewide GGRF or California Climate Investment program with the Governor's Executive Order on the subject, SBC asks you to consider the following comments and recommendations for strengthening guidance in a few related areas.

Disadvantaged Communities

As stated by the Governor, vulnerable people living in rural communities will feel the effects of climate change disproportionately to many other state residents, yet they will be paying into the Cap-and-Trade Greenhouse Gas Reduction Fund indirectly through higher prices for gasoline and other products that fall under the cap. They should not also be unnecessarily handicapped in securing program benefits to help achieve statewide GHG goals and minimize long-term risks.

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As a result, we reiterate comments submitted previously regarding the need to change how Disadvantaged Communities are identified for purposes of California climate investments.

Risk of toxic exposure is one characteristic of vulnerable populations; but there are other components that we believe must be taken into account in order to more accurately reflect relative degree of disadvantage and vulnerability across the state.

> Recommendation: at a minimum, direct administering agencies to create dedicated pools within key GGRF funding programs specifically to support projects from rural communities that may not have access to the data modeling or other expertise needed to develop successful applications.

> Recommendation: in terms of defining disadvantaged communities for purposes of California Climate Investments, include the concepts inherent in the definition of "economically distressed areas," from Proposition 1 (the Water Quality, Supply, and Infrastructure Improvement Act of 2014) and other state programs, which look at financial hardship and low population density conditions in addition to median household income and unemployment rate.

> Recommendation: or, as a simpler alternative, employ the definition of "disadvantaged communities" and "severely disadvantaged communities" already in use to guide investments under PRC §75005 (Proposition 84) and elsewhere, which is based on median household income as a percentage of the statewide average.

> Recommendation: or, failing recommendations above, amend CalEnviroscreen criteria to account for geographic discrepancies (for example, adding wildfire emissions to air quality attainment and other calculations) and monitoring gaps so that the tool more accurately reflects conditions on the ground.

Co-Benefits

As outlined in the underlying cap-and-trade legislation, climate change affects all parts of the state, posing a "serious threat to the economic well-being, public health, natural resources, and the environment of California" [AB 32 - §38501]. To help address the broad spectrum of impacts, AB 32 clearly states that GHG emission reduction measures should maximize additional environmental and economic co-benefits for California (§38562 and §38570), including "reductions in other air pollutants, diversification of energy sources, and other benefits to the economy, environment, and public health."

Just as ARB has provided guidance on how administering agencies should maximize benefits for Disadvantaged Communities, it needs to provide similar guidance in this document for how to maximize the co-benefits that can result from GHG emission reduction activities, including adaptation and resilience to future climate impacts.

Recommendation: Fast-track development of quantification methodologies for co-benefits, including use of full life-cycle accounting per the Governor's Executive Order, so that: (a) they can be factored into project evaluation processes as soon as possible, and (b) they can be recognized, tracked and felt across California communities.

Recommendation: Regardless of how co-benefits get quantified, be explicit in this *Funding Guidelines* document about how administering agencies should consider co-benefits in relation to GHG emission reduction benefits. This is necessary so that project proponents understand how co-benefits will be addressed and can therefore build them into their projects appropriately, and so that evaluation is consistent across all agencies and programs. Note: when this issue was brought up on the June 22 webinar, the response was that each administering agency determines how to evaluate co-benefits for its own funding program(s). SBC strongly believes ARB should take responsibility for providing guidance on this issue so that co-benefits are fully considered and can be tracked and reported consistently across California's climate investment programs.

Program Implementation and Evaluation

A statewide program of this magnitude needs to have room for everyone to contribute and see some degree of benefit, especially if it's going to build support for (or neutralize opposition to) post-2020 emission reduction targets. In order to fully evaluate the program's implementation over time, administering agencies must be collecting and reporting comprehensive and consistent data, starting from the launch of each program.

Recommendation: include direction in this *Funding Guidelines* document that each administering agency track, report and make available: (a) technical assistance/ consultations provided; (b) applications submitted, including scoring by section; and (c) awards recommended/made, including mapping coordinates of project locations. This will provide maximum transparency and consistency of data across agencies assist in the identification of areas (programmatic and geographic) in need of further work.

Ideally we would have time to evaluate how the first year's funding programs worked, including analyzing approved expenditures, before providing guidance on how to expend future dollars. Since this *Funding Guidelines* document is scheduled for release before such an assessment can take place, SBC requests that ARB commit to conducting such an assessment and reviewing the *Funding Guidelines* document against assessment results within one year.

Sincerely,

Kerri T. Timmer

Kerri Timmer
Government Affairs Director