DATE: April 21, 2021

FROM: Mark Ghaly
Secretary
California Health and Human Services Agency

David Scribner
Acting Director
Department of Community Services and Development

SUBJECT: GREENHOUSE GAS REDUCTION FUND: Department of Community Services and Development

REVISED EXPENDITURE RECORD FOR FISCAL YEARS 2017-18 AND 2018-19:

This Attestation Memorandum documents that the Department of Community Services and Development completed the attached Revised Expenditure Record on April 21, 2021, for the Low-Income Weatherization Program: Single-Family Energy Efficiency and Solar Photovoltaics Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund. This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: https://ww2.arb.ca.gov/resources/documents/cci-attestation-memorandums-and-expenditure-records.

Questions on this Attestation Memorandum or Expenditure Record may be directed to Charles Belk, at charles.belk@csd.ca.gov, or (916) 576-7212.

Signed: Vishal Pegany
Mark Ghaly
Secretary
California Health and Human and Services Agency

David Scribner
Acting Director
Department of Community Services Development

Attachment: Revised Expenditure Record
CSD Expenditure Record for Low-Income Weatherization Program: FY 2017-18 and FY 2018-19

Greenhouse Gas Reduction Fund: Expenditure Record

Department of Community Services and Development
Low-Income Weatherization Program

Authorizing legislation: Assembly Bill (AB) 109 (Chapter 249, Statutes of 2017), amended the Fiscal Year (FY) 2017-18 Budget Act to appropriate $18 million for the continuation of the Low-Income Weatherization Program (LIWP), and Senate Bill (SB) 856 (Chapter 30, Statutes of 2018) amended the FY 2018-19 Budget Act to appropriate $10 million for LIWP, and required a minimum of $2 million to be used for services to farmworker housing.

This Expenditure Record reflects a revision to the funding allocation for the Farmworker Housing component following the redirection of FY 2017-2018 Community Solar Pilot Program funding from a cancelled community solar project. The community solar project in question was cancelled due to challenges with proposed site location and local site planning requirements.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

- Agency that will administer funding
  - Department of Community Services and Development (CSD)

- Amount of proposed expenditure and appropriation reference
  AB 109 amended the FY 2017-18 Budget Act to appropriate $18 million for the continuation of LIWP, and SB 856 amended the FY 2018-19 Budget Act to appropriate an additional $10 million. The total Local Assistance funds allocations ($17.1 million from the FY 2017-18 appropriation and $9.5 million from the 2018-19 appropriation) are to be distributed among new and existing LIWP program components. This expenditure record reflects the FY 2017-18 and FY 2018-19 funds to be made available to a new program component under one of LIWP’s existing programs as follows:

a) Single-Family Energy Efficiency and Solar Photovoltaics Program: This existing LIWP program will be supplemented with a new Farmworker Housing component to be implemented with new Program Guidelines and funding from CSD’s appropriations as follows:

- FY 2017-18: $7,063,404
- FY 2018-19: $5,200,000
Funds are to be awarded to new, competitively-procured Farmworker Housing Administrators, and used for technical assistance expenses.

New Program Guidelines will be developed to reflect new program requirements that the Farmworker Housing Administrators will be required to follow (e.g. CalEnviroScreen 3.0; California Air Resource Board’s [CARB] Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments [Funding Guidelines]; and expenditure of funds for projects benefiting priority populations).

CSD will evaluate resulting expenditures and programmatic achievements from this allocation on an annual basis or more frequently to determine if performance objectives are being met and if there is need for allocation adjustment between program components to best meet LIWP’s goals.

- Estimated amount of expenditures for administering agency administrative costs
  - In the previously filed Expenditure Records and revisions, as specified in AB 109, not more than five percent of CSD’s total FY 2017-18 appropriation ($900,000) was able to be used for CSD’s administrative costs for LIWP, including the Single-Family Energy Efficiency and Solar Photovoltaics Program. Effective with the Budget Act of 2020, the unexpended balance of Item 4700-101-3228, Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017) as added by Chapter 249 of the Statues of 2017 was reappropriated, of that reappropriated balance CSD was approved to transfer $750,000 to Item 4700-001-3228 for state operations.
  - SB 856 provides $500,000 for CSD’s state operations costs.
  - In addition to CSD’s state operations costs, Greenhouse Gas Reduction Fund (GGRF) expenditures will include administrative costs for the funding recipients. Limits on administrative costs are specified in contract language for Administrators.

- If applicable, identify laws or regulations that govern how funds will be used
  - In addition to the laws governing GGRF generally, Government Code Section 12087.5 provides direction on how CSD shall administer LIWP.

- Continuation of existing Expenditure Record
  - Yes, this Expenditure Record modifies a previously submitted Expenditure Record and Attestation Memorandum for the new Farmworker Housing Program Component dated January 7, 2019.

- Project type(s)
  - Energy efficiency and renewable energy.
Describe the projects and/or measures that will be eligible for funding

- Weatherization, energy efficiency (including solar water heating), climate adaptation and resilience measures, and related health and safety and home repair upgrades, for eligible farmworker households in single-family dwellings and dwellings of 2-4 units. Owner-occupiers of single-family dwellings are also eligible for solar photovoltaics installations.

Intended recipients

- Awardees (Farmworker Housing Administrators) will be limited to non-profit, local government and tribal entities.
- Projects will benefit low-income farmworker households residing in single-family dwellings and dwellings of 2-4 units in Fresno, Madera, Tulare, Kern, Monterey, Merced, Stanislaus, San Joaquin, Imperial, Riverside, Ventura and Santa Barbara counties.

Process for selecting projects for funding

- CSD will select Farmworker Housing Administrators through a competitive Request for Proposal process. Proposals will be evaluated on the Proposers’ team qualifications; details of the approach, workplan and budget outlined; and cost-effectiveness of greenhouse gas (GHG) emission reductions.
- The Farmworker Housing Administrators will lead outreach efforts to promote awareness of the availability of LIWP services under this program component and enroll household participants.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is reflected in the Investment Plan and the Scoping Plan

- AB 1532 (Chapter 807, Statutes of 2012) requires that monies from the Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19 recommends support for energy efficiency and renewable energy projects for residential, commercial, industrial, and public buildings. Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with the priorities expressed in the Plan. CSD’s energy efficiency and clean energy investments will improve energy efficiency, reduce GHG emissions, lower energy bills for low-income households, and increase health and safety within the homes of low-income families.
- California’s 2017 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and
related statutes. The recommended actions for the energy sector include continuing to enhance energy efficiency, increasing distributed generation, and implementing smart-grid technologies. The energy efficiency expenditures in this program subcomponent will help implement these Scoping Plan recommendations and goals.

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

☐ Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- These expenditures will provide both immediate and long term GHG emission reductions by reducing direct, on site energy consumption and generating clean, renewable energy for low-income properties and households.

☐ Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained

- Solar PV installations are expected to begin to yield GHG emission reductions in 2019 and will continue to provide clean energy and long term GHG emission reductions for a quantification period of 30 years.
- Energy efficiency measures funded by this allocation are expected to reduce direct, on-site energy consumption and reduce GHG emissions starting in 2019. It is expected that these retrofits will typically maintain net GHG emission reductions for a period of 10-25 years, depending on the mix of measures installed.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

☐ Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

- Weatherization, energy efficiency upgrades and renewable energy systems will yield environmental, public health, and economic co-benefits. Installing renewable energy systems and increasing household energy efficiency will improve air quality by reducing air pollutant emissions from energy production in California and provide water savings. Replacing older Heating/Ventilation/Air Conditioning systems with newer, efficient models benefits public health by reducing exposure to indoor air pollutants, such as carbon monoxide, associated with old or poorly maintained heating units. Asthma and respiratory disease incidence may also be
CSD Expenditure Record for Low-Income Weatherization Program: FY 2017-18 and FY 2018-19

- These projects provide energy cost savings for households, improve building comfort, and contribute to climate adaptation and resilience. Projects can also provide California jobs and job training for priority populations through targeted recruitment and training programs, and stimulate local spending.

- Weatherization, energy efficiency upgrades, solar PV and solar hot water system installations reduce direct, on-site energy consumption and/or generate clean energy. They also support other AB 32 objectives by:
  - Providing additional environmental and economic co-benefits
  - Directing investment towards priority populations in California
  - LIWP also supports other priorities identified in AB 398, including reducing air toxic and criteria air pollutants from stationary sources, and improving climate adaptation and resiliency

- CSD has a target to expend at least 75 percent of the total funds received under the FY 2017-18 appropriation ($18 million) on projects that benefit AB 1550 priority populations, and 95 percent of the FY 2018-19 appropriation ($10 million). Of the $12.3 million allocated in this Expenditure Record to the Single-Family Energy Efficiency and Solar Photovoltaics Program component, 100 percent of direct program investments will support projects benefitting low-income households, and targets will be established for investments in disadvantaged communities and low-income households within one half-mile of disadvantaged communities. Direct project investments will fund energy efficiency and solar projects that provide energy savings and economic and other co-benefits to these priority populations. Non-direct project dollars will be used to support local and state administration functions necessary for program implementation.

- Direct project expenditures will include support for projects that provide benefits for priority populations. Potential benefits to households and communities include but are not limited to reducing the carbon footprint of single-family homes and buildings of 2-4 units serving farmworkers, reducing energy costs for property owners and tenants, and fostering job creation and other economic benefits for communities.

- Expenditure targets will be established for projects that provide benefits for low-income farmworker residents of disadvantaged communities, and for low-income farmworker households within one half-mile of disadvantaged
to maximize benefits to disadvantaged communities. Remaining expenditures will benefit low-income farmworker households elsewhere in the service territories. CSD allocations fund projects that meet the common economic need in CARB’s Funding Guidelines, as identified by community advocates, of “reducing energy costs.”

**Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.**

- **How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance**
  - CSD will require the Farmworker Housing Administrators to maintain records and submit monthly production and expenditure reports, and quarterly cumulative production status and/or workforce development reports. In addition, CSD conducts periodic reviews of funding recipients and selected projects. This includes desk reviews of submitted reports; on-site follow-up and monitoring, including annual visits to access and review records; quality assurance inspections for a sample of completed projects; and audits. If a service provider does not perform in accordance with program requirements, the service provider will be subject to the remedies for non-performance, as identified in Program Guidelines and/or service provider contracts.

- **Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion. Include citations for references that support methodology**
  - CSD coordinates with CARB to estimate GHG emission reductions and co-benefits (e.g., energy savings), using CARB standardized methodologies.
  - CSD will calculate the GHG emission reductions expected and achieved from projects using a new CARB quantification methodology to be developed with new Program Guidelines.

- **Type of information that will be collected to document results, consistent with CARB guidance**
  - To determine the job creation benefits, CSD will compile data from Farmworker Housing Administrators, including: number of job-years provided, average wages and benefits, the number of people who completed job training or received industry-recognized certifications, and residence location of job / training recipients.
  - CSD will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade
that was installed, expected quantification period, and other data as specified in CARB’s Funding Guidelines.

- CSD will collect information on project outcomes consistent with CARB’s Funding Guidelines for 5 percent of projects.

- How the administering agency will report on program status

- CSD will provide regular updates on expenditures, project status, and benefits in reports prepared according to CARB’s Funding Guidelines. At a minimum, the reports will include expenditure amounts, current estimates of GHG emission reductions, quantification of other applicable co-benefits (e.g. jobs created). Reports will also include information on project outcomes for 5 percent of projects over 2 years.