



October 21, 2016

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The Honorable Matthew Rodriguez  
Secretary, California Environmental Protection Agency (CalEPA)  
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Dr. Lauren Zeise, Acting Director  
Office of Environmental Health Hazard Assessment (OEHHA)  
P.O. Box 4010  
Sacramento, CA 95812-2815

Dear Secretary Rodriguez and Director Zeise,

On behalf of the Metropolitan Transportation Commission, I am writing in response to the proposed update to CalEnviroScreen (CES), the tool developed by OEHHA that CalEPA is using for the purpose of defining "disadvantaged communities" (DACs) that are eligible to receive cap and trade funds targeted to such communities. Unfortunately, the proposed Version 3 update (CES3.0) does little to allay our longstanding concerns that some of the most disadvantaged communities in the entire state, including many in the San Francisco Bay Area, are excluded from the state's DAC definition. In fact, other than the addition of four tracts in San Francisco — a welcome adjustment—CES3.0 veers in the wrong direction, reducing the number of DACs identified in the Bay Area by more than one-third (from 85 tracts to 56 tracts) in comparison to the current version, and bringing the Bay Area's total share of DACs to less than 3 percent statewide. This stands in stark contrast to the fact that the Bay Area includes 17 percent of the state's households living in poverty, when adjusted for cost of living.

***CES3.0 Continues to Omit Bay Area Tracts that Are Clearly Disadvantaged***

CES3.0 continues to exclude dozens of Bay Area communities struggling with high concentrations of poverty and other socioeconomic factors that contribute to health disadvantage, as well as tracts with high levels of exposure to some of the most important environmental risk factors. Out of 63 Bay Area census tracts that score in the top 90th percentile on population-based characteristics of disadvantage, only 27 rank as DACs under CES3.0. For instance:

- A tract in Antioch scores in the 97<sup>th</sup> percentile statewide for the combined population characteristics score (scoring 98<sup>th</sup> percentile for unemployment, 93<sup>rd</sup> percentile for poverty, 99<sup>th</sup> percentile for asthma), but doesn't qualify as a DAC because its combined pollution score is in the 22<sup>nd</sup> percentile. Yet this tract is located in one of the most industrial corridors in the state, adjacent to large greenhouse gas emitters covered in the cap-and-trade program.

These omissions aren't limited to the Bay Area. Statewide, CES3.0 omits over 700 census tracts where the majority of households are low-income. At the same time, CES3.0 includes over 500 tracts where most households are not low-income. Perhaps it will come as a surprise to some that CES also omits tracts with some of the highest levels of pollution. Over 800 census tracts ranking in the top 10% for diesel particulate matter are excluded from the DAC definition. These outcomes are a direct result of the flawed methodology underlying CES.

### ***A CES-Based Definition of Disadvantaged Communities Undermines Effective Use of Cap and Trade Funds***

Passage of AB 1550 (Gomez) makes this CES update of particular concern. By requiring that 25 percent of cap and trade funds are invested *within* DACs, instead of requiring that 25 percent of funds *benefit* DACs, the Legislature has significantly limited the geography for cap and trade investments. This, in combination with CES3.0, will make it more challenging for affordable housing projects in the Bay Area to qualify for transit and affordable housing funds at a time when our region's transit systems are bursting at the seams and new residents are confronted by record housing prices. In addition, adoption of CES3.0 would further constrain how Bay Area public transit operators (particularly Alameda-Contra Costa Transit District and Santa Clara Valley Transportation Authority, whose service areas lose the greatest number of tracts) can spend their formula-based Low Carbon Transit Operations Program (LCTOP) funds. These funds are distributed to transit operators by formula, but for every operator that has a DAC in its service area, 50 percent of its LCTOP funds must be spent to benefit a DAC.

### ***Recommendation***

We respectfully request that you revise CES3.0 so that it captures areas that are socioeconomically disadvantaged or suffer from high levels of pollution. To ensure cap and trade funds are also used to maximize environmental benefits, OEHHA could provide guidance to agencies administering the funds as to how to use the CES dataset and assign extra points based on a project area's level of pollution/exposure relevant to the funding program (e.g. for clean heavy duty vehicle funding, assign higher scores for proposals from areas with high diesel emissions).

Aside from modifications to CES, CalEPA has the authority to separately revise its definition of DACs for the purpose of prioritizing the investment of cap and trade funds. For instance, CalEPA could incorporate aspects of the California Health Disadvantage Index, developed by the Public Health Alliance of Southern California and the Bay Area Reducing Health Inequities Initiative, include all low-income census tracts, or incorporate screening tools developed by regional agencies, such as our own Communities of Concern. The California Transportation Commission has taken this approach to defining DACs in its Active Transportation Program. We believe a strong case is to be made for taking an inclusive approach to defining DACs for the purpose of cap and trade funds given the wide array of programs funded by the Greenhouse Gas Reduction Fund.

Lastly, we are aware that the Bay Area Air Quality Management District (BAAQMD) has conducted an analysis of the benefits of removing the "half weights" on the environmental effects variables, a change which would identify more census tracts commonly considered to be disadvantaged in our region. In addition, the BAAQMD has recommended a "product of ranks" method to producing a final CES score, which does a better job including census tracts that may

score high on some CES variables, but not all. While we prefer that you undertake a more comprehensive overhaul of CES and your approach to defining DACs, we support either of these BAAQMD's recommendations in lieu of no change.

Thank you for consideration of these comments. If you have any questions about MTC's concerns, please contact Rebecca Long, Manager of Government Relations at [rlong@mtc.ca.gov](mailto:rlong@mtc.ca.gov) or 415-778-5289.

Sincerely,



Steve Heminger  
Executive Director

cc: Jack Broadbent, BAAQMD  
The Honorable Brian Kelly, Secretary CalSTA  
Bay Area State Legislative Delegation

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