



November 12, 2015

Mary D. Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Subject: Draft Cap and Trade Auction Proceeds Second Investment Plan (Draft Investment Plan)

Dear Chair Nichols:

Sierra Club California is a signatory to two other letters regarding Greenhouse Gas Reduction Fund (GGRF) revenue spending plan. We are submitting this third letter to cover some issues not covered in the other two.

In this letter we offer some thoughts regarding community outreach. We also offer some ideas that might be worth considering or exploring as you and your staff and board considers expending funds in forestry protection and within the context of habitat conservation plans. These ideas were generated by Sierra Club members here in Sacramento who have experience in habitat and land conservation plan.

Community Outreach

As indicated in the draft investment plan, “cap-and-trade auction proceeds provide an opportunity for the State to invest in projects that help California achieve its climate goals and provide benefits to disadvantaged communities”¹. There is still more work to be done on the public outreach and education front. While we acknowledge the proactive efforts of the California Air Resource Board (CARB) to assist and engage disadvantage communities throughout California, it is imperative that CARB increase the awareness of these available programs while holding accountable the state agencies when implementing the programs. A fraction of the annual GGRF proceeds, specifically 25 percent, will go toward projects that benefit disadvantage communities and a minimum of 10 percent will go towards projects located within these communities (SB 535 De Leon).

The draft investment plan states, “community residents or local governments with jurisdiction in these disadvantaged communities may be well positioned to identify projects that reduce GHG emissions to meet local needs and support community-wide transformation. These local governments could serve as conveners for the community to choose project types from a menu of potential projects, provide

1 Draft Second Cap and Trade Investment Plan, pg. 1

technical assistance within the community, and offer feedback to the State agency(ies) administering the funding for the projects selected by the community.”² Unfortunately, we have seen multiple times in public workshops that community residents, community based organizations, non-profits and even local governments are not equipped or well positioned to identify projects that reduce GHG emissions. As clearly stated, in the September 24 CARB board meeting from multiple stakeholders living in these communities, there are significant hurdles in applying for these funds due to the lack of technical expertise and knowledge of the programs.

As the draft plan suggests, CARB should consider ways it can effectively convene the community and local governments to collaborate. Furthermore, when hiring contractors to select projects that will be cost effective and provide co-benefits to the targeted communities, it is critical that CARB select the contractors who are capable of communicating in the respective language of the community.³ In addition, it will be beneficial for CARB staff to outline a clear timeline to implement these improvements to help inform community advocates and members of progress. Employing these improvements in outreach will better equip CARB staff to understand and identify obstacles these targeted communities encounter, and make needed adjustments early to remove any obstacles.

Natural Resources

Utility Hydroelectric Watershed Analysis

The simplified version of this idea is to do sophisticated modeling of the upslope watershed of reservoirs within the Sacramento Municipal Utility District region, or other bodies of water that supply hydroelectric power, in an effort to understand and monetize the impact of various land use scenarios on the volume of water generated within that watershed. Different forestry practices and different forest structures will have an impact on how much snow makes it to the ground and into the soil, to be more slowly shed downhill. Determining the fiscal impact on the utility of various land use practices may illuminate co-benefits of forest practices that provide substantial greenhouse gas emissions benefits. Obvious co-benefits would be: increased water security, more healthy diverse forest coverage, and potentially reduced fire risk.

Conservation Strategies for Regional HCP/NCCPs

We offer two ideas that address conservation strategies and that we believe will provide both habitat improvement and greenhouse gas reduction/sequestration benefits:

- Reducing the impact of speculative pressure on habitat inventory for Habitat Conservation Plans/Natural Communities Conservation Plans (HCP/NCCP) at or near the urban interface.

2 Draft Second Cap and Trade Investment Plan, pg. 29

3 Draft Second Cap and Trade Investment Plan, pg. 2

These lands are generally much more expensive (three to four times more so in southern Sacramento county as an example) than lands farther away. The perception that lands in or near the urban interface could be rezoned in the near future drives the increase in speculative value. Having a wide greenbelt protected into perpetuity at or near the urban interface has been demonstrated to limit outward urban expansion. The implemented HCP/NCCPs could likely not secure such a greenbelt unless there were additional funds available to supplement the fees collected for mitigation. Strategically providing such supplemental funds in accordance with the preferred growth scenarios laid out in the local Sustainable Communities Strategies would have the potential to protect more habitat, because of constraining greenfield developments (which would improve VMT outcomes for new developments as well), and maintain existing natural and agricultural lands that provide sequestration benefits, habitat for wildlife and food for the region.

- Land conservation funding bank. Land conservation in a typical regional HCP or NCCP comes from mitigation from urban development. But, when lands are needed for mitigation, they are expensive because development only occurs on the up cycle in the market. They are also limited to lands already acquired or ones available at that time. There is typically no money available during the economic downturns to buy important properties that become available then. What is needed is a steady flow of funds that are available to purchase the important properties when they come up for sale irrespective of where the housing market might be at that time. The Environmental Council of Sacramento (ECOS) is beginning some initial examination, testing and vetting of the concept of an open space conservation commodities market with UC Davis. If viable, this instrument could provide an invaluable service for conservation land acquisition. Helping to bring this fiscal instrument to a nascent stage might be a very good leveraging of cap-and-trade expenditures to protect carbon sinks, etc.

Thank you for consideration of these comments.

Sincerely,



Diana Vazquez
Policy Advocate