November 13, 2015

Chairwoman Mary Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on Draft Cap-and-Trade Auction Proceeds Second Investment Plan

Dear Chairwoman Nichols, Board Members, and Staff:

On behalf of the undersigned organizations, we thank the California Air Resources Board ("CARB") for your leadership in developing the draft Cap-and-Trade Auction Proceeds Second Investment Plan ("Investment Plan" or "Draft"). We commend CARB for the geographic diversification of the second round of public workshops, as well as the willingness of staff to allow the participation of Californians who are monolingual Spanish speakers. Additionally, we thank you for the opportunity to review the Draft and to voice our concerns and suggestions regarding development and implementation of the Draft at this important stage.

As organizations committed to improving health and increasing access to opportunity among California's most vulnerable communities, we thank you for considering our input on several key areas of the Investment Plan. Although the Investment Plan presents an important step forward in elevating the importance of strategic and equitable investment, more must be done to maximize environmental, public health, and economic benefits to disadvantaged communities across the State as outlined in Senate Bill 535 and Assembly Bills 1532 and 32. As such, we strongly urge CARB to incorporate and address the following recommendations in its Investment Plan to ensure that Greenhouse Gas Reduction Fund ("GGRF") investments advance projects and efforts that truly support the intended outcomes of relevant state mandates.

Public Outreach, Technical Assistance, Financing, and Long Term Planning

CARB and other GGRF administering agencies must build and support infrastructure that in turn will enhance capacity statewide to develop and implement programs and projects that address both climate change and co-benefits. Components of this infrastructure include robust public outreach aimed at the general public and local governments, technical assistance, affordable and accessible financing, and support for short and long term planning efforts.

The Investment Plan identifies the need to increase outreach and awareness of all funding programs.[1] We would like to take this opportunity to further emphasize that this outreach and awareness include as partners community-based organizations and non-profit organizations with local expertise in order to help identify needs and opportunities and to maximize benefits to target communities.

Local and regional governments, too, must work with communities and non-profit organizations when identifying and implementing GGRF programs to ensure the needs of communities in their jurisdictions are being met. Representatives from disadvantaged communities ("DACs") as well must be involved in identification and implementation of GGRF investments.

Technical assistance ("TA") directed to disadvantaged communities, smaller jurisdictions and more rural regions is critical to the success of the GGRF as many of the areas most in need of the Fund's investments lack the resources to apply adequately for GGRF programs or to identify the most beneficial programs and projects. Too often we have found that decision makers in local government are unaware of GGRF programs that could benefit the communities they represent. Those that are aware of the programs offered often lack the resources and capacity to submit competitive applications. Unincorporated communities are at a particular disadvantage because of the lack of adequate representation and staff resources.

We are hopeful that the Affordable Housing and Sustainable Communities Program pilot TA program, as well as the developing TA and outreach program at CARB and other administering agencies, will lay the framework for expanded and effective participation in GGRF programs to maximize GHG reductions and co-benefits throughout the State. We look forward to being engaged in development and implementation of these TA and outreach programs and efforts.

The Plan states that diversifying financing mechanisms for GHG emission reduction projects would provide multiple benefits.[2] This may be feasible in larger jurisdictions, but not in smaller and rural jurisdictions. Jurisdictions that already have a lack of resource must continue receive investments in the form of grants rather than loans, especially for project serving DACs. These communities are overburdened as is, and the addition of an extensive financial obligation will only serve to perpetuate their disadvantaged state.

We would also like to emphasize our support for long-term planning efforts, especially in the land use and transportation context. Planning for energy efficient and equitable communities through general plans, climate action plans, High Speed Rail area plans, community plans, and specific plans will create a framework to secure the long term changes that the Investment Plan seeks. Similarly, the GGRF should support planning and design activities to make projects "shovel ready." Many smaller and less-resourced jurisdictions need support from the program to effectively plan, so that they can effectively build and implement GHG reducing projects.

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[1] Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19 DRAFT, released October 27, 2017. Page 2.
[2] *Id*. at 29.

Rural Communities

We thank you for the specific discussion of rural communities' opportunities to advance the State's climate efforts.[3] However, the discussion in the Draft centers around the agricultural sector, carbon sequestration, and waste utilization projects. These projects will not secure sufficient meaningful benefits to rural – especially disadvantaged – communities. Additionally, several of these investments could also create localized negative impacts. Rural areas of the State must also receive targeted investments in projects and programs that deliver direct benefits to target communities, including but not limited to affordable housing, alternative transportation modes including transit and active travel options, parks, trees, weatherization, energy efficiency, and intensive workforce development opportunities. Securing investments for rural areas could be accomplished through the establishment of a set aside for rural communities and rural regions, much like that in the Affordable Housing and Sustainable Communities Program.

We are concerned that several proposed investments targeting rural areas could actually harm, rather than benefit the community or region. For example, the Investment Plan identifies a "cooperative of dairy digesters… in the Central Valley" as a potential opportunity for a rural area. We urge the administering agencies to consider the potential negative effects of such a project, especially with respect to air and water quality. These and similar energy facilities are often placed in already overburdened communities, with unhealthy air and contaminated drinking water. If this type of project is to be placed in or near a community, it must not negatively affect the community. To the extent that the GGRF supports such projects, the investment must secure benefits and prevent harm to the region through appropriate infrastructure investments to support the project and community, local hiring preferences, and assurances that zero emissions vehicles support the project.

Short Lived Climate Pollutants

We approve of the Plan's identification of the reduction of short-lived climate pollutant emissions as a priority.[4] CARB and other administering agencies should maximize the impact of this focus by tying these efforts to reduction in criteria air pollutants as well. Further, the Investment Plan should prioritize addressing these pollutants in disadvantaged and overburdened areas. For example, the San Joaquin Valley and other agricultural regions are plagued by pesticide use and methane emissions which contribute to both air pollution and climate change.

Prevention of Negative Impacts from GGRF Investments

We have seen GGRF investments that threaten to harm and exacerbate environmental degradation in disadvantaged and lower income communities. GGRF investments must not, in their effort to reduce GHG emissions, create or exacerbate negative environmental impacts. As noted throughout this and previous correspondence, several GGRF program areas invest in projects that can intensify air pollution, create malodorous smells, increase truck traffic through residential neighborhoods, potentially threaten drinking water quality and groundwater, and overburden public infrastructure. These program areas include energy production through anaerobic co-digesters, dairy digesters, and biomass facilities and other waste diversion programs.

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[3] *Id*. at 3.
[4] *Id*. at 16.

At a minimum, no GGRF investments should create or exacerbate such negative environmental effects in or impacting disadvantaged or lower income communities. The Investment Plan should include this prohibition in unequivocal terms.

Transportation

In order to meet 2020 GHG emission reduction targets, the Investment Plan should further evaluate transportation options. Section III discusses existing strategies to achieve the 2020 GHG emission reduction target, then strategies to achieve post-2020 GHG emission reduction goals.[5] However, this leaves potential strategies not yet identified out of the equation. For example, vanpools and "green" school buses are not mentioned in Figure 5,[6] but are a possible method to reduce GHG emissions for the 2020 targets. These two modes of transportation have been identified by resident leaders throughout rural California as a means to improve air quality and increase access to educational and employment opportunities.

Caltrans' California State Rail Plan should place more importance on anti-displacement measures and mitigation measures, especially in DACs. Additionally, the Rail Plan should consider the role of local transit and affordable housing in the growth of the rail system.

The Complete Streets Implementation Action Plan must prioritize investment in active travel, including investments in necessary infrastructure (sidewalks, streetlights, curb and gutter, bike lanes, and other pedestrian safety measures) to promote increased walking and biking. It must also establish and implement a complete streets policy that requires the prioritization of existing street and roads, rather than a focus on new roads.

The Plan states that the rebate programs for zero emission and plug-in hybrid vehicles need additional financial support so that they can reach disadvantaged, low-income, and moderate-income consumers.[7] However, additional financing to better support GHG emission reduction in the field of transportation can be better used to reach the named "consumers." Many low-income and/or disadvantaged community members do not own a personal vehicle, or if they do they lack the money to purchase a zero emission even if a rebate was provided. Stronger transportation investments must be made in active transportation infrastructure and public transit.

We are encouraged by the specific listing of the expansion of farmworker vanpools.[8] We are interested to learn more about this program, such as which agency will be administering these funds and if it will fall under an existing program. We look forward to supporting this effort.

Energy

The California Energy Commission's Existing Buildings Energy Efficiency Action Plan[9] is unclear on if or how it benefits multifamily home renters and owners, commercial renters, and single family home renters. Energy savings and other incentives must be passed on to those actually residing or working in the buildings which receive the benefits of this program, in addition to the owners of such buildings. 90% of residents

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[5] *Id*. at 9-16.
[6] *Id*. at 10.
[7] *Id*. at 32.
[8] *Id*. at 34.
[9] *Id*. at 12.

of multifamily housing are renters, and 40% of multifamily housing residents are low-income[10] – making this policy all the more important.

Reducing GHG emissions through energy efficiency must be listed as a priority for public schools (K-12), in addition to the buildings listed, in Figure 7.[11] In the same figure, waste diversion is also listed as an eligible investment;[12] however, these facilities are too often placed within or immediately next to a disadvantaged community that is already overburdened.

As noted earlier, bioenergy facilities may represent an improved energy source, but are often located in overburdened areas. Facilities such as bioenergy facilities and waste diversion facilities do not necessarily benefit the communities in which they are placed but rather can directly or indirectly harm those neighborhoods. We are encouraged by the Plan's effort to address the increased truck traffic associated with anaerobic co-digesters in communities as such burdens on the community must not be taken lightly.[13]

Natural Resources and Conservation

The language surrounding the prevention of conversion of agricultural lands, rangelands, grasslands, and forests to residential and commercial development must be stronger. In the San Joaquin Valley, agricultural lands are being rezoned for commercial and residential development that will only serve to increase GHG emissions. As importantly, this kind of development draws money away from existing neighborhoods and communities that are the foundation of reduced GHG emissions through improved planning and investment. The GGRF presents an opportunity to integrate conservation programs with programs designed to invest in existing communities to promote conservation while also increasing public health and economic vitality in cities and towns.

Workforce Development

We are concerned by the limited focus within the Cap-and-Trade Auction Proceeds projects to prioritize and incentivize applicants to advance innovative GHG reduction projects and to target training and job opportunities to individuals facing the largest barriers to employment (i.e. formerly incarcerated, underemployed, low-income, limited education or skills attainment, etc.).

AB 32 and SB 535 created the opportunity to improve our climate and to secure greater economic growth and prosperity throughout the State. The Investment Plan should follow the State's lead on equity and opportunity-based environmental sustainability by encouraging applicants to target workforce development and jobs to residents of disadvantaged communities and individuals with employment barriers (as defined by Section 14005 of the Unemployment Insurance Code, recently reauthorized by AB 1270 [Garcia]). Projects that include groundbreaking local partnerships with community-based entities preparing low-income youth and young adults for employment, community workforce agreements, project labor agreements with targeted hire commitments, and/or other mechanisms that support increasing access to training and employment for low-income disadvantaged population must be prioritized across all programs funded by Cap-and-Trade Auction Proceeds.

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[10] The Cadmus Group, Inc. ESA Program Multifamily Segment Study. Prepared for Pacific Gas and Electric. Dec 4, 2013. Available at http://docketpublic.energy.ca.gov/PublicDocuments/15-IEPR-05/TN206015_20150904T153548_Existing_Buildings_Energy_Efficiency_Action_Plan.pdf Page 14.

[11] Investment Plan Draft at 20.

[12] *Id*.

[13] *Id*. at 46.

Disadvantaged Communities

Programs and projects that purport to benefit disadvantaged communities must demonstrate a meaningful and assured benefit. Proximity to a DAC is simply not sufficient means of showing a benefit to that DAC. Several program areas consider that a project benefits a DAC if it is a half-mile radius surrounding the community or the ZIP code in which such a community is located.[14] Such a definition of "benefit" is inadequate. Investment projects from Cap-and-Trade Auction Proceeds located within the stated parameters from a DAC do not necessarily benefit the community. For example, a new bus shelter located a half-mile from a DAC may not actually provide any benefits for residents of that DAC due to a lack of infrastructure and sheer distance from residences in the disadvantage community. Additionally, a project located within a DAC does not necessarily benefit the community and may actually harm a community, especially if it is not designed to address community identified priorities and any barriers in access faced by the community.

Local Integrated Projects

Integration within and among the agencies administering Cap-and-Trade Auction Proceeds can provide an opportunity for transformative and positive change, especially in regards to DACs. Administering agencies must coordinate in reviewing project applications to ensure maximum benefits to California's most vulnerable communities. Community based organizations and non-profits with a demonstrated track record of working in and with DACs as well as residents of DACs must be involved in the decision-making process for projects funded by Cap-and-Trade Auction Proceeds. Such a methodology could ameliorate the historic disinvestment in low income communities of color most affected by climate change and truly advance community informed projects that provide multiple benefits to these most vulnerable communities in California.

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Questions or concerns regarding this comment letter may be addressed to either: Phoebe Seaton, Co-Director, at (310) 980-6494 or pseaton@leadershipcounsel.org; or Kaylon Hammond, Policy Coordinator, at (559) 369-2790 or khammond@leadershipcounsel.org, both at Leadership Counsel for Justice and Accountability.

Sincerely,

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[14] *Id*. at 22.

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