October 21, 2016

Carolyn Flowers
Office of Environmental Health Hazard Assessment
P. O. Box 4010
Sacramento, California 95812-4010

Re: Draft CalEnviroScreen 3.0 Report Comments and Recommendations

Dear Ms. Flowers:

The undersigned members of the Sierra Climate Adaptation and Mitigation Partnership (Sierra CAMP) write to express our concerns regarding the draft CalEnviroScreen (CES) 3.0 report, released September 6, 2016, for use in identifying Disadvantaged Communities (DACs) for purposes of Greenhouse Gas Reduction Fund (GGRF) distributions.

Sierra CAMP is a public-private, cross-sectoral partnership dedicated to promoting climate action and resilience in the Sierra Nevada region. The partnership, hosted as a project of the Sierra Business Council, is also a member of the Alliance of Regional Collaboratives for Climate Adaptation (ARCCA), which is supported by the Governor's Office of Planning and Research. The undersigned organizations appreciate the opportunity to comment on the CES 3.0 document and hope our suggestions can strengthen the mechanism(s) used for defining *disadvantage* particularly related to rural mountain communities.

California's cap and trade program is a key element to achieving the goals set forth in AB 32. While we support funding dedicated to disadvantaged communities as defined and increasing the capacity of these communities to implement projects that reduce GHG emissions, there is also a need to reach other heavily impacted, low-income areas of the state that have the ability and desire to reduce GHG emissions through local action. The current CalEnviroScreen (CES) 3.0 methodology for identifying disadvantaged communities precludes many such small, rural communities from being eligible for GGRF support, especially as many agencies choose to allocate more than the minimum 25% of GGRF funding to CES-defined DACs. That means there are even fewer unrestricted funds available for non-CES disadvantaged communities.

Equally disturbing is the trend of other agencies creating setasides based on the CES DAC definition for funds completely unrelated to the cap-and-trade program, the GGRF, or SB 535, the legislation that created the GGRF DAC setaside. For example, the Strategic Growth Council recently released draft Grant Guidelines for a Sustainable Communities program that would distribute funds from Proposition 84 (Prop. 84), the Safe Drinking Water, Water

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Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006. Prop. 84 has its own statutory definition of Disadvantaged Communities – those with a median household income less than 80% of the statewide average. Yet the SGC program directs at least three-quarters of the program funding to DACs defined by CES. CalEnviroScreen was never contemplated for use in defining communities for funding distribution under Prop. 84; as a result of using the CES definition, many communities that would otherwise be eligible for Prop. 84 dollars are now unable to meet the funding criteria for this program.

We understand that CES was originally conceived by the Office of Environmental Health Hazard Assessment to identify areas with overlapping pollution impacts for purposes of enforcement and remediation, which naturally leads the tool to favor indicators addressing pollution and sensitivity to pollution. However, SB 535 did not restrict Disadvantaged Communities to only those with multiple pollution burdens. In fact, SB 535 offers a wide range of potential criteria for identifying these communities for purposes of GGRF funding, including: geographic, socioeconomic, public health, and environmental hazard criteria [§39711]. Even the examples given in the legislation are just that, examples; they are not meant to be limiting factors. To help make overall fund distribution more equitable, we recommend the following additional criteria or mechanisms for ensuring that GGRF funds get more equitably distributed to all areas of the state going forward.

#1 Department of Water Resources Disadvantaged Communities: The Department of Water Resources offers an alternative definition for DACs that considers the MHI of an area relative to the State Median Income. These calculations use information from the American Community Surveys, an ongoing effort from the U.S. Census Bureau used to provide more timely demographic information than the decennial U.S. Census. This tool more effectively identifies communities based on the resources they have available to work toward climate resilience.

The DWR methodology creates two different categories of DACs:

Disadvantaged Communities	Severely Disadvantaged Communities
MHI that is less than 80% of the Statewide Median Income. **80% of Statewide Median Income = $49,191**	MHI that is less than 60% of Statewide Median Income. **60% of Statewide Median Income= $36,893**

This simplified definition of DACs better represents rural communities because it captures areas that are more likely to need resource assistance to meet state targets.

#2 Economically Distressed Areas Defined by Proposition 1: Proposition 1 defines an Economically Distressed Area as a "municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality

where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income."[i] These areas must also meet one of the following criteria as determined by the Department of Water Resources:

- Financial hardship.
- Unemployment rate at least 2 percent higher than the statewide average.
- Low population density.

Economically Distressed Community				
< 85% Statewide Median Income = < $52,266	+	Population ≤ 20,000 people ***OR*** A rural county ***OR*** A reasonably isolated segment of a municipality with ≤ 20,000 people	+	Financial hardship ***OR*** Unemployment ≥ 2% higher than the statewide average ***OR*** Low population density

This definition, already in statute under Proposition 1 [§79702(k)], could form the basis for a separate rural-directed fund or regional methodology to parallel the use of CalEnviroScreen in the more urbanized areas, resulting in a more equitable distribution of resources and related climate, community sustainability and public health benefits to underserved communities throughout the state. Unlike other methodologies that only consider economic factors, this definition covers other elements, such as remoteness and population density, to more accurately identify rural communities that most need assistance.

#3 Health Disadvantage Index from the Public Health Alliance of Southern California: The Health Disadvantage Index uses a variety of indicators across sectors, including economic resources, social resources, educational opportunity, health outcomes, environmental hazards, and the completeness of neighborhoods, [ii] to rank disadvantaged communities. Many of the indicators used in this definition could lead to a more holistic analysis and paint a more complete picture of the resources available in any community. Furthermore, specific indicators used by this methodology, including auto access, renter occupied housing, supermarket access or retail density, speak to the challenges affecting rural communities across the state as they work to mitigate and adapt to the impacts of a changing climate.

#4 State Income Limits (SIL) for the California Department of Housing & Community Development (HCD): The California Department of Housing and Community Development uses State Income Limits (SIL)[iii] to determine applicant eligibility for housing assistance

programs. The SIL metric incorporates median income, cost of living, and housing costs by county to determine program eligibility. An analysis like this could help address more of the income-related components of SB 535 that are not adequately reflected in either the current (2.0) or the proposed version (3.0) of CalEnviroScreen.

We believe that California's small and rural communities are crucial to meeting the state's aspirational GHG reduction and adaptation goals; but without resources, the ability of these communities to make change and meet statewide targets is compromised. These communities have not had the advantages of long-term capacity building, resulting in their inability to effectively compete for unrestricted planning and implementation funding. The Affordable Housing and Sustainable Communities (AHSC) program has taken steps to address this issue by creating a separate Rural Innovation Project Area funding category, which dedicates at least 10% of funding to other underserved portions of the state. We strongly recommend using a regional approach like this, rather than trying to make a single definition or tool such as CES meet all needs. A statewide program of this magnitude must be made to work in the context of California's geographic, economic, and resource diversity.

Thank you for this opportunity to comment. We look forward to working with you to find ways to effectively recognize and support the critical role rural underserved communities can play in reducing California's GHG emissions and creating a sustainable future for all residents of California.

Sincerely,

SIERRA BUSINESS COUNCIL

Calforests California Forestry Association

County of Placer State of California

Pride of the West Portola, CA

Mammoth Lakes CALIFORNIA

MONO LAKE COMMITTEE

Sierra Cascade LAND TRUST COUNCIL

Sierra Institute for Community and Environment

SIERRA NEVADA ALLIANCE

- Karen Ferrell-Ingram, Land Conservation Specialist
- Rosemarie Smallcombe, Mariposa County Supervisor
- Scott Warner, Hydrogeologist

[i] California Department of Water Resources. (2016.) Resources – Economically Distressed Area (EDA) Mapping Tool. Retrieved September 26, 2016, from http://www.water.ca.gov/irwm/grants/resources_eda.cfm

[ii] Public Health Alliance of Southern California. (n.d.) Identifying Disadvantaged Communities – Comparison of the California Health Disadvantage Index with CalEnviroScreen. Retrieved September 26, 2016 from ii http://phasocal.org/wp-content/uploads/2016/02/HDI-V-CES-Factsheet-vertical.pdf

[iii] California Department of Housing and Community Development. (2016, May 24). Official State Income Limits for 2016. Retrieved October 19, 2016, from http://www.hcd.ca.gov/housing-policy-development/housing-resource-center/reports/state/incnote.html