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BY ONLINE SUBMITTAL

June 18, 2024

Ms. Deldi Reyes, Director
Office of Community Air Protection
California Air Resources Board
1001 I Street Sacramento CA, 95814

Subject: Business stakeholder comments on AB 617 Blueprint 2.0 implementation issues.

Dear Ms. Reyes:

The undersigned 49 organizations write to convey our ongoing concerns, questions and comments regarding AB 617 implementation issues left unresolved in Blueprint 2.0. We appreciated the opportunity to meet with you and staff from the California Air Resources Board's (CARB) Office of Community Air Protection (OCAP) on February 7, 2024 to discuss several of these issues, and the insights you and your team provided at that time. Since then, we have noted two significant program developments. The first was OCAP's release of "final draft" Community Air Protection Incentives Guidelines (CAP Incentives Guidelines). The second was the formal communication of CARB's plans to reconstitute the Community Air Protection Program Consultation Group, starting with the announcement that CARB has disbanded the existing Consultation Group, effective immediately. While these actions are consistent with the information you and your staff provided during our February 7 meeting, they provide little insight into how OCAP is progressing the many other actions that will be necessary for CARB to achieve the program vision described in Blueprint 2.0. The purpose of this letter is to seek further transparency and specificity from OCAP regarding how it is, or will be, addressing these issues, in what timeframe, and how it intends to engage affected stakeholders as this work unfolds.

AB 617 Budgeting Should be More Transparent.

It appears that CARB intends to rely primarily on Community Air Grants (CAGs) to fund local community emission reduction programs (L-CERPs) in the "consistently nominated communities" (CNCs). During our February 7 meeting, OCAP staff stated that first time CAGs would be small, along the lines of what CARB approved last Fall, with maximum grant amounts of \$300,000.¹ OCAP staff acknowledged that CARB expects first time recipients will request additional funding in future grant cycles to support ongoing projects, as has been the case for prior year CAG recipients (e.g., Physicians for Social Responsibility-Los Angeles Chapter). Staff

¹ CARB's Community Air Protection Program Annual Progress Report, dated July 2024, indicates the maximum amount per GAG award will range "from \$300K to \$500K for technical (e.g., data and/or monitoring) projects and targeted (e.g., emissions reductions strategy expansion and L-CERP) projects."

also acknowledged a need to plan for this growing demand in the AB 617 budgeting process. We agree that there is a pressing need for a more rigorous, transparent, inclusive, and forward-looking AB 617 budget process, especially in light of CARB's intent to spread AB 617 funding across both formally designated communities and the 65-plus CNCs, and the substantial state budget deficits projected over the next few budget cycles.

As a first step in this process, we request that OCAP provide a detailed analysis of the grant amounts it intends to issue in the current fiscal cycle (Cycle 5), how much of that funding will be dedicated to both existing communities and CNCs, and how it will accommodate increasing demands to fund multi-year L-CERP projects. OCAP should also estimate the number of CAGs it intends to issue on an annual basis over the course of the next five-year phase of the program, and the specific criteria it will use to prioritize among project applications in various CNCs. Furthermore, given competing funding demands to support ongoing plan implementation in first and second-year communities, and OCAP's inability to forecast when this work will be completed, OCAP should also indicate how it will avoid making new open-ended resource commitments to CNCs.

Finally, we recommend that OCAP's AB 617 implementation budget reflect the Legislative Analyst Office's (LAO) budget forecasts for allocation of Greenhouse Gas Reduction Funds (GGRF) to this program (estimated at \$250 million through fiscal year 2029-2030; see: [LAO's February 20, 2024 report on the 2024-25 Budget Cap-and-Trade Expenditure Plan](#)), and identify any other sources of funding that will be used to supplement GGRF revenues. The budget should include enough detail to demonstrate that the identified revenue sources have sufficient excess capacity to fund proposed program activities and expenditures within the current five-year cycle.

L-CERP Guidance is Critical to the Success of Blueprint 2.0.

CARB's apparent focus on CAGs as the primary mechanism for L-CERPs, and the lack of guidance in Blueprint 2.0 regarding proper development of L-CERPs, necessitates a comprehensive revision and expansion of the current Request for Applications (RFA) document to provide sufficient guidance *before* OCAP issues the next round of CAGs. Among the many important topics that should be addressed in the RFA include:

- How community boundaries will be defined for CNCs that are not selected through the statutory process.
- How CARB will prioritize among multiple applications for L-CERPs in the same community, and across communities.
- Whether CAGs used for L-CERPs will have equal funding, or if not, the methodology for determining the appropriate funding amount.
- How air pollution sources will be identified and prioritized for potential mitigation measures, including how this evaluation will address the statutory requirement for source apportionment and application of the most current, accurate and relevant air quality data.
- How L-CERPs should be designed to achieve quantifiable emissions reductions from priority sources in affected communities, and whether alternative sources of funding will be necessary to develop and implement emission reduction measures given the

statutory limitations on CAGs discussed in our March 19, 2024 comments on the final draft Community Air Protection Incentives Guidelines.

- How public participation will be enforced absent agency review and approval of proposed L-CERPs.

The RFA should also include project eligibility, performance, and accountability metrics similar to those specified in the final draft CAP Incentives Guidelines. For example, OCAP should conduct periodic project-specific audits to evaluate whether CAG expenditures are consistent with the terms of approved applications. OCAP should also establish criteria to inform corrective actions in the event the CAG recipient fails to satisfy the project performance or accountability metrics (e.g., OCAP or air district intervention, suspension of any yet-to-be allocated funding, determination of ineligibility for CAGs in future budget cycles). These features will contribute to greater transparency in CAG prioritization, selection, and implementation, more effective investments of limited Greenhouse Gas Reduction Funds and better outcomes in priority communities. This recommendation is discussed in greater detail in our March 19, 2024 comments on the latter document, which we incorporate here by reference.

We also assume that OCAP will complete the San Joaquin Valley L-CERP case study analysis indicated in Blueprint 2.0 and discussed during our February 7 meeting (staff described a two-phase process to: 1) evaluate the basis for CARB's issuance of the original CAG for this project, and 2) interview Community Steering Committee (CSC) members to help assess the efficacy and value of this project as a potential model for future L-CERPs), and consider the results of that study in revising the RFA. Along those lines, we request that OCAP provide a detailed schedule for completing these work streams, noting opportunities for stakeholder engagement, and clarify whether the RFA, or another yet-to-be developed guidance document, will be the primary mechanism for providing L-CERP guidance.

We further request that OCAP approach the public engagement process on the RFA in the same manner it does for a conventional rulemaking, starting with a 45-day comment period on an informal discussion draft. As we noted in our March 19, 2024 comments on the CAP Incentives Guidelines, issuing a "final draft" document with a single 30-day comment period communicates a lack of interest in stakeholder input.

CARB Should Rebalance the AB 617 Consultation Group.

We are aware that CARB has begun the process of reconstituting the AB 617 Consultation Group (CG), starting with correspondence from Executive Officer Dr. Steven Cliff ending the terms of the current members as of March 15, 2024. This effort has the potential to position the CG to serve a more meaningful program advisory and oversight role. We support some aspects of the approach described in Dr. Cliff's letters, including forming an ad-hoc group of interested stakeholders to develop a CG charter that is consistent with the consultation language in AB 617, a new member application process, and establishing term limits for future CG members. However, we remain concerned about CARB's vision for expanding the membership to include representatives of CNCs, presumably in addition to representatives of existing AB 617 communities.

One of the deficiencies of the prior CG was the extent of the imbalance in representation between community-based organizations and business and industry groups. We understand

that the statute intended an emphasis on community engagement in AB 617 implementation, but further diluting the historically limited business and industry representation on the CG will undermine the success of the program by further insulating community representatives and other stakeholders from the practical realities of achieving additional emission reductions in affected communities. Comments from community representatives during the March 11, 2024 hearing of the Joint Legislative Committee on Climate Change Policies underscore the importance of setting realistic expectations for AB 617 implementation and creating a more collaborative atmosphere than existed during the first five years of the program. The CG can assist in achieving these objectives, but only if the membership is rebalanced in a manner that allows for more meaningful representation of business and industry perspectives.

We are also concerned about the elongated timeframe for this process. By the time the Board approves the newly reconstituted CG, currently scheduled for October 2024, it will have been well over a year since the CG last met. During that same timeframe, CARB and OCAP will be making important policy decisions that interpret the concepts described in Blueprint 2.0 and chart the course for the next five years of the program. If CARB holds to the CG schedule described in Dr. Cliff's letters, the lack of CG oversight in 2024 will necessitate a more proactive effort by OCAP to engage stakeholders on guidance development and all other initiatives to change program implementation policy. OCAP's annual report to the Board on AB 617 implementation, scheduled for the July 2024 Board meeting, is not sufficient for this purpose.

CARB Should Retain Experienced and Collaborative Consultation Group Members.

We agree with OCAP that a refresh of the CG will be beneficial for frequently nominated communities interested in participating in future AB 617 implementation efforts. It also provides an opportunity for orientation, education and knowledge transfer from members who served during the first five years of the program to new members. In particular, members who have demonstrated a commitment to the mission of the CG, who regularly engaged with other CG members and agency staff in a manner that promotes an atmosphere of collaboration and mutual respect, and who diligently attended regular meetings, agenda-setting meetings, and periodic CG working meetings, should have the opportunity to continue to serve on the CG. We recommend that CARB allow for reappointment of these individuals to the CG.

In addition, development of the much-discussed CG charter would also benefit from the input of both existing and new CG members. A series of meet-and-greets and collaborative discussions in advance of charter development efforts to foster communication and encourage good-faith engagement would greatly benefit that effort. Representatives of this coalition would appreciate the opportunity to participate in that process.

Additional Requests for Information

In addition to the above noted recommendations, we request additional information and clarification on the following items:

- **How OCAP intends to use new air quality data developed through the Statewide Mobile Monitoring Initiative (MMI).** We inquired about the status of this initiative during our February 7 meeting, and OCAP staff referred us to the MMI webpage. The February

2024 update on the webpage provides minimal information on this \$27 million initiative that has been underway now for more than six months. We would like to understand which AB 617 communities will be included in the MMI, and whether OCAP intends to use the data for screening purposes, such as to inform prioritization of CAG applications or more focused localized air quality monitoring to support a community emission reduction program, or for other purposes. In the latter case, we ask that OCAP specify how it intends to use the data, and how it will validate the data for those purposes.

- **What additional changes OCAP plans to incorporate into Blueprint 2.0.** The Board Resolution adopting Blueprint 2.0 states that “Ongoing assessment of Blueprint 2.0’s implementation is necessary to identify and incorporate updates to improve the statewide strategy” and that the Board delegates to the Executive Officer the authority to adopt changes to Blueprint 2.0 “that they deem necessary to enable effective implementation of the Program, provided that such changes are consistent with statute and the goals established by the Board.” We request that OCAP identify specific elements or sections it plans to change, for what purpose, in what timeframe, and how it will accommodate public engagement in that process.

We appreciate OCAP’s continued engagement with business and industry representatives, and we ask that you provide initial responses to the following recommendations and information requests within 30 days:

1. A detailed analysis of the grant amounts CARB intends to issue in the current fiscal cycle, including:
 - a. How much of funding will be dedicated to both existing communities and CNCs.
 - b. How CARB will accommodate increasing demands to fund multi-year L-CERP projects.
 - c. An estimate of the number of Community Air Grants (CAGs) CARB intends to issue on an annual basis over the course of the next five-year phase of the program.
 - d. The specific criteria CARB will use to prioritize project applications in various CNCs.
 - e. How CARB will avoid making new open-ended resource commitments to CNCs.
2. A program implementation budget that is based on authoritative revenue forecasts for the Greenhouse Gas Reduction Fund and other specified funding sources.
3. A comprehensive revision and expansion of the current Request for Applications (RFA) document *before* OCAP issues the next round of CAGs, addressing the factors listed on page 2 of this letter.
4. Periodic project-specific audits to evaluate whether CAG expenditures are consistent with the terms of approved applications.
5. Establish criteria to inform corrective actions if the CAG recipient fails to satisfy project performance or accountability metrics.
6. A detailed schedule for completing CAG-related work streams, noting opportunities for stakeholder engagement, and clarifying whether the RFA, or another yet-to-be developed guidance document, will be the primary mechanism for providing L-CERP guidance.
7. Release a discussion draft of the RFA guidance for an initial 45-day public comment period before issuing a proposed RFA.

8. Rebalance Consultation Group (CG) membership to allow for more meaningful representation of business and industry perspectives.
9. Allow reappointment of prior CG members who have proven their commitment to the AB 617 program, their CG colleagues, and the implementation process.
10. A series of meet-and-greets and collaborative discussions in advance of CG charter development efforts to foster communication and encourage good-faith engagement.
11. Identify which AB 617 communities will be included in CARB's Mobile Monitoring Initiative (MMI), how OCAP intends to use the data, and how it will validate the data for those purposes.
12. Identify specific elements of Blueprint 2.0 CARB plans to change, for what purpose, in what timeframe, and how it will accommodate public engagement in that process.

If you have any questions, please contact me at 916-498-3340 or rspiegel@cmta.net.

Respectfully,



Robert Spiegel, Vice President, Government Relations
California Manufacturers & Technology Association

Attachment: List of 50 participating coalition members

cc: Liane Randolph, Chair, California Air Resources Board
Dr. Steven Cliff, Executive Officer, California Air Resources Board
Brian Moore, Office of Community Air Protection (OCAP)
Kevin Olp, OCAP

List of Participating Coalition Members

BizFed Central Valley
BizFed Los Angeles County
California Alliance of Small Business Associations
California Asphalt Pavement Association
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Citrus Mutual
California Cleaners Association
California Construction and Industrial Materials Association
California Cotton Ginners and Growers Association
California Fresh Fruit Association
California Fuels & Convenience Alliance
California Independent Petroleum Association
California Manufacturing and Technology Association
California Metals Coalition
California Walnut Commission
Carson Dominguez Employers Alliance
Chemical Industry Council of California
Construction Industry Air Quality Coalition
Council of Industries West Contra Costa County
East Bay Economic Development Authority
El Monte | South El Monte Chamber of Commerce
Future Ports
Garden Grove Chamber of Commerce
Grower-Shipper Association of Central California
Harbor Association of Industry & Commerce
Harbor Trucking Association
Inland Empire Economic Partnership
Industrial Association of Contra Costa County
Industrial Environmental Association
Kern Citizens for Energy
Kern Tax
Long Beach Chamber of Commerce
Los Angeles Area Chamber of Commerce
Madera County Farm Bureau
Multicultural Business Alliance
NAIOP SoCal Chapter
Orange County Business Council
Redondo Beach Chamber of Commerce
San Gabriel Valley Economic Partnership
South Bay Association of Chambers of Commerce
Sunland + Tujunga Chamber of Commerce
United Contractors
Valley Industry & Commerce Association
Watson Land Company
Western Agricultural Processors Association
Western Independent Refiners Association
Western Propane Gas Association
Western States Petroleum Association