

## **Re: Auction Proceeds Funding Guidelines**

Chairman Mary D. Nichols and Executive Officer Richard Corey  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Chairman Mary D. Nichols and Executive Officer Richard Corey,

Thank you for the hard work that ARB staff has done to make the Auction Proceeds Funding Guidelines possible. We are writing as a coalition of groups serving the Sacramento Region to recommend changes to this draft of the Guidelines. As a region, we have formed a coalition of public agencies and organizations working together to support and advance applications for key Greenhouse Gas Reduction Fund grants, and have complimented that effort with a robust engagement process in disadvantaged communities. The lack of common application processes and metrics between state agencies with funding programs and the lack of a common tracking website has made this task very difficult. Our comments are directly informed by those efforts.

### Inclusive Development of Funding Guidelines

The Auction Proceeds Funding Guidelines are critical to the administration of the Greenhouse Gas Reduction Fund (GGRF). Release of the Draft Guidelines occurred on June 16<sup>th</sup> with only one workshop scheduled less than a week later. We understand ARB's desire to give guidance to the agencies funded by the GGRF. However, the potential for the Funding Guidelines to shape how agencies engage communities and implement effective programs cannot be overstated.

- **The timeline for developing and refining these guidelines must be extended to allow for meaningful participation from all interested stakeholders in all areas of the state.**

### Clarity and Transparency in Application Process

Funding agencies each have their own process for allocating GGRF grants. Project evaluation criteria and application processes are obscured from applicants and community members by the separate criteria and decentralized coordination. Further, the inability to access active applications to all agencies hampers the community's ability to influence their project parameters and impedes collaboration between agencies.

- **All twelve agencies administering grants should post the criteria used to rank applications and post applications received to a centralized and public website to increase transparency and enable community engagement and agency collaboration.**

## Meaningful Accountability for Co-Benefits

While the primary goal of the GGRF is to reduce greenhouse gas emissions, co-benefits are a natural outgrowth of those efforts. With some intentionality behind defining and evaluating co-benefits, California can leverage auction proceeds to significantly improve the health of our state's disadvantaged communities while also improving air quality.

- **Agencies should require applicants to develop metrics for co-benefits and to reference those metrics in their applications and reports to enhance the effects of these investments.**
- **Reports on the metrics should be used to inform each agency's future rounds of funding.**
- **Organizations receiving funding will have a substantial monitoring and auditing requirement for both co-benefits and GHG reductions. The guidelines should recognize this requirement and provide for the use of some funding for administering this process.**
- **Agencies must give priority to applications that identify more than one co-benefit.**

## Robust Community Engagement Processes

Assembly Bill 32 requires that public and private investment be directed toward the most disadvantaged communities in California to provide an opportunity for community institutions to "participate in and benefit from statewide efforts to reduce greenhouse gas emissions."<sup>1</sup> SB 535 requires that "funding guidelines developed for administering agencies... shall include guidelines for how administering agencies should maximize benefits for disadvantaged communities." To abide by these legislative mandates, agencies and applicants should do everything possible to ensure that GGRF investments are funding those efforts that provide substantial GHG reductions while responding to real community needs and are bolstered by robust community input. It is these projects that are likely to also provide substantial co-benefits (public health, transit equity).

- **All agencies administering GGRF should provide technical assistance to community based organizations to promote the engagement of disadvantaged communities. When necessary, ARB should exercise its authority to distribute cap and trade revenues to fund grants that will help agencies adhere to AB 32's "participation" requirement via agency- or board-level technical assistance.**
- **Applicants should receive priority if they can provide the contact information (in accordance with privacy considerations) for residents within the census tract their project targets to illustrate community support for the application, in addition to outlining their community engagement process in the development of the application.**
- **Finally, agencies should consider pre-allocating funds to metropolitan planning organizations or local governments based on population and CalEnviroScreen scores to remove competition between different regions**

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<sup>1</sup> Cal. Health & Safety Code §38565

**that may exacerbate or perpetuate inequity in our state. Pre-allocation would also better allow for holistic planning at the community level .**

Refinement of CalEnviroScreen 2.0

Observation of socially and environmentally disadvantaged communities on census tract level does not always correspond with the disadvantaged communities identified by CalEnviroScreen 2.0. Observed outcomes from CalEPA's CalEnviroScreen 2.0 model do not accurately identify disadvantaged communities.

- **CalEPA should continue to refine CalEnviroScreen to be more accurate and useful for the purposes of targeting GGRF to communities with the highest level of need.**

Thank you for your consideration of these comments. We look forward to working with you to ensure the success of this important program.

Sincerely,

Marti Brown, Executive Director  
North Franklin Business District Association

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*Submitted electronically at*

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