Mary D. Nichols
Chair Air Resources Board
California Environmental Protection Agency
1001 I Street, PO Box 2815
Sacramento, CA 95812

November 13, 2018

Re: Cap and Trade Auction Proceeds Draft Third Investment Plan: Fiscal Years 2019-20 and 2021-22

The Cap and Trade Auction Proceeds Draft Third Investment Plan offers an opportunity to reduce pollution and greenhouse gas emissions in disadvantaged communities throughout California as well as an opportunity to meaningfully involve community members to provide input in projects that provide multiple co-benefits. As an organization Leadership Counsel for Justice and Accountability has engaged in prior rounds of revisions to the Cap and Trade Investment Plan and submits these comments prior to adoption to ensure the existing and future suite of Greenhouse Gas Reduction Fund (GGRF) programs benefits lower income and environmentally vulnerable communities throughout California and does not result in negative impacts in the same disproportionately burdened communities.

We appreciate consideration of many of our suggestions including bolstering meaningful engagement and technical assistance in existing programs, publicly reporting negative impacts from California Climate Investments (CCI) projects,and prioritization of climate mitigation and adaptation. We believe these recommendations to the Legislature will affirmatively further the goals and reach of much-needed fundings sources to meet the demands posed by Climate Change. However, we reiterate several other concerns and suggestions we communicated in our initial letter and request that the Ar Resources Board (CARB) fully incorporate those suggestions in the final Investment Plan in order toprovide clarity and direction to the Legislature to improve the performance of the CCI programs as follows:

Incorporation of Community Engagement

As an organization that partners with low-income and disadvantaged communities we appreciate CARB's recommendations to prioritize community engagement as a critical

Improve Existing Programs to Ensure Projects Reach Low-Income and Disadvantaged Communities and Establish Rural Set-asides where appropriate

Rural set-asides within existing programs ensure that the suite of GGRF programs do not disproportionately favor larger projects in urban areas. Disadvantaged communities in the San Joaquin and Eastern Coachella Valleys face multiple barriers that adversely affect a community's ability to plan and implement climate resiliency. For example, while the TCC program allows applications for planning for unincorporated communities the program does not allow for implementation funding to reach unincorporated communities, thus creating a significant barrier for access. In recognition of these barriers and opportunities we recommend that administering agencies incorporate a rural funding set-aside in certain programs as appropriate including urban greening, energy efficiency, TCC and transportation programs.

Within existing state programs, acknowledgement of lack of rural beneficiaries has lead to development of the Small Infrastructure allocations in the ATP program and Rural Innovation Project Area in the AHSC program. Not only will intentional rural investment increase access to funding for prioritized populations, this recommendation falls well within the purview of existing GGRF statuture including SB 535, Ab 1550, AB 398, and SB 859. Furthermore, focused rural GGRF investments can leverage other state investments that targeting rural disadvantaged communities like Proposition 1's drinking water investments that fund solutions relating to climate change's negative affects community groundwater resources and provide infrastructure such as reliable wastewater services to support affordable housing developments.

Furthermore, in order to more meaningfully incorporate the needs of disadvantaged communities existing projects must be refined and adjusted as previously stated in our September 14th letter. For example, equity can be built into project application and increase the reach of GGRF programs if CARB removes the costly match requirements that act as a principle barrier to small cities and unincorporated communities with limited funding to contribute. To ensure consistency with existing legislation we recommend using SB 535 (2012) which identifies disadvantaged communities in California as a tool to identify communities in need of exemption for match requirements . Other key alterations to existing programs include roofing to ensure communities with degraded housing stock have access to the LIWP program, creating

We look forward to working with CARB and administering agencies to ensure that the Investment Plan affirmatively furthers California's climate goals while meeting the needs of both urban and rural disadvantaged communities.

For any questions or concerns regarding the issues included in this comment letter may be addressed to Pedro Hernández at phernandez@leadershipcounsel.org or (559) 369-2790.

Sincerely,

Pedro Hernández

Pedro Hernández, Policy Advocate, Leadership Counsel for Justice and Accountability

Encl:

Leadership Counsel for Justice and Accountability Comment Letter of September 14, 2018

LEADERSHIP COUNSEL FOR JUSTICE & ACCOUNTABILITY

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September 14, 2018

Re: Cap and Trade Auction Proceeds Draft Third Investment Plan: Fiscal Years 2019-20 and 2021-22

We thank CARB for the opportunity to comment and provide recommendations on the third Cap and Trade Auction Proceeds Investment Plan. This document offers an opportunity to reduce pollution and GHGs in disadvantaged communities throughout California as well as an opportunity to meaningfully involve community members to provide input in projects that provide multiple co-benefits. However, although the Investment Plan provides for the continuance of programs that have successfully reduced GHGs, we believe that the Investment Plan should be revised and updated to maximize the environmental, public health, and economic benefits to low-income and disadvantaged communities across the state. As such, we urge CARB to incorporate the following policy and program recommendations into the Investment Plan to ensure the Greenhouse Gas Reduction Fund affirmatively advances projects and efforts that truly support the intended outcomes of relevant state mandates.

1)Further Public Participation Requirements and Community-focussed Investments

We appreciate and acknowledge the efforts related to incorporating community input throughout project development and implementation. Community input throughout project development and implementation is critical to ensure that projects respond adequately to a prioritized need for the community. As demonstrated in the Fresno TCC process, community participation is integral to project development and implementation. As such we recommend that administering agencies require local participation to allow community members to take leadership roles in providing solutions and defining meaningful benefits in all program and project types. The current draft states:

> "Agencies can also modify existing programs to facilitate community-level projects....administering agencies may be able to facilitate community-wide solutions by collaborating with other administering agencies....All programs can also strategize on how to maximize community benefits, even if direct community participation is not possible." (14)

We further recommend that CARB ensure effective public participation practices at all applicable phases of project development by requiring all administering agencies to incorporate the recently finalized co-benefit assessment methodology for community engagement to gauge meaningful participation and award funding to applicants who meaningfully incorporate community needs and priorities into proposed projects.

efficacy of dairy digesters in achieving our states climate and environmental goals. Environmental and sustainable agricultural goals would be better served by increasing emphasis on methane prevention strategies available through the AMMP program and other investments rather than the status-quo preference for methane creation and digestion.

- Waste Diversion projects can similarly result in negative local air, water, odor, and traffic impacts. There should be enforceable assurances that the funded practice have no unmitigated negative impacts on nearby communities.

We further recommend that administering agencies incorporate language to avoid negative community impacts into each program language similar to the California Climate Investment funding guidelines:

> When designing programs, administering agencies must consider whether a given project type has the potential to result in substantial economic, environmental, and public health burdens (e.g., physical or economic displacement of low-income and disadvantaged community residents and businesses, increased exposure to toxics or other health risks) in disadvantaged communities and low-income communities, and design programs in such a way as to avoid potential substantial burdens.[1]

To this end as well, statutory language related to deployment of the dairy digester program can be modified for other program areas to ensure community outreach and prevention of net negative impacts. In pertinent part, the statute reads as follows:

> 16428.86. (a) Prior to awarding grant funds from moneys made available from the Greenhouse Gas Reduction Fund, the Department of Food and Agriculture shall review the applicant's analysis identifying potential adverse impacts of the proposed project, including a net increase in criteria pollutants, toxic air contaminants, and hazardous air pollutants; groundwater and surface water impacts; and truck traffic and odor.
> (b) A project shall not receive funding unless the applicant has demonstrated to the Department of Food and Agriculture that the applicant has done all of the following:
> (1) Conducted outreach in areas that will potentially be adversely impacted by the project.
> (2) Determined potential adverse impacts of the project.
> (3) Committed to measures to mitigate impacts.
> (c) In making awards, the Department of Food and Agriculture shall prioritize projects based on the criteria pollutant emission benefits achieved by the project.
> (d) A project funded by the Department of Food and Agriculture that results in localized impacts in disadvantaged communities shall not be considered to provide a benefit to disadvantaged communities for the purposes of Section 39713 of the Health and Safety Code.

To further the state's goal of preventing negative impacts, in particular in disadvantaged communities, CARB should require agencies administering climate investments to incorporate similar language into guidelines, scoring criteria, and evaluation metrics.

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[1] https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2018-funding-guidelines.pdf pg 15-16.

between the two. The inclusion of a rural set-aside has ensured the programs benefits reach rural communities, like Lamont in Kern County which has benefited from strategic investments in both housing and active transportation. The AHSC program - and likely similar programs - should consider additional targeted funding pots to ensure that cities and communities throughout the state can benefit form the program, including small cities which are not eligible for the RIPA program and are not as competitive as larger cities in the ICP program area.

- *Active Transportation Program*: This program encourages non-motorized transportation options, GHG reductions and other co-benefits in low-income communities. Considering the success of the past cycles and the trend of increasing project applications, the GGRF should fund active transportation-type projects or allocate funds to the Active Transportation Program's current and future cycles in order to respond to the need by leveraging existing funds to meet growing demand for active transportation infrastructure and facilitate GHG reduction targets mandated by SB 375.

- Water efficiency and water energy projects should include water efficiency and energy efficiency investments in public water systems and mutual water companies. Not only will water and energy efficiency lead to decreased energy emissions from pumping, treating and distributing water, but it will also increase affordability and long term sustainability in critically overdrafted basins. Water efficiency programs should also consider investments in household level infrastructure to prevent leaks and improve efficiency for the same reasons.

4) Incorporate Rural Set Aside for Certain Programs

In order to maximize GHG reductions and meaningful co-benefits, policy statements must be supported with funding that reaches both rural and urban communities in need. Building climate resiliency is a largely unmet need in disadvantaged rural and unincorporated communities throughout California which face particular needs and barriers to accessing state grant programs including minimal funds for planning, limited political representation, and lack of technical assistance. Although many programs have demonstrated investment in disadvantaged communities at large, rural disadvantaged communities have not benefited proportionally to the levels of investment being made. Since rural communities comprise some of the most polluted communities through the state and also face unique obstacles - and unique opportunities - relating to GHG emissions including inadequate public transit, lack of pedestrian and bicycling infrastructure, small water systems, and poor housing stock the GGRF provides a source of funding to meaningfully address these community-level deficiencies while adding value via reduction of GHG emissions.

In recognition of these barriers and opportunities we recommend that administering agencies incorporate a rural funding set-aside in certain programs as appropriate including urban greening, energy efficiency, TCC and transportation programs. Within existing state programs, acknowledgement of lack of rural beneficiaries has lead to development of the Small

Similarly, climate investments should further our clean energy goals by focusing on on clean energy and zero emission technology, Investment in expanding our natural gas resources, for example through investment in anaerobic digesters contradicts the draft document which states that"Major infrastructure projects should be selected with the 2050 targets in mind, incorporated measures and supporting practices that will help all Californians reduce GHG emissions and adapt to the unavoidable effects of climate change whenever possible" (15) Rather than only "major infrastructure projects" we recommend that all projects should be selected with the 2030 and 2050 targets in mind.

7) Strengthen and Expand Existing Programs and Invest in Community Health and Sustainability

We suggest incorporation of other project types within existing programs or as new programs. Some potential areas of fruitful investment include:

- Vanpools within smaller, rural disadvantaged communities provide transportation options that compliment or replace traditional fixed route transit. Since traditional, fixed-route transit faces farebox requirements and costly maintenance, mirco-transit has emerged as a trailblazing resource to meet the unique needs of isolated and smaller rural communities. For example, the unincorporated community of Cantua Creek in Fresno County operates a community-run van share program and Dinuba, a rural city in Tulare County is launching another rural vanpool program. In order to expand access to community-driven vanpools, funding and applications should be broadened to include community groups and community-based organizations for eligibility.

- Roofing and other retrofitting for the Low-Income Weatherization Program - Although we are pleased to hear CARB is considering housing condition of Farmworker housing in the new iteration of LIWP, it should be noted that there is a shortage of farmworker housing in the San Joaquin Valley. As a result, the LIWP program should expand this consideration to renters and property owners of regular housing stock and mobile homes since many farmworkers find residence in rural unincorporated communities.

- Land-use planning - the Greenhouse Gas Reduction Fund and other climate investments should fund appropriate land use planning processes that further the state's climate mitigation and adaptation goals. Effective and equitable land use planning furthers climate mitigation and adaptation through a variety of strategies including reducing vehicle miles traveled, increasing green space, preserving open space and agricultural land, expanding transit opportunities, and controlling and conditioning proliferation of emission sources. Yet small cities and counties throughout the state lack resources necessary to conduct effective land use planning processes without state investments. Past state funding programs supported land use planning processes that have been