FUNDING GUIDELINES

Funding Guidelines for Agencies that Administer California Climate Investments

December 2, 2024

California Climate Investments
caclimateinvestments.ca.gov

FOREWORD

For more than a decade, California has been at the leading edge of combating climate change. The State's portfolio of climate regulations and investment programs serves as a model nationally and globally for how jurisdictions can reduce greenhouse gas emissions while delivering significant environmental, economic, and public health benefits. 2024 marks the 10-year anniversary of California Climate Investments, a central component in advancing the State's climate plans and putting them into action. With just 12 state agencies administering 20 programs when the first Funding Guidelines were adopted in 2015, California Climate Investments has grown significantly in size and impact. Today, California Climate Investments encompasses more than 28 agencies administering over 100 programs—programs that invest in a range of climate solutions, from zero-emission vehicles to affordable housing to nature-based solutions. Collectively, this diverse portfolio of programs has put $11.6 billion from Cap-and-Trade auction proceeds to work across nearly every sector of the economy with over 75 percent of this money benefitting priority populations. More than half a million California Climate Investments projects are significantly contributing to Californians' well-being by reducing greenhouse gas emissions to combat climate change, cutting air pollutant emissions to improve public health, fostering a vibrant economy that uplifts communities, and building a more climate-resilient and equitable future.

The 2024 Funding Guidelines leverage California Climate Investments' decade-long success and reflect on community and agency feedback, new legislative requirements, and lessons learned over the years to guide administering agencies in implementing programs funded by Cap-and-Trade auction proceeds. The 2024 Funding Guidelines respond to new legislative direction by incorporating the workforce standards prescribed in Assembly Bill 680 (Burke, Chapter 746, Statutes of 2021). Building on an existing emphasis on workforce development, the 2024 Funding Guidelines include additional job quality principles designed to advance the State's workforce goals and facilitate economic mobility for workers employed on projects funded through California Climate Investments.

As California embarks on the second decade of California Climate Investments, our commitment to prioritizing communities, particularly those most vulnerable, remains steadfast. To achieve a future where all people in California live in healthy, thriving, and resilient communities, the 2024 Funding Guidelines lift up collaborative, equity-driven approaches that involve community members from program design to project implementation, increase access to investments and outcomes, and maximize benefits to priority populations. It is more important than ever that we continue to do everything in our power to address the ongoing climate challenges California is facing and, through these investments, improve the lives of all Californians.

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BACKGROUND

I.A. Overview

California Climate Investments is a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions; strengthening the economy; improving public health and the environment; and providing meaningful benefits to the most disadvantaged communities and low-income communities and households, collectively referred to as priority populations.

California Climate Investments comprises programs funded by proceeds from the sale of State-owned allowances from quarterly Cap-and-Trade auctions that are deposited into the Greenhouse Gas Reduction Fund (GGRF). The Legislature appropriates funding from the GGRF to agencies to administer California Climate Investments programs consistent with the *Investment Plan*.[1] The term "administering agencies" refers to agencies that receive these appropriations. CARB developed these Funding Guidelines to provide direction for agencies that administer California Climate Investments.

Administering agencies use appropriations to implement a variety of programs throughout California. For the purposes of implementing California Climate Investments, "program" refers to all related projects or activities that an administering agency funds and implements. A "program" may exist independently or as one component of a larger effort, and may be funded by one or more appropriations. A program comprises individual projects that contribute to the State's climate goals and provide benefits to priority populations.[2] Projects vary for the different programs, ranging from grants for construction activities and rebates for equipment purchases, to large scale investments that include planning, construction, equipment, and operations, to climate research projects.

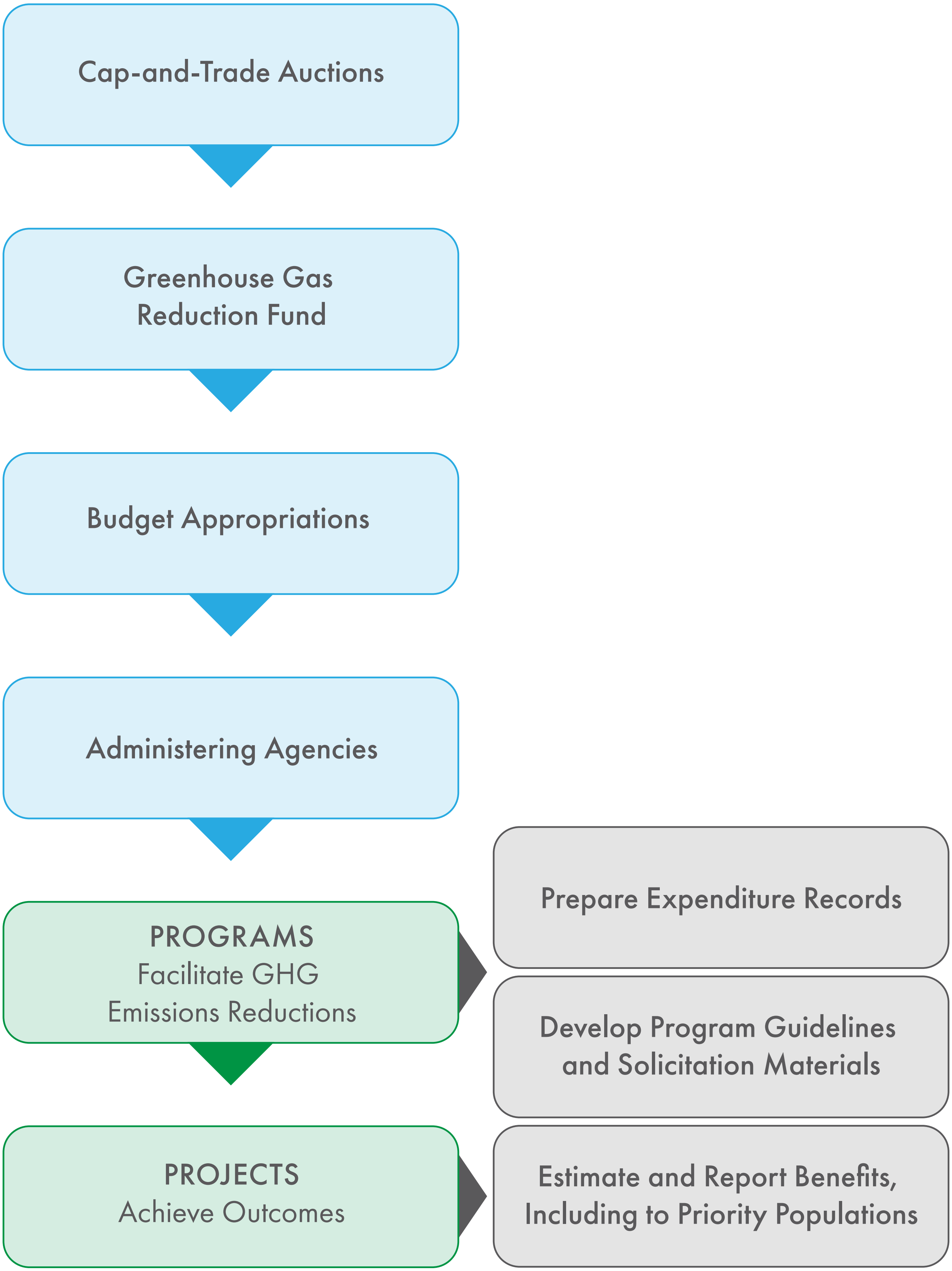
Figure 1. California Climate Investments Funding Flow illustrates the typical flow of funds from Cap-and-Trade auctions to California Climate Investments programs and projects.

Learn more about *California Climate Investments* and the *Cap-and-Trade Program*.

1 The Department of Finance, in consultation with CARB, submits the Investment Plan to the Legislature in accordance with Health & Safety Code § 39716.

2 Priority populations include residents of: (1) communities identified as disadvantaged by the California Environmental Protection Agency per Senate Bill 535; (2) census tracts identified as low-income per Assembly Bill 1550; or (3) a low-income household per Assembly Bill 1550. See Appendix A for more information on the definitions of priority populations.

Figure 1. California Climate Investments Funding Flow



California Climate Investments are governed by a suite of *implementing legislation* that establishes the statutory requirements that apply to appropriations from the GGRF. Assembly Bill (AB) 32 is the cornerstone of legislation that has created a comprehensive strategy to reduce GHG emissions in California. Legislation influences California Climate Investments in a variety of ways, including how auction proceeds are deposited in the GGRF and used to fund California Climate Investments, requirements for expenditures from the GGRF, investment minimums for priority populations, how much funding is appropriated from the GGRF, individual California Climate Investments program requirements, and more.

The Legislature may identify additional or alternative requirements for certain GGRF appropriations. In these instances, CARB will consult with administering agencies to ensure compliance with the Funding Guidelines.

As shown in Figure 2. Funding Guidelines Purpose, the purpose of the Funding Guidelines is to provide guidance for administering agencies so they design and implement their programs in a way that meets statutory requirements and advance the State's climate goals, including:

- Facilitating GHG emissions reductions;
- Maximizing benefits to disadvantaged communities;
- Targeting investments to priority populations to help ensure statutory investment minimums are met or exceeded;
- Providing accountability and transparency; and
- Supporting consistency across programs.

Figure 2. Funding Guidelines Purpose

The Funding Guidelines assists administering agencies in program design and implementation, including guidance on preparing an expenditure record, developing guidelines and solicitation materials, reporting on estimated benefits, and conducting evaluations of funded programs and projects.

CARB also developed and maintains a Resource Portal to host a library of resources intended to support policymakers, program administrators, and participants in incorporating lessons learned, promising practices, and other insights into all stages of California Climate Investments. The Resource Portal includes a *glossary* of key terms, checklists, guides, and other tools that complement the California Climate Investments Funding Guidelines by going into more depth on program objectives and providing real-world examples. Learn more about the *Resource Portal*.

I.B. Roles and Responsibilities

The administration of California Climate Investments is a collaborative effort among numerous State agencies. Table 1. Roles and Responsibilities illustrates key roles and responsibilities.

Table 1. Roles and Responsibilities

Department of Finance
• Submits the Annual Report to the Legislature (Annual Report), in coordination with CARB and administering agencies. • Submits the three-year Investment Plan, in accordance with Health & Safety Code section (§) 39716, for auction proceeds, in consultation with CARB and other relevant State agencies. • Coordinates with CARB and administering agencies to obtain fiscal reports needed to manage the GGRF.
CalEPA
• Identifies disadvantaged communities. • Consults on the three-year Investment Plan and Funding Guidelines. • Coordinates with the State Climate Action Team.
CARB
• Administers the Cap-and-Trade Program, including auction and sale of allowances, which generate auction proceeds. • Develops each three-year Investment Plan and hosts workshops and a public hearing on the Investment Plan. • Develops guidance for administering agencies including the Funding Guidelines. • Develops tools and resources for quantification methodologies, providing benefits to priority populations, and reporting, in consultation with administering agencies. • Develops investment targets for each program, in consultation with administering agencies. • Consults with administering agencies on expenditure records • Consults with administering agencies on program implementation. • Provides coordinated California Climate Investments awareness outreach and directs interested parties to administering agencies for program assistance. • Compiles data from administering agencies and prepares the Annual Report. • Maintains a public website and map that provides information on California Climate Investments outcomes. • Maintains a Resource Portal for administering agencies. • As the administrator of GGRF funds, obtains fiscal reports from administering agencies to manage cash flow from the GGRF. • As an administering agency, fulfills the roles and responsibilities described below.

Administering Agency
• Designs and implements California Climate Investments programs in accordance with the Funding Guidelines and any program-specific statutory requirements. • Consults with CARB on expenditure records, quantification methodologies, and providing benefits to priority populations. • Coordinates with other organizations to leverage funds, as applicable. • Determines program structure and criteria for selecting projects for funding. • Designs programs to target investments for priority populations and maximize benefits to disadvantaged communities; assigns a community liaison and conducts outreach. • Completes and publicly posts expenditure records. • Develops guidelines and solicitation materials, and selects and funds projects. • Tracks and reports on projects or provides support to funding recipients for tracking and reporting on projects accurately and fully. • Collects and compiles data from funding recipients to submit reports to CARB to support transparency. • Initiates and supports program and project evaluation efforts. • Maintains and provides records and reports, as requested, to support audits and program reviews conducted by State agencies or a third-party auditor.

Figure 3. Process for Administering Agencies illustrates how administering agencies use the Funding Guidelines through program design, implementation, and reporting.

Figure 3. Process for Administering Agencies

I.C. Investments for Priority Populations

California Climate Investments provide a unique opportunity to yield significant benefits for disadvantaged communities and low-income communities and households, collectively referred to as priority populations. Senate Bill (SB) 535 (De León, Chapter 830, Statutes of 2012) and AB 1550 (Gomez, Chapter 369, Statutes of 2016) require that a minimum of 35 percent of California Climate Investments funding is invested in projects that benefit priority populations. Priority populations include residents of: (1) communities identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Appendix A for more information on the definitions of priority populations.

The investment minimums apply to the overall appropriations from the GGRF, rather than to each agency appropriation. To help ensure statutory requirements are met and guide programs towards investments that achieve direct, meaningful, and assured benefits to priority populations, CARB works with administering agencies to develop investment targets for each program. CARB posts *program targets*, as needed, for each fiscal year. All California Climate Investments programs are encouraged to fund projects that provide benefits to priority populations.

In addition to AB 1550, some individual programs may have specific statutory requirements for investing in projects that benefit disadvantaged, low-income, and/or other targeted communities. Administering agencies are responsible for adhering to any program-specific requirements.

Learn more about *investments for priority populations*.

I.D. Funding Guidelines Development and Updates

CARB may update the Funding Guidelines or provide updated or supplemental guidance to implement any future direction from the Legislature or to make periodic improvements, as needed. Administering agencies should apply the most current CARB guidance, whenever feasible. Updated requirements or guidance may not apply in cases where it is not feasible for an administering agency to follow the new provisions (e.g., when an administering agency has selected projects, executed grant agreements or contracts, or publicly released program guidelines prior to the release of updated Funding Guidelines that limit their ability to incorporate updated requirements). CARB will work with administering agencies to address situations where agencies find that incorporating new guidance is infeasible.

> The development of the Funding Guidelines has involved an extensive public process that started in 2012. CARB has held dozens of public workshops and community meetings in developing and revising the Funding Guidelines. Ongoing coordination with administering agencies and other interested parties to gather input on the implementation of California Climate Investments programs continues to be an important focus when considering updates.

More information about updates — including the public process, links to meeting materials and written comments, and previous versions of the guidance — is available on the *Funding Guidelines webpage*.

II. KEY ELEMENTS TO DESIGNING PROGRAMS

II.A. Initial Consultation

Once administering agencies are appropriated GGRF funding, they must coordinate with CARB beginning with an initial consultation. The initial consultation should occur prior to preparing an expenditure record and prior to the public release of draft guidelines or solicitation materials.

The purpose of this initial consultation is to discuss:

- The types of projects that the administering agency plans to fund;
- How the program will facilitate GHG emissions reductions;
- How the program will target investments for priority populations and maximize benefits and minimize disbenefits to disadvantaged communities;
- How the program can conduct outreach and community engagement while leveraging existing community feedback and minimizing additional burdens on communities, and incorporate community needs and feedback in program design;
- Potential evaluation criteria to determine whether projects provide direct, meaningful, and assured benefits to priority populations and avoid substantial burdens or harms;
- Potential metrics and process for tracking and reporting on project status and estimated benefits;
- Potential activities and approaches for program and project evaluations; and
- The process for agency completion of an expenditure record.

For administering agencies with new programs, the initial consultation can also provide valuable background on statutory requirements for California Climate Investments. For administering agencies with additional or alternative statutory requirements, the initial consultation provides an opportunity to discuss related implications for program design.

For administering agencies with existing programs, the consultation helps identify any new or revised requirements that need to be incorporated and determine the need for developing a new or revised expenditure record, quantification methodology and calculator tool, priority populations benefit assessment tool, or reporting template. These elements are explained further in later sections of this document. Programs previously appropriated funds from General Fund that have been shifted in whole or in part to receiving funds from the GGRF must comply with GGRF requirements to the greatest extent feasible and the initial consultation provides an opportunity to discuss these requirements.

II.B Program Implementation Structure

California Climate Investments programs fund a broad range of projects. Administering agencies use a variety of program implementation structures to fund projects. Three considerations when designing a program implementation structure are funding recipient, incentive mechanism, and selection process — all of which vary by program.

- Funding recipients can include individual households, small businesses, nonprofit organizations, local government agencies, tribes, or directly fund projects within a State agency.
- Incentive mechanisms typically include grants, rebates, or loans. Administering agencies may also establish a special fund and issue loans through a revolving loan program.
- Selection processes determine whether a program is competitive, "first come, first served," or based on a non-competitive formula to distribute funding based on geographic distribution, established demand (e.g., allocating transportation funds to transit agencies by formula), or established need (e.g., communities identified through a selection or identification process), consistent with implementing legislation.

When designing the program implementation structure, administering agencies should consider the capacity of intended funding recipients. For example, choosing a program implementation structure that provides partial or full project costs upfront, where possible, could improve access to funding opportunities for small businesses, tribes, or community-based organizations that may not have the capacity to participate in a reimbursement only program. Administering agencies should consider offering advanced payments for California Climate Investments programs, wherever consistent with applicable advanced payment legal requirements.[3]

After selecting a program implementation structure, administering agencies may have to develop guidelines for potential applicants, make formal requests for information, and/or issue solicitations for applications. Section III.B. provides guidance on the type of information to include when developing guidelines and solicitation materials.

II.C. Overarching Principles

Administering agencies must expend GGRF funds in an effective and accountable manner, consistent with law and the Funding Guidelines. The overarching principles are based on statutory requirements and the State's policies and goals. Not all principles are mandatory requirements; rather, they provide direction to help administering agencies achieve programmatic goals, maximize benefits, address inequities, and provide transparency and accountability. Administering agencies may use a variety of strategies to incorporate the overarching principles into their programs, from program design and early outreach to project eligibility and scoring criteria.

As part of CARB's role in providing guidance to ensure administering agencies meet statutory requirements, CARB considers certain principles to be critical. Table 2. Summary of Overarching Principles for California Climate Investments provides a summary of overarching principles for California Climate Investments programs and identifies each as a requirement or recommendation.

3 For example, AB 590 (Hart, Chapter 535, Statutes of 2023) and AB 3017 (Hart, Chapter 664, Statutes of 2024) prescribe conditions that permit advanced payment.

Table 2. Summary of Overarching Principles for California Climate Investments

II.C.1	Facilitate GHG emissions reductions and further the purposes of AB 32 (Núñez, Chapter 488, Statutes of 2006) and related statutes.	☑ Requirement
II.C.2	Target investments to priority populations and maximize benefits to disadvantaged communities.	☑ Requirement
II.C.3	Maximize economic, environmental, and public health co-benefits to the State.	☑ Requirement
II.C.4	Foster job creation and job training, wherever possible.	☑ Requirement
II.C.5	Avoid potential substantial burdens or harms to priority populations.	☑ Requirement
II.C.6	Ensure transparency and accountability and provide public access to program information.	☑ Requirement
II.C.7	Conduct a robust public participation process to help potential applicants access funding, particularly for priority populations.	☑ Strong Recommendation
II.C.8	Encourage projects that contribute to other State climate goals.	☑ Recommendation
II.C.9	Coordinate investments and leverage funds where possible to provide multiple benefits and to maximize benefits.	☑ Recommendation

Additional information on each of the overarching principles is provided on subsequent pages.

II.C.1. REQUIREMENT: FACILITATE GHG EMISSIONS REDUCTIONS AND FURTHER THE PURPOSES OF AB 32 AND RELATED STATUTES

Administering agencies must ensure California Climate Investments programs facilitate GHG emissions reductions and further the purposes of *AB 32 and related statutes*. Programs may include a portfolio of projects that result in a combination of GHG emissions reductions, carbon sequestration, no GHG impact, or GHG emissions increases — all estimated using a CARB quantification methodology and calculator tool, if available. Administering agencies may account for other important non-GHG co-benefits when selecting projects.

Administering agencies must use a CARB quantification methodology and calculator tool to quantify estimated GHG emissions reductions if a CARB quantification methodology and/or calculator tool exists for the project type.

As administering agencies design programs and select projects to facilitate GHG emissions reductions, they should focus on projects that:

- Achieve quantifiable GHG emissions reductions;
- Promote early adoption of advanced technologies and practices that facilitate near-term GHG emissions reductions;
- Support plans, strategies, and development of accelerated technologies needed to achieve the State's longterm GHG emissions reduction goals;
- Develop the workforce necessary to achieve the State's longterm GHG emissions reduction goals; and/or
- Support priority populations in removing barriers and accessing funds to achieve GHG emissions reductions.

Programs may include projects that facilitate GHG emissions reductions or do not impact GHG emissions, demonstrated through a qualitative assessment. Administering agencies are responsible for developing qualitative assessments to describe how a program or individual projects affect GHG emissions reductions. CARB does not develop qualitative GHG emissions assessments. Administering agencies must include the qualitative assessment or a description of the qualitative assessment in the expenditure record, where applicable.

Administering agencies are required to report on the estimated benefits (and disbenefits, if applicable) of GGRF-funded projects, as described in Section III.C.

II.C.2. REQUIREMENT: TARGET INVESTMENTS TO PRIORITY POPULATIONS AND MAXIMIZE BENEFITS TO DISADVANTAGED COMMUNITIES

Administering agencies must target investments located within and benefiting priority populations. Investments must meet community needs identified primarily through community engagement and maximize benefits to disadvantaged communities, wherever possible. To achieve this, administering agencies should consider funding technical assistance, community engagement, and outreach activities for their program separately or as part of individual projects.

The following recommendations provide additional guidance to administering agencies in designing their programs to target funding to priority populations. These recommendations may not be applicable to all programs and are intended to provide several possible strategies that administering agencies could use to design their programs in ways that help target benefits to priority populations.

- Set aside a percentage of funding or a funding amount that will be used only for projects that provide benefits to priority populations. If suitable for a given program, different set-asides could be made for each of the priority populations.
- Offer higher incentive amounts for projects providing benefits to priority populations. For example, structure project funding amounts around a needs-based model to support priority populations more intentionally. Remove administrative barriers to application that may disproportionately impact priority populations, including but not limited to:
    - Removing match funding or other leveraging requirements for priority populations.
    - Extending application timelines to provide more time for under-resourced applicants and standardizing solicitation schedules, to the extent feasible.
    - Providing advance payment for funding recipients from priority populations wherever consistent with applicable advanced payment legal requirements.
- Hold competitive solicitations that prioritize or award extra points to projects that meet the criteria for benefiting priority populations and include additional elements to help target investments to priority populations.
- Require applicants to apply cost savings from project implementation to benefit priority populations (e.g., energy cost savings reinvested in the local community to promote workforce development and community health).

II.C.3. REQUIREMENT: MAXIMIZE ECONOMIC, ENVIRONMENTAL, AND PUBLIC HEALTH CO-BENEFITS TO THE STATE

Administering agencies must invest in projects that maximize economic, environmental, and public health co-benefits to the State, wherever applicable and to the extent feasible. These co-benefits include a range of priorities identified in the implementing legislation, including, but not limited to:

- Fostering job creation (as described in Section V.A. and Section V.B.);
- Improving air quality;
- Building community capacity; and
- Lessening the impacts and effects of climate change.

Administering agencies are responsible for considering several trade-offs as they develop and design programs to maximize co-benefits (and minimize disbenefits). For example, administering agencies should, to the extent feasible:

- Identify possible harms early in program design and during development of the expenditure record, including possible measures and actions to avoid or mitigate those harms.
- Design programs to include technical assistance, a pre-proposal process, or implementation assistance to improve access for applicants that need more time and support to create and deliver competitive projects.
- Design programs at a smaller scale or in a more community-led fashion, such as with an outside partner to disburse small grants. This strategy allows the State agency to manage one grant, with the partner entity supporting the smaller grantees on a closer, one-on-one basis. This can build the capacity of smaller organizations and create local jobs in grant administration.
- Prioritize projects within a competitive solicitation by identifying selection criteria and awarding extra points or funding to proposed projects that maximize co-benefits, in addition to facilitating GHG emissions reductions. Many co-benefits can be estimated using CARB's co-benefit assessment methodologies and calculator tools (see Section III.C.4).
- Prioritize projects by disallowing project proposals that may worsen criteria and toxic air pollution.

II.C.4. REQUIREMENT: FOSTER JOB CREATION AND JOB TRAINING, WHEREVER POSSIBLE

Administering agencies must foster job creation by selecting and supporting projects carried out by California workers and businesses, to the extent feasible. Investments should provide employment opportunities, leverage existing training programs, and create access to career pathways for priority populations that facilitate GHG emissions reductions, wherever possible.

Certain programs must comply with baseline job quality and project selection standards outlined in AB 680 (Burke, Chapter 746, Statutes of 2021), which is covered in more detail in Section V.B. Recommendations on how programs can best support job quality can be found in Section V.A.

II.C.5. REQUIREMENT: AVOID POTENTIAL SUBSTANTIAL BURDENS OR HARMS TO PRIORITY POPULATIONS

Administering agencies must consider and avoid potential substantial burdens or harms throughout program design and into project selection, as described below.

- **Program design:** Administering agencies must consider whether a given program has the potential to result in substantial economic, environmental, or public health burdens or harms (e.g., physical or economic displacement of low-income and disadvantaged community residents and businesses, increased exposure to toxics or other health risks) to priority populations, and design programs in such a way as to avoid those burdens or harms.
    - Administering agencies are strongly encouraged to engage with community members and community advocates in identifying potential substantial burdens or harms and potential trade-offs, whenever feasible. For example, administering agencies could:
        - Meaningfully engage with community-based organizations and members to understand and avoid issues in that community.
        - Partner with community-based organizations and members, developers, and advocates to form an anti-displacement task force to identify current and future areas of displacement, and metrics and measures to track and prevent displacement.
    - Administering agencies are responsible for designing programs to avoid burdens and mitigate harms associated with projects. For example, administering agencies could:
        - Require the use of zero-emission equipment for project-related construction, maintenance, and other activities.
        - Develop project requirements and/or measures to avoid or mitigate near-roadway exposures.
        - Establish thresholds that limit projects that may exacerbate burdens, such as projects that increase particulate matter in communities with a high particulate matter indicator score in CalEnviroScreen.
- **Project selection:** Administering agencies are responsible for selecting projects that avoid identified substantial burdens or harms to priority populations. Administering agencies are responsible for identifying potential substantial burdens or harms from proposed project types. Administering agencies may consider using co-benefit assessment methodologies (see Section III.C.4.) to estimate a project's benefits and assess potential substantial burdens or harms.

Administering agencies are encouraged to consider including grant application requirements that include planning on how the project will conduct community engagement to collect input to identify and take actions to avoid substantial burdens or harms to priority populations. More information on implementing programs to avoid substantial burdens or harms to priority populations is covered in Section IV.

All projects are likely to include economic, environmental, or public health trade-offs that administering agencies will need to consider when designing programs and when selecting projects, with explicit consideration for which communities are bearing the burden of the trade-offs. For example, an administering agency may restrict eligibility to the cleanest equipment that results in less toxic air contaminants but is more expensive or results in less GHG emissions reductions than alternatives. In other cases, certain requirements may limit the ability of certain applicants to apply for a program. For example, requiring a physical office space or headquarters to apply may be a barrier for resource-limited applicants.

II.C.6. REQUIREMENT: ENSURE TRANSPARENCY AND ACCOUNTABILITY AND PROVIDE PUBLIC ACCESS TO PROGRAM INFORMATION

Administering agencies must provide transparency and accountability in program implementation and estimated project benefits (or disbenefits, if applicable). Administering agencies can achieve this, in part, through establishing transparency and accountability requirements in program materials and reporting information on programs and projects to CARB for public posting. This includes, but is not limited to:

- Developing and posting an expenditure record (Section II.D.).
- Providing clear and consistent public access to information on program activities (Section III.A.3.).
- Establishing policies and procedures for project accountability (Section III.A.4., Section III.B.7.), oversight and audits (Section VI.F.).
- Tracking project status and reporting the estimated benefits, including GHG emissions reductions, co-benefits, and benefits to priority populations (Section VI.).

Administering agencies are also encouraged to engage in program and project evaluation activities (Section VI.E).

II.C.7. STRONG RECOMMENDATION: CONDUCT A ROBUST PUBLIC PARTICIPATION PROCESS TO HELP POTENTIAL APPLICANTS ACCESS FUNDING, PARTICULARLY FOR PRIORITY POPULATIONS.

Administering agencies are strongly encouraged to conduct outreach and community engagement, where applicable and to the extent feasible, to help potential applicants access funding opportunities, particularly for priority populations. Direct outreach efforts are needed to maximize benefits and meet statutory investment requirements. Direct outreach includes, but is not limited to:

- Identifying funding opportunities for outreach, planning and technical assistance that can help communities build their capacity, plan projects, and submit applications.
- Beginning outreach before program materials are developed and released so that, when the opportunity arises, conditions are right for interested parties to engage effectively and meaningfully.
- Using outreach funds to collaborate with well-connected community-based organizations or other local partners to bring community residents into conversations about program design.
- Developing and maintaining consistent forms of communication between State agencies and interested parties to improve community engagement, particularly during guideline revisions, applications, community outreach, and project development.

Administering agencies should encourage and conduct community engagement throughout development and implementation of their program, including, but not limited to, solicitation development, project planning and criteria considerations, project selection and implementation, and after projects become operational, wherever feasible.

Community engagement is integral in ensuring programs provide direct, meaningful, and assured benefits to community members, applicants, and awardees. Community engagement is the process of working collaboratively with a diverse group of interested parties to address issues affecting their well-being. It is a dynamic process rooted in relationship-building that facilitates communication, interaction, feedback, and involvement between a community and their government. It involves sharing information, building relationships and partnerships, and involving collaborators in planning and making decisions with the goal of improving the outcomes of policies and programs.

At its simplest, community engagement is a process that uses public input to make a change. It is sometimes referred to as public engagement. Community engagement is a dialogue, not a presentation. Meaningful community engagement practices include facilitating a deeper understanding of issues and projects; providing a multi-directional forum for sharing, listening to, and understanding ideas, concerns, thoughts, advice, or recommendations; and recording input received and turning it into actionable items.

Administering agencies should invest in community engagement to:

- Better understand the public's values, ideas, needs, and recommendations;
- Inform residents and provide them with greater capacity to weigh in on issues that affect them;
- Improve administering agency decision-making and actions, with better impacts and outcomes;
- Boost community empowerment and support;
- Make more sustainable decisions;
- Promote effective project implementation with less need to revisit;
- Build trust and bridges between people with different points of view;
- Increase community participation and leadership development, which is critical to deepening democracies; and
- Optimize program effectiveness.

Given the wide variety of programs and project types, some community engagement strategies will be better suited for a given program or project type than others. Examples of potential community engagement strategies include, but are not limited to, the following:

- **Community leadership and decision-making.** Applicants could develop a steering committee comprising community residents to, in partnership with project applicants, oversee project design and development.
- **Community collaboration, partnership, and empowerment.** Applicants could partner with community-based organizations or community residents in a way that informs project design and/or selection among project alternatives prior to applying for funding. This may include a local trusted community leader and/or residents participating, with technical support, in the development of project alternatives or components, or having residents directly choose a preferred project from among two or more alternatives either as members of a project selection committee or through a community voting process.
- **Outreach, education, and consultation.** Applicants could conduct community consultation (e.g., via workshops, roundtable discussions, focus groups, surveys) to inform, educate, learn from the community, and consider their input in the early stages of project development and design.

Not all public participation is considered community engagement. There are numerous levels at which an agency can engage with the public based on the program, the interested parties, the stage or progress of the program, and the decisions to be made.

CARB recognizes that public participation occurs along a spectrum of possibilities. More background and resources on community engagement, including the Public Participation Spectrum designed by the International Association of Public Participation are available on the *Resource Portal*. More information on designing and implementing programs in ways that bolster and support direct outreach and community engagement is covered in Section III.A.5.

II.C.8. RECOMMENDATION: ENCOURAGE PROJECTS THAT CONTRIBUTE TO OTHER GOALS

Administering agencies should encourage projects that integrate and build upon other plans and goals, wherever feasible.

- Administering agencies should make investments that support California's latest existing goals, plans, policies, measures, and initiatives. Examples of State plans to assist administering agencies in this endeavor include, but are not limited to, the *Scoping Plan*, *California's Natural and Working Lands Climate Smart Strategy*, *Mobile Source Strategy*, *California Sustainable Freight Action Plan*, *California Transportation Plan*, *Climate Action Plan for Transportation Infrastructure*, *California Water Action Plan*, *Short-Lived Climate Pollutant Strategy*, *California Climate Adaptation Strategy*, *Wildfire and Forest Resilience Action Plan*.
- Administering agencies should design programs to complement other federal, regional, and local plans that advance climate mitigation, adaptation, and/or resiliency goals. These include, for example, sustainable communities strategies; local government climate action plans, sea-level rise plans, and emergency plans; community-led resilience programs; waste diversion goals; energy efficiency measures; and other relevant plans.
- Administering agencies may invest in projects that will generate environmental credits (e.g., renewable energy credits, renewable identification numbers, low carbon fuel standard credits, carbon offsets). However, for existing environmental credit projects (e.g., offset or renewable energy projects), GGRF funds are not appropriate to supplant the ongoing operations of an existing project as the project funding would not achieve additional GHG emissions reductions. In limited cases where a project is generating environmental credits and expansion of that project will facilitate GHG emissions reductions beyond what is being credited, GGRF funds may fund the incremental costs for the expansion or change resulting in additional GHG emissions reductions. Administering agencies funding projects that receive environmental credits, such as crediting under the *Low Carbon Fuel Standard*, should ensure the rules of the crediting system allow for the project to receive GGRF funds.

II.C.9. RECOMMENDATION: COORDINATE INVESTMENTS AND LEVERAGE FUNDS WHERE POSSIBLE TO PROVIDE MULTIPLE BENEFITS AND TO MAXIMIZE BENEFITS

Administering agencies should seek opportunities to work together with other local, state, and federal partners to provide multiple benefits and to maximize the benefits from each program and should design programs that leverage private and other government investments, to the maximum extent feasible. Examples of how to approach such coordination include, but are not limited to, the following.

- Several administering agencies could coordinate and leverage their resources to combine funding for a project or to fund multiple related projects in the same geographic area through a joint solicitation.
- Administering agencies could share information with applicants about other California Climate Investments programs that offer funding for complementary projects. Potential funding recipients could then submit applications to multiple programs. For example, in the same neighborhood, there may be funding opportunities that combine transit improvement projects with other projects (e.g., zero-emission buses, transit oriented affordable housing, urban forestry, active transportation, community air protection, workforce development).
- Administering agencies can coordinate projects that build off existing planning grants or community emissions reduction programs to fund projects that have been identified as community priorities.
- If an administering agency has a program that uses non-GGRF funding to provide job training, the agency could hire those trained workers for a project that is funded by a GGRF-funded program, thereby increasing the benefits for both programs.

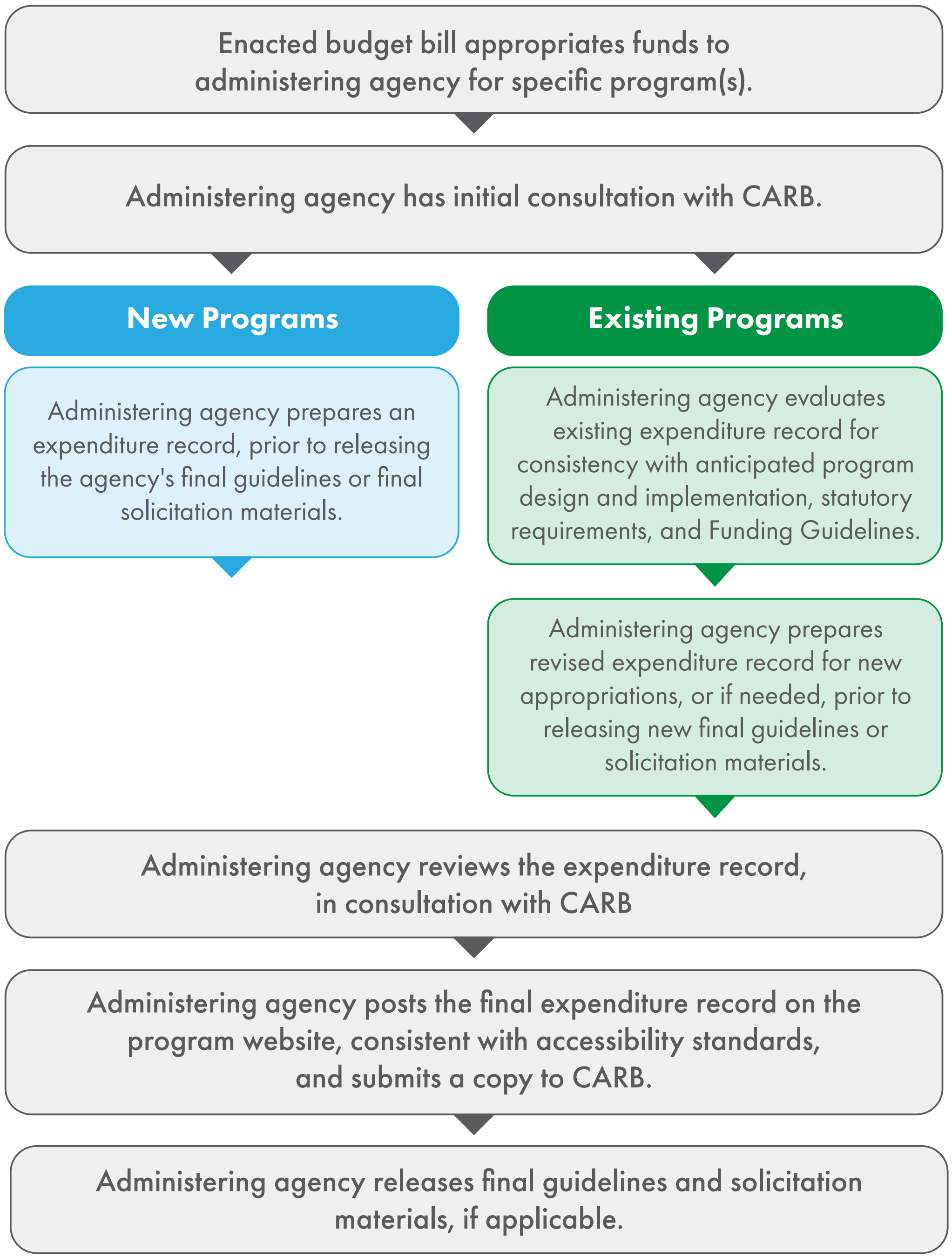
Additionally, administering agencies should join, and encourage applicants and grantees to join, the *Community Connections* directory, which lists potential partners interested in California Climate Investments programs. Partnerships ensure that project proposals reflect the perspectives needed to build resilient communities and implement meaningful investments that reflect community needs. Administering agencies, applicants, and grantees can refer to the Community Connections directory to help maximize benefits to priority populations through targeted community engagement with potential partner community-based organizations.

II.D. Expenditure Records

Administering agencies must develop and post an expenditure record to provide transparency about how GGRF funds will be used, ensure that their program meets statutory requirements, and furthers the purposes of AB 32 and related statutes. Administering agencies are responsible for designing and implementing their program consistent with their published expenditure record.

Figure 4. Timing of Expenditure Record illustrates the timing of expenditure record development in the process of an administering agency receiving an appropriation from the GGRF. The expenditure record must be completed before releasing final program materials and prior to expending any funds on projects.

Figure 4. Timing of Expenditure Record



The expenditure record must accurately reflect program design and implementation, as it is a legal document for maintaining accountability throughout the life of the projects funded by the appropriation. As part of the statutory requirements for preparing an expenditure record, administering agencies must include a description of how a proposed expenditure will contribute to achieving and maintaining GHG emissions reductions. This description must include how a program will demonstrate meeting this requirement; for example, by using CARB quantification methodologies and calculator tools, or a qualitative assessment. By law, an expenditure record is a document that consists of the following five elements concerning the proposed use(s) of the funds:

1. A description of the proposed use(s);
2. A description of how the proposed expenditure(s) will further the regulatory purposes of AB 32 and related statutes;
3. A description of how the proposed expenditure(s) will contribute to achieving and maintaining GHG emissions reductions;[4]
4. A description of how the administering agency considered the applicability and feasibility of other non-GHG emissions reduction objectives; and
5. A description of how the administering agency will document the result(s) achieved from the expenditure.

Administering agencies should refer to their individual appropriation, budget bill, trailer bill, and/or program-specific legislation to confirm statutory requirements and exemptions that may apply to their program expenditure record.

The expenditure record is a public document and must be posted on the administering agency's website, consistent with accessibility standards pursuant to AB 434 (Baker, Chapter 780, Statutes of 2017). For retention purposes, administering agencies must also submit a copy of the expenditure record, and the associated URL for public posting, to CARB via *the GGRF Program email*.

The expenditure record is an important legal document. Administering agencies are strongly encouraged to develop and review their draft expenditure record carefully and thoughtfully, in consultation with CARB, ahead of finalization for public posting. However, CARB review does not indicate legal review and concurrence.

4 Administering agencies may provide qualitative assessments, as described in their expenditure record, to detail how their proposed use of the funds will facilitate GHG emissions reductions.

Administering agencies are required, per SB 1018 (Committee on Budget and Fiscal Review, Chapter 39, Statutes of 2012), to prepare an expenditure record before expending GGRF funds. Administering agencies are strongly encouraged to prepare and post an expenditure record as soon as sufficient program information is known and to regularly evaluate existing expenditure records to best support consistent communication and transparency about the program. Some sample activities that prompt an expenditure record to be developed or updated and posted to the administering agency's website prior to action include, but are not limited to:

- Public release of final guidelines or solicitation materials.
- Executing contracts, loans, grant agreements, or other agreements that obligate funding from the GGRF.
- Financially committing to programs that directly receive funds (e.g., capital outlay projects, state operations expenditures for direct project costs).
- Requesting the withdrawal of funds from the GGRF.
- Submitting documentation to reimburse grantees for project expenditures.

An expenditure record is prepared for each program, not for individual projects implemented under the program, individual transaction requests, or invoices for payment. If an administering agency will use a single appropriation for more than one program, the administering agency may prepare and post a single expenditure record to cover all programs or individual expenditure records for each program implemented with the appropriation, provided each program individually satisfies all applicable statutory requirements. In cases where more than one expenditure record is completed, the administering agency should include a short text summary that describes the portion of the agency's appropriation that is assigned to each program for projects and administration, wherever feasible, as either a dollar amount or a percentage. Revisions to the portion of an appropriation assigned to each program would necessitate revisions to the expenditure record.

The administering agency must regularly evaluate its expenditure record to ensure consistency with the administering agency's program priorities or policies, new budget acts, legislative changes, or updates to the Funding Guidelines. In most cases, an existing expenditure record will be updated to reflect new budget appropriations and statutory requirements and to remain consistent with program design and implementation, as applicable.

A single expenditure record describes a specific proposed use of GGRF funds. As allowed by State law, the use of GGRF funds may occur over several years. Administering agencies will need a new or revised expenditure record if the agency plans a new use of their GGRF funds — for example, a new program or project type not currently covered by an existing expenditure record.

Administering agencies are not required to complete an expenditure record before incurring initial staffing costs to perform the administrative functions associated with the internal management of their program. However, when administering agencies complete expenditure records for program implementation, the amount of funding shown must reflect both anticipated total administrative and program-related expenditures.

III. KEY ELEMENTS TO IMPLEMENTING PROGRAMS

III.A. Program Administration

Table 3. Key Elements in Program Administration summarizes some of the key elements for administering agencies to address as they implement California Climate Investments programs. Items identified as requirements are critical for ensuring program administration is consistent with the overarching principles (Section II.C.) and statutory requirements.

Table 3. Key Elements in Program Administration

III.A.1	Identify program-specific statutory requirements.	☐ Requirement
III.A.2	Follow branding and messaging guidance.	☐ Requirement
III.A.3	Support transparency and provide public access to information on program activities and estimated benefits.	☐ Requirement
III.A.4	Establish policies and procedures for project monitoring, accountability, and audits.	☐ Requirement
III.A.5	Conduct public outreach and encourage community engagement, particularly for priority populations.	☐ Strong Recommendation

III.A.1. REQUIREMENT: IDENTIFY PROGRAM-SPECIFIC STATUTORY REQUIREMENTS

The Funding Guidelines are based on statutory requirements for GGRF funds but may not contain all program-specific details mandated by legislation. Each administering agency is responsible for identifying all the requirements that are applicable to that agency's program(s) to ensure consistency with statute.

Program-specific requirements may include investment targets, fiscal deadlines, and other provisions included in budget bills, budget trailer bills, or policy bills.

III.A.2. REQUIREMENT: FOLLOW BRANDING AND MESSAGING GUIDANCE

The "California Climate Investments" name and logo serve to bring the many investments funded by Cap-and-Trade auction proceeds under a single brand. Consistent California Climate Investments branding and messaging must be used in all communications related to program activities that are funded in full or in part through GGRF funds. Complete guidance on California Climate Investments logo usage, signage guidelines, and high-resolution files are available in the *Media & Communications Style Guide*.

Administering agencies and all funding recipients, including sub-grantees and local agencies that receive GGRF funds to supplement existing programs, must include recognition of funding through California Climate Investments, wherever possible. Administering agencies are responsible for ensuring the program and all funding recipients that receive GGRF funds adhere to California Climate Investments branding requirements. This includes, for example, program material, media releases, and events. Administering agencies are responsible for ensuring the program and all funding recipients that receive GGRF funds adhere to California Climate Investments branding requirements. Clear and consistent branding and messaging for California Climate Investments help unify the many separate programs overseen by different administering agencies, increase awareness and recognition, and better ensure coordinated communication to the Legislature and the public. The following list provides examples that administering agencies should consider as part of branding and messaging, consistent with the Media & Communications Style Guide:

- **Funding source acknowledgement.** Standard funding language that should be used on websites and included in announcements, press releases, and publications is available in the Media & Communications Style Guide. Administering agencies may choose to truncate the standardized funding language to accommodate space-limited announcements. In public-facing messaging and communications, California Climate Investments should only be communicated using the full name ("California Climate Investments") and not "CCI" or other abbreviations.
- **Public outreach.** Recognition of funding under a California Climate Investments program extends to publications, press releases, websites, signage, social media graphics and videos, and other media-related public outreach products. Include the *California Climate Investments' press email* on any distribution lists and post the *@CAClimateInvest Twitter/X handle* and *Facebook handle @CAClimateInvest* on websites. Where appropriate and to the extent feasible, administering agencies should encourage the use of decals, stickers, and/or other signage to display the California Climate Investments logo.[5]
- **Solicitation and events calendar.** The California Climate Investments' *Events Calendar* is a one-stop shop for upcoming events. Administering agencies are strongly encouraged to post program events including meetings, public comment periods, solicitations, and deadlines. Administering agencies are responsible for managing their own events and must contact CARB to create an access account. When an administering agency submits an event, a CARB administrator will review and publish the event to the calendar.

5 The logo was updated in 2016 to include the addition of a tagline "Cap-and Trade Dollars at Work" and should replace the old logo wherever it is still in use.

III.A.3. REQUIREMENT: SUPPORT TRANSPARENCY AND PROVIDE PUBLIC ACCESS TO INFORMATION ON PROGRAM ACTIVITIES AND ESTIMATED BENEFITS

To support transparency, all administering agencies must provide public access to information on California Climate Investments programs and projects. Each administering agency should maintain a website that provides up-to-date program information, including:

- **Solicitation timelines – prior to solicitation release.** To expand access to funds and improve outreach, administering agencies are responsible for coordinating and sharing with CARB the relevant information on upcoming solicitation timelines before a solicitation release, as appropriate for each program. For consumer-based incentive programs, administering agencies are strongly encouraged to share relevant information before funding availability and with an anticipated date of exhaustion.
- **Funding opportunities.** Provide information on funding opportunities, schedules, and application materials that is easily accessible to potential applicants, especially applicants serving priority populations. Administering agencies must also announce funding opportunities using the California Climate Investments *Events Calendar*.
- **Public outreach events.** Publicize workshops, community meetings, public hearings, and other outreach events well in advance of event dates. To reach a broader audience, publicize event notices via local radio or news stations, or post them in public locations (e.g., schools, libraries, community centers, medical clinics, bus stops or other transit hubs, grocery stores). Post materials related to the event (e.g., agendas, presentations, draft documents) and provide a mechanism for the public to ask questions before the event and submit comments after the event. To improve accessibility, provide materials in multiple languages, provide language interpretation services, and select locations and timing that encourage public participation. Provide outreach information for posting using the California Climate Investments *Events Calendar*.
- **Project evaluation and selection criteria.** For each solicitation, administering agencies should clearly describe the project evaluation and selection criteria, within publicly posted guidelines or solicitation materials, to inform the public about the factors that will influence the agency's project selection. Administering agencies are strongly encouraged to clearly communicate project evaluation and selection criteria to the public before the application period.
- **All submitted applications and/or proposals – prior to funding decisions.** For programs that fund projects with competitive grant, loan, or contract solicitations, administering agencies are responsible for posting basic information about all the applications and/or proposals that are submitted for consideration, including those not selected for funding. This information can provide context for the competitiveness of project proposals and identify areas of improvement for future applicants. Administering agencies must post this information on their program websites at least ten business days before the agency makes a final decision on funding awards. Administering agencies can provide this information on their websites using the format that works best for their program(s) (e.g., a list of all applications, brief narrative summaries of each application, concept proposals). For each project application or proposal, the items posted should include, at minimum:
  - Name of applicant;
  - Brief description of the proposed project, including location (excluding sensitive information such as personally identifiable information for any private individuals or cultural resources for tribes);

   - Amount of funding requested; and
   - Whether the project is expected to provide benefits to priority populations.

- **Final project selections – after funding decisions.** Administering agencies must post final project selections once an administering agency makes final decisions on funding awards. Administering agencies are strongly encouraged to post, at a minimum and in addition to the information posted for each submitted application and/or proposal (described above):
   - The project location(s);
   - The type(s) of project(s) selected for funding;
   - Expected benefits (or disbenefits, if applicable) estimated for the project;
   - Expected benefits to be provided to priority populations; and
   - Status updates.
   - Administering agencies may need to work with their funding recipients to obtain this and other information.

- **Points of contact and resources for information and technical assistance.** For each program, administering agencies are responsible for providing contact information (e.g., phone, email, social media) for the public to ask questions or obtain additional information in a prominent location on the program website and in program materials. Administering agencies are also responsible for listing any resources that are available for technical assistance (e.g., frequently asked questions, access to third-party providers of technical assistance). Administering agencies can direct general inquiries to *CARB's bilingual (Spanish) email* [6] and hotline (800-757-2907). Administering agencies should promote the use of the email and hotline for general questions about California Climate Investments.
- **Project estimated benefits, including estimated GHG emissions reductions and co-benefits.** Administering agencies must post the estimated benefits (or disbenefits, if applicable) of implemented California Climate Investments projects or, at a minimum, provide a link to the California Climate Investments website for the *Annual Report*, and *project map and project list*. The public should be able to access the project location (e.g., address, census tract), funding amount, estimated GHG emissions reductions and co-benefits, and benefits to priority populations.
- **Opportunities for continued public participation.** Administering agencies should provide collaborative options that enable the public to remain involved and informed about investments (e.g., social media, listservs, work groups) after awards have been made.
- **Additional public communications.** Administering agencies should *email media releases and project or event photos and videos* for further distribution and promotional use.

6 info@caclimateinvestments.ca.gov

III.A.4. REQUIREMENT: ESTABLISH POLICIES AND PROCEDURES FOR PROJECT ACCOUNTABILITY AND AUDITS

All administering agencies are subject to oversight, including audits by the Legislature, California State Auditor's Office, Department of Finance, other State oversight agencies, including CARB, or a third-party auditor. Administering agencies must have clear policies in place that allow for audits to be conducted by State oversight agencies. Administering agencies also need procedures to monitor California Climate Investments projects and to conduct their own audits or program reviews of funding recipients, either during or after project implementation. This includes any in-house and/or third-party evaluation activities, as described in Section VI.E. Both administering agencies and funding recipients must make records available, if requested, to support program reviewers, third-party evaluators, and/or auditors.

III.A.5. STRONG RECOMMENDATION: CONDUCT PUBLIC OUTREACH AND ENCOURAGE COMMUNITY ENGAGEMENT, PARTICULARLY FOR PRIORITY POPULATIONS

Outreach and community engagement are important components of all California Climate Investments programs. There is a great deal of public interest in learning about funding opportunities. The earlier the information is made publicly available, the easier it is for people to get involved and prepare funding proposals or submit applications.

Priority populations are likely to need more assistance, time, and resources to be as competitive as more privileged communities. It is a priority for California Climate Investments to increase equitable access to funding. Administering agencies can use the *Best Practices* document to work toward that goal. Below are several examples to consider when conducting public outreach and community engagement.

- Administering agencies are responsible for engaging with the public on program documents, including guidelines and solicitation materials. At a minimum, administering agencies should post draft program documents for public review and comment with ample time that is reflective of the length of the document(s) or the extent of proposed changes.
- When conducting outreach and engaging community members, particularly for targeting investments to priority populations, administering agencies are strongly encouraged to consider the following strategies:
  - Publicly designate staff for program outreach and partnership development with and between community groups. Publicly identify an agency or program point of contact or liaison to provide program-specific information, including funding opportunities, program application requirements, eligibility determinations, and technical assistance.
  - Make program staff available to respond to questions from interested project applicants, including questions related to program access, technical assistance, and eligibility determinations. CARB provides coordinated California Climate Investments awareness outreach, including *a bilingual (Spanish) email* [7] and hotline (800-757-2907) for general inquiries, and directs interested parties to administering agencies for assistance.
  - Provide program-specific technical assistance or partner with a third-party entity that can provide technical assistance to potential applicants, including community organizations and local governments, to develop projects and provide application assistance.

7 *info@caclimateinvestments.ca.gov*

- Use a variety of outreach and engagement efforts to reach a broader audience, for example:
  - Host regular workgroups or focus-group meetings with community organizations;
  - Consult the community via public workshops, community meetings, and/or community surveys;
  - Provide updates via listservs, websites, phone calls, videos, webinars, social media, radio, television, and newspapers; and
  - Foster longterm partnerships with key community leaders and organizations throughout the State via ongoing communication, including regular meetings or phone calls, outside of formal guidelines or solicitation processes.
- Conduct outreach and community engagement that improves accessibility for community members. Approaches to improve access may include:
  - Coordinating with community leaders and community-based organizations to attend or present at existing meetings, co-host meetings, or to determine the appropriate place and time for meetings;
  - Coordinating outreach events with other administering agencies;
  - Having informational tables at community events, such as fairs or festivals;
  - Hosting events in places where communities normally gather (e.g., schools, community centers);
  - Hosting meetings during evenings, weekends, or other times that are convenient to community members;
  - Inviting a diverse group with different interest areas to participate;
  - Hosting meetings in locations easily accessible by public transportation;
  - Publicizing workshops and meeting notices via local radio or news stations, posting in public locations such as schools, libraries, community centers, medical clinics, bus stops and transit hubs, and grocery stores;
  - Publicizing outcomes of implemented projects to boost awareness within the target community via press releases for local news, local gatherings, and social media;
  - Applying communication strategies that channel information directly to college students and other youth (e.g., volunteer/internship opportunities within agencies or projects, flyers targeted at students/youth or their parents, leveraging school and athletic events to engage with families);
  - Providing presentations and materials in other languages, and/or providing interpretation services; and
  - Providing opportunities for public input in multiple formats (e.g., in person at meetings, online, by mail, or phone calls).
- Administering agencies are responsible for reaching out to and engaging with tribes. Consult the Tribal Engagement Strategy in the *Resource Portal* when planning for outreach and engagement with tribes.
- Whenever possible, administering agencies are strongly encouraged to co-host workshops with community organizations, which can build on trusted relationships with community residents. Many of these community organizations have limited, but valuable, time and funding for these activities and are often engaged in a multitude of other important community efforts.
- Administering agencies should consider providing participant compensation for services rendered by residents and for defined tasks in the development of community work products, as documented with deliverables (e.g., sign-in sheets, written surveys).

- Administering agencies should evaluate geographic gaps in programs and work collectively to bolster meaningful projects in those communities through targeted outreach. Metrics to assess geographic distribution could include investment dollars per capita, investment dollars compared to the latest version of CalEnviroScreen (or the latest screening tool) scores for disadvantaged communities, and program specific analysis for regional funding gaps.
- Administering agencies should encourage applicants and funding recipients to conduct community engagement, to the extent feasible. There are multiple strategies an applicant and/or funding recipient may utilize for community engagement. For example, administering agencies may consider requiring applicants to include a community engagement plan.

III.B. Guidelines and Solicitation Materials

California Climate Investments programs may use a variety of approaches to implement programs and select projects (e.g., competitive solicitations, non-competitive applications). For guidelines and/or other solicitation materials, the administering agency must include the key elements summarized in Table 4. Key Elements to Include in Guidelines and/or Solicitation Materials and described below. Some of these elements may not apply to all programs, including those that use a "first come, first served" approach to distribute funding or that directly fund infrastructure projects.

Table 4. Key Elements to Include in Guidelines and/or Solicitation Materials

III.B.1	State requirements that all programs must facilitate GHG emissions reductions.	☑ Requirement
III.B.2	Describe how program will maximize benefits to priority populations and evaluate projects for potential benefits.	☑ Requirement
III.B.3	Explain that all applicants must use CARB quantification methodologies and co-benefit assessment methodologies to estimate project benefits, where available.	☑ Requirement
III.B.4	Clearly describe the application process and how projects will be selected.	☑ Requirement
III.B.5	Clearly describe any administrative requirements that apply to project implementation.	☑ Requirement
III.B.6	Describe how the administering agency and funding recipients will track and document GHG emissions reductions, co-benefits, and other information.	☑ Requirement
III.B.7	Include accountability tools in legal agreements, as appropriate.	☑ Requirement

III.B.1.GHG EMISSIONS REDUCTIONS

Administering agencies must clearly state the requirements, when applicable, that programs must facilitate GHG emissions reductions and further the purposes of AB 32 and related statutes.

In addition to guidelines and solicitation materials, administering agencies must clearly state these requirements:

- In program administration documents (e.g., internal administrative procedures);
- On the administering agency's website; and
- During public outreach events (e.g., workshops, public meetings) and in other communications with the public.

III.B.2.MEETING INVESTMENT MINIMUMS FOR PRIORITY POPULATIONS

Administering agencies must describe how they will evaluate projects for potential benefits to priority populations, consistent with the Funding Guidelines. This includes, but is not limited to, the following:

- Explaining how the structure of the program will target investments to projects that provide direct, meaningful, and assured benefits to priority populations and maximize benefits to disadvantaged communities, if applicable. The approaches will vary among the different programs and each administering agency needs to document its chosen approach. For example:
  - Describe any applicable program targets (see Section I.C.1.) or statutory requirements for investments in priority populations and clearly explain how the administering agency plans to meet those program targets.
  - Use a broad, program-wide approach to allocate expenditures for projects specifically located in disadvantaged and low-income communities.
  - Require that individual funding recipients expend a designated percentage of their awarded funds or provide larger award amounts for projects benefiting priority populations.
- Including the evaluation approach and criteria to determine whether investments benefit priority populations. At a minimum, investments must meet the criteria in the applicable benefit assessment tool to count toward achieving the statutory investment minimums identified for priority populations, as described in Section IV.A.
  - Administering agencies may include additional criteria to further target investments.
  - Administering agencies are responsible for collecting the relevant data and completing the evaluation but may have applicants assess their project against the criteria and provide supporting documentation.
  - To assist applicants in providing relevant information, administering agencies may consider including the following resources in guidelines and solicitation materials:
    - Priority populations benefit assessment tools or a reference to the benefit assessment tools that are applicable to the program's project type(s). Benefit assessment tools for each project type are available on the *Resource Portal Reporting and Data Tools webpage*. Only include the benefit assessment tool(s) applicable to the specific project type(s) eligible for funding. For complex projects, there may be more than one applicable benefit assessment tool. In this circumstance, administering agencies should select the benefit assessment tool that is most applicable to the project type.

    - *Priority population map* or a reference to the map. The interactive mapping tool is available on the *California Climate Investments Priority Populations webpage*.
    - A description of efforts to address important needs for priority populations, particularly those needs identified by community residents or representatives.
    - For programs that target investments benefiting low-income households, a description of how the administering agency will assess low-income eligibility. See Section IV.C.2. for strategies for identifying income eligibility.
- Where applicable, holding competitive solicitations that prioritize, or awarding extra points to, projects that meet the criteria for benefiting priority populations, and including additional elements to help target investments to priority populations. Administering agencies could target investments to priority populations in different ways, including prioritizing:
    - Projects that meaningfully address one or more community-identified needs in a disadvantaged or low-income community. In this case, applicants should describe the level of community engagement used to identify the needs of the community and the benefits that their project will provide to that community.
    - Projects that meet multiple criteria in Step 3 of the benefit assessment tools, as described in Section IV.C. In doing so, applicants should describe how the project will meet all the criteria identified.
    - Projects located in a jurisdiction with policies or programs designed to prevent physical or economic displacement of low-income residents and businesses.
    - Projects developed by, or in close coordination with, community organizations and residents.
    - Projects that establish partnerships with small businesses or community-based organizations that promote organizational capacity-building and collaborative project implementation.
    - Projects developed by, or in partnerships with, tribes.
- Establishing targets or minimum thresholds for a specific benefit when developing eligibility requirements in program guidelines and solicitation materials. For example, an agency could identify a certain percentage of total high-quality jobs for a project to be held by residents of priority populations to receive a higher priority for funding.
- Section IV. provides detailed guidance on implementing programs to target investments to priority populations and maximize benefits to disadvantaged communities (Section IV.A); implementing programs to maximize benefits to tribes (Section IV.B); and steps to determining whether a project provides a benefit to priority populations (Section IV.C).

III.B.3. GHG QUANTIFICATION METHODOLOGIES AND CO-BENEFIT ASSESSMENT METHODOLOGIES

Administering agencies must explain that estimated GHG emissions reductions and co-benefits will be calculated using CARB *quantification methodologies and calculator tools* and *co-benefit assessment methodologies* applicable to the funded project types, where available. See Section III.C. for more information.

III.B.4. APPLICATION PROCESS AND PROJECT SELECTION

Administering agencies must clearly describe the application process and how projects will be selected, as described in Table 5. Requirements for Application Process and Project Selection.

Table 5. Requirements for Application Process and Project Selection

Program objectives and available funding	Describe overall program objectives, including the need to facilitate GHG emissions reductions, meet other statutory requirements, and other guiding policies/plans and program goals. Also, provide information on the amount of funding that is potentially available.
Eligibility requirements	Describe eligibility requirements in sufficient detail for potential applicants to determine if their project would be eligible for funding. Clearly state the entities (e.g., local governments, non-profits, institutions of higher education, tribes) that may be eligible for funding. Specify any ineligible costs that do not qualify for GGRF funds.
Match funding and leveraging	Explain whether match funding or other leveraging is required or if an application will rank higher during the project selection process. If an applicant is leveraging funds from multiple sources of GGRF funds or if the applicant is pursuing funding from multiple sources of GGRF funds, require the applicant to describe all existing or potential GGRF sources in the application materials and quantification methodology, if applicable. For instances when a project may receive GGRF funding leveraged from multiple California Climate Investments programs, explain that applicants must clearly identify all potential GGRF funding sources for the project and may be required to apportion estimated and reported benefits, as detailed in Section VI.D.6.
Application procedures	Describe how potential applicants can apply for funding and clearly list any application forms or other materials that applicants must submit. Describe how applicants will be notified of the results. Note that applications will be treated in accordance with Public Records Act requirements and that certain information, subject to those requirements, may be publicly disclosed.[8] If technical assistance is available to help applicants prepare their application materials, provide information on how applicants can access that assistance.
Key dates and deadlines	Specify key dates and deadlines that apply to projects under the solicitation including, but not limited to deadlines for submittal of concept proposals and/or full applications; time-frame for project evaluation and selection; deadlines for funding obligation or liquidation; time allowed for project implementation; and dates when project reports must be submitted to the administering agency.
Project selection criteria	Define the criteria by which projects will be evaluated and selected. Explain the approach an administering agency will use to select projects (e.g., “first come, first served,” competitive process). Where projects have quantitative scoring criteria, specify how each criterion will be scored and weighted. Describe how the administering agency will handle solicitations that do not meet minimum requirements (e.g., the agency will issue a new solicitation if none of the applicants meet a specified minimum score).

8 Government Code §§ 6250-6276.48.

III.B.5. PROJECT IMPLEMENTATION REQUIREMENTS

Administering agencies must clearly describe any administrative requirements that apply to project implementation and applicants selected to receive funding, including key milestone dates and requirements for maintaining eligibility before project completion, if applicable. Administering agencies are also responsible for noting any laws, policies, plans, or other relevant documents that will guide project implementation.

Administering agencies may consider including draft legal agreements with general terms and conditions when releasing draft program guidelines to inform applicants of administrative requirements and accountability procedures.

III.B.6. PROJECT TRACKING, METRICS, AND REPORTING

Administering agencies are responsible for clearly describing upfront how they will track and document GHG emissions reductions, co-benefits, and other information. Section VI. provides guidance on what needs to be tracked and reported. Example provisions that administering agencies may consider and include in program materials, as appropriate, include:

- An explanation of the reporting requirements that will apply to funding recipients — including upfront language regarding any post-project monitoring or reporting considerations for program and project evaluations, such as appropriate access to information for evaluators. Appropriate language should also be included in contracts and agreements with funding recipients.
- A detailed list of metrics explaining what will be tracked or, at a minimum, appropriate language that states that the administering agency and/or funding recipient will track metrics in accordance with the Funding Guidelines.
- A description of who will be responsible for tracking metrics, how often metrics will be tracked (e.g., quarterly), how long metrics will be tracked (e.g., over the quantification period or project life), and the retention period for records after tracking ends (e.g., five years).

III.B.7. ACCOUNTABILITY TOOLS FOR LEGAL AGREEMENTS

For some administering agencies, the agency and funding recipient must execute a grant agreement or other legally binding document that includes requirements for the use of GGRF funds. These agreements must contain terms and conditions that cover accountability, controls, and oversight provisions. Administering agencies should describe the review and audit procedures and remedies for non-performance that will be used for oversight of funding recipients and project implementation.

The following list provides examples of accountability tools that an administering agency may include, as appropriate, in legal agreements.

- Monitoring and reporting requirements that provide for periodic reporting of project status and estimated benefits and disbenefits, if applicable;
- Protocol and reporting considerations for program and project evaluations, including appropriate access to information for evaluators;
- Record-keeping provisions that require grantees to maintain records for a set period relating to the award;
- Auditing language that allows the State or its designated representative to review and copy any records and supporting documentation pertaining to an agreement;

- Terms and conditions to avoid the use of Limited Waivers of Sovereign Immunity, as described in Section IV.B.
- Remedies for nonperformance. Examples of nonperformance include, but are not limited to, misuse of funding for ineligible expenses; failure to comply with program guidelines or requirements; inability to meet performance requirements or scheduled milestones; and failure to comply with the terms and conditions identified in legal agreements. Remedies may include:
    - Dispute resolution language that provides a process for resolution of disagreements between the State and the grantee;
    - Stop work language that gives the State the right to issue a stop work order if a dispute should arise;
    - Termination language that allows the State to terminate an agreement at its sole discretion;
    - Recovery language in grants and other materials (e.g., guidelines) that allows recovery of funds if grantees fail to meet the requirements of the grant;
    - Withholding of funds from payment; and
    - Administrative or civil actions.

III.C. Quantification Methodologies and Calculator Tools

Administering agencies are responsible for demonstrating how their programs facilitate GHG emissions reductions using CARB-developed benefits calculator tools, supported by quantification methodologies and co-benefit assessment methodologies, wherever possible. Some project types will not have quantifiable GHG emissions reductions and administering agencies will need to develop a qualitative assessment to demonstrate how expenditures facilitate GHG emissions reductions.

III.C.1. CONSULTING WITH CARB ON QUANTIFICATION

CARB advises administering agencies on the feasibility of quantifying estimated GHG emissions reductions and co-benefits from proposed project types as part of the initial consultation, as described in Section III.C. CARB will work with administering agencies to assess the proposed project type(s) and potential quantification approaches, including available co-benefit assessment methodologies. If, during the initial consultation, there is an identified need for new or revised quantification methods, CARB will work with administering agencies to determine the feasibility and timing. CARB typically develops draft quantification methodologies and calculator tools concurrent with an administering agency's draft program guidelines and solicitation materials, whenever feasible, to facilitate a coordinated process for public participation.

III.C.2. DEVELOPING QUANTIFICATION METHODOLOGIES AND CALCULATOR TOOLS

CARB develops quantification methodologies and calculator tools to provide project-level GHG or co-benefit estimates that are supported by empirical literature. This work relies on a review of the available science, coordination with the administering agencies, and consultation with outside experts and academic partners to obtain technical assistance and expertise, as needed.

The quantification methodologies and calculator tools are developed to:

- Support calculating the estimated GHG emissions reductions and applicable co-benefits for individual projects;
- Apply to the project types proposed for funding;
- Provide uniform methodologies that can be applied statewide and are accessible by all applicants;
- Use existing and proven tools or methodologies, where available;
- Include the expected period of time for when GHG emissions reductions and co-benefits will be achieved; and
- Identify the appropriate data needed to calculate GHG emissions reductions or co-benefits.

Quantification methodologies and calculator tools are specific to each project type and may be updated over time. In addition to GHG emissions reductions, calculator tools may include estimates of certain co-benefits (e.g., renewable energy generated, trees planted). Providing estimates of a variety of co-benefits within the calculator tools can assist in project selection and reporting.

III.C.3. APPROACHES FOR QUANTIFICATION

Broadly, there are two different approaches for quantification methodologies and calculator tools: a one-step approach, and a two-step approach. In the one-step approach, GHG emissions reductions and co-benefits are estimated once based on project-specific inputs. In the two-step approach, GHG emissions reductions and co-benefits are estimated once based on initial assumptions and again after implementation, based on reported project-level data. In both cases, the quantification methodologies are used for reporting purposes. The two-step approach is generally used for consumer-based incentive programs.

Quantification methodologies and calculator tools based on the one-step approach estimate GHG emissions reductions and co-benefits of proposed projects based on the specific characteristics of each project. For example, when administering agencies conduct competitive solicitations, administering agencies, applicants, or technical assistance providers can use the quantification methodology to estimate GHG emissions reductions and co-benefits for their proposed project. This estimate, along with any supporting documentation, may be reviewed by the administering agency, technical third-party reviewers, and/or in consultation with CARB. Administering agencies decide how to incorporate estimated GHG emissions reductions and co-benefits into their project ranking and selection process. Estimated GHG emissions reductions are reported after the project is implemented and the estimate must be calculated only once.

For most consumer-based incentive programs, project-level details may not be known prior to expending funds. Therefore, administering agencies may use a two-step quantification approach. Administering agencies develop an initial estimate of GHG emissions reductions and co-benefits based on the amount of funds and general assumptions for how the funds will be implemented, where possible. After incentives are issued and projects are implemented, the administering agency updates the GHG emissions reduction and co-benefits estimates using quantification methodologies and calculator tools, and actual project-level data. For example, for a vehicle rebate incentive program, the administering agency estimates the expected GHG emissions reductions and co-benefits based on the amount of funding allocated to the program and historical data on the number and type of clean vehicles funded. After vehicle rebates are provided to consumers, the administering agency recalculates the estimated GHG emissions reductions and co-benefits using the actual number and type of vehicles funded. These initial and recalculated estimates will be used for project-level reporting on "awarded" and "implemented" projects, respectively, as described in Section VI.D.

III.C.4. CO-BENEFIT ASSESSMENTS

In addition to supporting the State's climate change goals, California Climate Investments also provides many economic, environmental, and public health co-benefits. CARB's co-benefit assessment methodologies support estimation of these additional benefits to provide a more holistic picture of each program beyond GHG emissions reductions. Administering agencies can use the results from co-benefit assessment methodologies and calculator tools to prioritize investments that maximize co-benefits; substantiate that a project provides direct, meaningful, and assured benefits to priority populations; and demonstrate how the project avoids or minimizes potential burdens.

The applicable co-benefits estimates vary by the project type(s) proposed for funding. Co-benefit assessment methodologies may support quantitative or qualitative estimates depending on the nature of benefit provided and available research. CARB develops calculator tools and standalone co-benefit assessment methodologies to estimate co-benefits using project-specific inputs, similar to the estimation of project GHG emissions reductions.

Administering agencies must apply the same requirements for quantification for all projects of the same project type.

III.C.5. PROCESS FOR UPDATING METHODOLOGIES AND CALCULATOR TOOLS

CARB may review and update its calculator tools, quantification methodologies, and co-benefit assessment methodologies periodically based on new or evolving project types; new legislation; available resources; new scientific developments or tools, or modifications in the analytical tools or approaches upon which the methodologies were based; or input from administering agencies or the public.

If the Legislature appropriates funding for a new program, CARB evaluates existing methodologies and calculator tools to see if they might be applicable to the new program and to help ensure a consistent approach for similar project types. In some cases, it may be possible to use existing methodologies and calculator tools for new programs.

Major updates to a methodology and calculator tool, as necessary, typically occur before a solicitation is released for the applicable project type, to facilitate a coordinated process for public review. CARB incorporates updates that apply to multiple calculator tools and supporting methodologies as part of the next necessary update for the individual calculator tools (e.g., to incorporate relevant emissions factor updates). For existing methodologies and calculator tools that are being revised, a formal public review may only be needed for major updates such as: additions of methods for new project types; changes in general approach for existing project types; significant changes in underlying emissions factors; changes in the external tools required for the method; or changes in the accounting boundary.

IV. IMPLEMENTING PROGRAMS TO BENEFIT PRIORITY POPULATIONS

IV.A. Requirements for Targeting Investments to Priority Populations and Maximizing Benefits to Disadvantaged Communities

California Climate Investments are required to meet multiple objectives for providing benefits to priority populations. Administering agencies must target investments to priority populations, per AB 1550, and maximize benefits to disadvantaged communities, per SB 535 and AB 1532 (Perez, Chapter 807, Statutes of 2012).[9] The following requirements apply to all administering agencies.

- Assess program structure for potential opportunities to target investments to benefit priority populations (e.g., set-asides, scoring criteria for competitive solicitations). For example, when selecting projects, give priority to those that maximize benefits to disadvantaged communities and provide clarity in how that priority is given.
- Evaluate project types for potential benefits to priority populations using *the benefit assessment tool* provided by CARB.
- Create or modify program guidelines or procedures to meet or exceed program targets as described in Section I.C.1.[10]
- Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as physical or economic displacement of low-income or disadvantaged community residents or businesses, including small businesses, and/or women or minority-owned businesses; or increased exposure to toxics or other health risks.

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9 AB 1550 and SB 535 require that a minimum of 35 percent of California Climate Investments funding is invested in projects located within the boundaries of communities of priority populations, with an emphasis on maximizing benefits to disadvantaged communities. Priority populations include residents of: (1) communities identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low income per AB 1550; or (3) a low income household per AB 1550.

10 For administering agencies with additional specific statutory investment requirements for disadvantaged community benefits, such as those in SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014) or SB 859 (Committee on Budget and Fiscal Review, Chapter 368, Statutes of 2016), ensure the program can meet or exceed both the program specific investment requirements and AB 1550 program level targets.

- Provide direct outreach and promote community engagement of local community residents and community-based organizations in disadvantaged and low-income communities. These actions should begin in the early stages (e.g., during the development of guidelines and solicitation materials) and continue through project implementation, as feasible.
    - Conduct community engagement in or near disadvantaged and low-income communities to seek input on important community needs from local community residents and community-based organizations.
    - To balance outreach and community engagement needs with administering agency resources and capacity, each agency may define a subset of locations at which to provide outreach and engagement opportunities that offer reasonable access to participants from the disadvantaged and low-income communities likely to benefit from projects.
    - See Section II.C.7. for examples of public participation strategies.
- Publicly identify an agency or program point of contact or liaison to provide program-specific information to the public, including funding opportunities, program application requirements, eligibility determinations, and application or technical assistance. The program point of contact or liaison's role may include:
    - Providing general outreach and identifying opportunities for technical assistance related to their program, based on the level of resources available.
    - Participating in any CARB meetings or working groups dedicated to outreach and community engagement and collaborating through inter-agency discussions.
    - Coordinating with community members or advocates, the Strategic Growth Council, and/or other entities as identified by CARB, to define the nature and scope of technical assistance needs for each program and to increase competitiveness of applications from disadvantaged and low-income community applicants. Strategies, tools, and other resources for provisioning effective technical assistance are available on the *Resource Portal*.
    - Coordinating with CARB on disadvantaged and low-income community outreach and engagement activities to increase program awareness, build partnerships, and promote successful participation of disadvantaged and low-income communities in the program. CARB works with contractors to provide a suite of outreach services and facilitate communication between the public and administering agencies. To improve the utility of the services for all users, administering agencies should regularly update CARB of any important deadlines, workshops, outreach liaisons or points of contact, and general program requirements and eligibility information, as described in Section III.A.

IV.B. Recommendations for Maximizing Benefits to Tribes

The following recommendations provide additional guidance to administering agencies for implementing programs that maximize benefits to tribal governments, tribal-led and tribal-serving nonprofits and businesses, and tribal members. The following recommendations are intended to address unique considerations that are relevant to tribes, such as Limited Waivers of Sovereign Immunity, eligibility, and location disclosure for culturally significant sites. Administering agencies should use the *Resource Portal* to access more guidance regarding tribal engagement, including the Tribal Engagement Strategy, which describes the worldview and historical context for administering agencies and provides recommendations for how to best engage with tribal communities.

Navigate Limited Waivers of Sovereign Immunity thoughtfully:

Certain program requirements could discourage tribes from applying for funding. For example, some programs require Limited Waivers of Sovereign Immunity, which State agencies use to facilitate legal agreements with tribes, ensure compliance with contractual obligations, or resolve any disputes that may arise. Waiver requirements and contents may differ between agencies, with each agency's legal counsel determining which scenarios waivers are meant to cover. The following recommendations are intended to increase participation from tribes:

- Inform tribes early in the application process about the Limited Waiver of Sovereign Immunity — through one-to-one engagement, but also, for example, during public workshops and meetings, in program applications, and proactively in any public materials.
- Clearly define the purpose, terms, and conditions, and what portions, if any, of the Limited Waivers of Sovereign Immunity are negotiable. Proactively engage with potential tribal applicants so that they are aware that a waiver may be required of their tribe to receive funds and include key information about Limited Waivers of Sovereign Immunity in solicitation and engagement materials.
- Communicate directly and transparently about why the agency is requiring a Limited Waiver of Sovereign Immunity and discuss any requirements or processes a tribe must follow to obtain a limited waiver.
- Foster transparency and trust between administering agencies and tribes by providing training for the agency's program staff on the program's Limited Waiver of Sovereign Immunity. This will help program staff directly answer questions posed by tribes.
- For tribes that operate through a 501(c)(3) nonprofit, specify under what scenarios they are required to sign a Limited Waiver of Sovereign Immunity.

Develop proactive relationships with tribal grantees and tribal applicants:

- Proactively work with tribes to anonymize culturally significant locations and details of project sites.
- Provide invoicing support through templates and technical assistance. Proactively facilitate dialogue to identify where that tribe may incur higher costs to complete project tasks to avoid downstream delays in invoicing processing and reimbursement. Higher invoicing costs may result from needs unique to tribes, such as:
- Higher travel costs due to limited airport access from reservations or rural areas.
- The need for liaisons between tribal community members and the project team.
- Proactively work with tribal grantees to streamline the reporting experience, including developing an early consensus on information to be collected and addressing anonymization and data sovereignty needs.

Design programs with elements to meet needs unique to tribes, wherever possible:

- Provide planning support that is responsive to tribal needs via technical assistance, needs assessments, and planning grants. This necessitates proactively working with potential applicants and previous grantees to understand how these forms of support may need to adapt to be inclusive of tribal needs.
- Provide dedicated resources including, for example, tribal-focused listening sessions, tribal set-asides, or tribal-specific solicitation cycles.
- Provide clear definitions regarding tribal eligibility. Consider expanding eligibility to include tribes that do not currently hold federal recognition and tribes that operate through nonprofits.
- Avoid requiring physical office space or headquarters to apply. This can provide a barrier for resource-limited tribes that utilize community spaces or family homes.
- Support financial independence and reduce the burden associated with payment in-arrears systems by clearly stating payment wait times and, whenever possible, providing advanced pay to tribes. Where possible, avoid exercising the option to withhold funds, which may disproportionately affect the financial independence of tribes as well as the development of respectful working relationships.
- Provide funding for project upkeep to support project longevity. This provides tribes more time to find a sustainable funding source for upkeep and ensures longterm project benefits.
- Allow and encourage long implementation timelines to provide room for adaptation, learning, and unforeseen challenges. This is particularly important for first-time grantees who may not always receive clear guidance. Provide options for extended timelines to complete projects to accommodate learning and unforeseen barriers.
- Some federally recognized tribes may have a Negotiated Indirect Cost Rate agreement developed in partnership with the federal government. These negotiated rates best reflect the needs of tribes and should be honored wherever possible. Additionally, if feasible, consider extending similar rates to tribes without federal recognition to promote inclusivity for all tribes.

Avoid undue burden to potential applicants by engaging with existing and emerging resources:

- Participate in California Climate Investments meetings or working groups dedicated to outreach and community engagement where program staff discuss and outline lessons learned for increasing equitable access to funding for tribes.
- Utilize the most up-to-date California Climate Investments resources related to tribes, such as the Tribal Engagement Strategy, tribal-specific funding web page, and others found in the *Resource Portal*, for additional recommendations on how to better maximize benefits to tribes.
- Seek out avenues to learn about tribal priorities as they emerge to ensure that eligible projects match emerging tribal needs.
- Recognize challenges faced by past grantees as an opportunity to interrogate program design and develop new ways to remove barriers. Additionally, share successes and opportunities to replicate those successes in other areas. This ensures that the experience of current grantees promotes greater inclusivity for all tribes.

IV.C. Determining Benefits to Priority Populations

IV.C.1. GENERAL APPROACH

All projects counting toward the priority population investment minimums must be both located within an identified disadvantaged or low-income community and benefit individuals living within that community, or directly benefit residents of low-income households anywhere in the State. Administering agencies must determine if a project meets the criteria for providing direct, meaningful, and assured benefits and addresses an important community need using the following evaluation approach:

- **Step 1:** Identify the priority population. Be located within a community identified as disadvantaged or low-income, or directly benefit residents of a low-income household;
- **Step 2:** Identify a need. Identify an important community or household need for the identified priority population; and
- **Step 3:** Provide a benefit. Using the evaluation criteria, identify at least one direct, meaningful, and assured benefit that the project provides to priority populations. The benefit provided must directly and meaningfully address an identified need.

Only investments that meet these criteria will count toward achieving the statutory investment minimums identified for priority populations.

CARB provides *benefit assesment tools* for each project type, which administering agencies must use to determine whether projects satisfy each of the three steps. CARB also provides a specific benefit assessment tool for projects that are investing in jobs training and workforce development. In evaluating a project, administering agencies will use the benefit assessment tool(s) that is applicable to the project being evaluated. The criteria are designed to enable administering agencies to readily make an objective "yes" or "no" decision about whether a particular project provides a benefit to a priority population.

Benefit assessment tools are used by administering agencies to determine whether a project provides direct, meaningful, and assured benefits to a priority population. The benefit assessment tools do not provide information about the magnitude or multitude of benefits a project may provide. Generally, if a component of an individual project is determined to provide a benefit to a priority population, then the entire project provides a benefit. Administering agencies are encouraged to use CARB co-benefit assessment methodologies to evaluate the magnitude or multitude of benefits a project may provide.

While the benefit assessment tools are intended for administering agencies, administering agencies may choose to have applicants assess their proposed project against the criteria and provide the benefit assessment tool(s) as part of solicitation materials. Administering agencies are encouraged to incorporate the benefit assessment tool(s) into their solicitation materials so that they can prioritize and select projects that maximize benefits to priority populations.

Administering agencies are not required to submit completed benefit assessment tools to CARB. Reporting requirements, provided in Section VI., include information administering agencies are required to submit on how projects provide benefits to priority populations.

Due to the wide variety of administering agencies and programs, there are numerous methods outlined in the benefit assessment tools that administering agencies might use to determine whether a project benefits priority populations. New and evolving California Climate Investments programs may necessitate new or revised benefit assessment tools. CARB will post draft versions of the benefit assessment tools for public comment prior to finalizing the criteria for use by administering agencies. To the extent feasible, new or revised benefit assessment tools will be developed before a solicitation is released for the applicable project type, to facilitate a coordinated process for public review of draft program guidelines and any draft GHG quantification methodologies.

All benefit assessment tools, including drafts for public comment and information on how to access archived versions, are posted on the *Resource Portal Reporting and Data Tools webpage*.

IV.C.2. STEP 1: IDENTIFY THE PRIORITY POPULATION

Administering agencies must evaluate whether a project meets the criteria for being located within a disadvantaged community or low-income community, or directly benefits residents of a low-income household.

Many of the criteria are based on a project being located within the boundaries of a disadvantaged or low-income community. The following interactive maps are available as resources to aid in determining geographic eligibility for disadvantaged and low-income communities. The interactive maps show: the disadvantaged community areas, low-income community census tracts located anywhere in the State, and "portions of" low-income census tracts within ½ mile around a disadvantaged community boundary. These maps are available on the *California Climate Investments to Benefit Disadvantaged Communities* and *Priority Population map* webpages.

To determine whether a household qualifies as a low-income household, a lookup tool and a list of low-income thresholds by county and household size are available on the *California Climate Investments Priority Populations webpage*.

For projects that are in a fixed location (e.g., affordable housing development, dairy digester), it is relatively straightforward to evaluate whether the project's physical location is within the geographic boundaries of a disadvantaged or low-income community and determine eligibility. For projects that are directly targeting low-income households, administering agencies must identify an approach to confirm income eligibility. Strategies for identifying income eligibility consistent with the low-income definitions in AB 1550[11] include:

- Relying on enrollment in public assistance programs that use the same or lower income threshold to pre-qualify applicants (e.g., CalFresh/Supplemental Nutritional Assistance Program, Temporary Assistance for Needy Families, School Free or Reduced Lunch programs, MediCal);
- Having applicants self-certify their income, followed by the agency checking income levels for a random sample of applicants;
- Contractually requiring a third-party administrator to determine, verify, and report on income eligibility of target households; or
- Requiring all applicants to submit income verification.

11 AB 1550 defines "low income households" as those with: 1) a household income at or below 80 percent of the statewide median income, or 2) a household income at or below the threshold designated as low income by the Department of Housing and Community Development's State Income Limits.

For projects in multiple locations or that span multiple communities (e.g., rail lines, transit bus routes) and for mobile sources (e.g., zero emission vehicles), the evaluation may require additional analysis. Guidance for determining project location is provided in the benefit assessment tools specific to each project type.

If a project does not meet at least one of the qualifying criteria in Step 1, the project does not count toward statutory investment minimums and no further evaluation is needed.

If the project meets at least one Step 1 criterion, continue the evaluation in Step 2. While the project must meet only one Step 1 criterion, administering agencies should identify each criterion that the project meets for accounting and reporting purposes.

IV.C.3. STEP 2: IDENTIFY A NEED

For projects meeting at least one of the criteria in Step 1, administering agencies must evaluate whether the project provides a benefit that meaningfully addresses an important community or household need. An administering agency, applicant, and/or funding recipient must use at least one of the following approaches to identify a need, in order of priority and as described in Step 2 of the benefit assessment tools.

- Administering agencies, applicants, and/or funding recipients are strongly encouraged to directly engage local community residents and community-based organizations to identify an important need for that community along with steps to meaningfully address that need. Examples of direct engagement include hosting community meetings or workshops, consulting community-based organizations or focus groups, conducting community surveys, or other community engagement efforts to gather local input on important community needs.
- If direct community engagement is not feasible, administering agencies, applicants, and/or funding recipients can either:
  - Receive documentation of broad support for a proposed project from local community residents and community-based organizations or confirm the project furthers the goals identified in a local plan or initiative designed to address local needs (e.g., regional sustainability plan, transit agency strategic plan, community needs assessment) that was developed through a robust community engagement process; or
  - Refer to one of the tools provided on the *Resource Portal Reporting and Data Tools webpage* and confirm that the project will reduce the impacts related to at least one of the factors or indicators.
- If none of the above approaches are feasible, or for programs or projects serving individual households or businesses only, such as through vouchers or rebates awarded to qualifying applicants on either a first come, first served basis or on a needs-based model, administering agencies, applicants, and/or funding recipients can identify needs through engagement conducted during program design.

The administering agency must document the approach used to determine community needs and, if applicable, should document the level of engagement and how community input was considered in project design.

If the project addresses a community or household need as described in Step 2, proceed to Step 3. If the project does not address a community or household need, it will not be considered to provide a meaningful benefit to priority populations, it will not count toward statutory investment minimums, and no further evaluation is needed.

IV.C.4. STEP 3: PROVIDE A BENEFIT

For projects that meet the criteria in Step 1 and Step 2, the project must meet at least one of the criteria in Step 3 to be considered as providing direct, meaningful, and assured benefits to priority populations and count toward statutory investment minimums. The benefit provided must directly address the need identified in Step 2. When reporting to CARB, administering agencies must describe the identified important community or household need that is being addressed.

While many projects will provide multiple benefits to priority populations and may meet multiple benefit criteria, agencies must identify and report only one benefit criterion to count toward the statutory investment minimums. Agencies may additionally provide a qualitative description of all benefits provided to priority populations when reporting on funded projects.

For projects that provide funding in several locations (e.g., solar installations throughout California, rebates for zero-emissions vehicles, waste diversion and utilization grants that include a food rescue or textile rescue project), the administering agency and/or funding recipient is required to identify, track, and report the amount of funding that is spent in locations with priority populations.

V. IMPLEMENTING PROGRAMS TO SUPPORT WORKFORCE DEVELOPMENT AND JOB QUALITY IN CALIFORNIA CLIMATE INVESTMENTS

Guiding legislation states California Climate Investments programs must foster job creation wherever possible.[12] The State seeks to incorporate employment principles that uplift job quality in all California Climate Investments programs to promote economic prosperity for priority populations and support impacted workers as California reduces GHG emissions to meet State goals. This section provides recommended guidance for all administering agencies with programs that support direct jobs. Guidance specific to administering agencies subject to AB 680 can be found in Section V.B.

V.A. California Climate Investments Job Quality Principles

Workforce development efforts should achieve social, economic, and environmental co-benefits by improving job quality and access to high-quality jobs for priority populations, women, those facing barriers to employment, and others that have been underserved or underrepresented.[13] Administering agencies can require or recommend the job quality principles below for projects to support high-quality jobs, economic security, and career mobility. A high-quality job facilitates an individual's economic mobility by providing, at minimum, compensation at or above the regional median wage and offers vacation and sick leave, training opportunities, and retirement benefits featuring an employer contribution.[14] Access to high-quality jobs and training opportunities fosters economic security.

Administering agencies with program activities meeting the definition of public works may have additional job quality requirements relating to payment of prevailing wages and apprenticeships. Prevailing wage must be paid to applicable workers employed on public works projects as defined in Labor Code § 1720. Please consult the Department of Industrial Relations (DIR) for matters related to compliance with prevailing wage and other labor laws.

12 Health & Safety Code § 39712.

13 Unemployment Insurance Code § 14005 identifies groups considered individuals with employment barriers and requires workforce development strategies that include interventions to improve job quality and access, including for women and people from underserved or underrepresented populations.

14 AB 680 defines the term "high-quality job." The recommendations in this section use this definition as a baseline for elevating job quality in programs.

Administering agencies are encouraged to support high-quality jobs through GGRF appropriations by updating program requirements to include job quality principles beyond the minimum required by law and prioritizing projects that involve employers supporting high-quality jobs. The *Resource Portal* contains resources to support administering agencies in implementing job quality principles into their programs.

Job quality principles include but are not limited to:[15]

- **Wage and benefit standards;**
- **Training pathways;**
- **Local and targeted hiring;**
- **Supportive organizational culture;**
- **Worker voice and representation; and**
- **Workplace safety.**

Each element contributes to increased job quality and is described in more detail below.

Wage and benefit standards:

Wage and benefits standards elevate job quality by creating minimum criteria for an employer's compensatory package and should include:

- Wage floors that provide wages at or above the median wage in the project region ensuring workers can afford to live in the region in which the job is located. Wage standards include proper classification of workers as employees rather than independent contractors, as applicable. Certain types of work that meet the definition of public works must be paid prevailing wages per federal and State law.
- Predictable scheduling, a no tolerance policy for wage theft, and proper classification of workers.
- Comprehensive benefits packages that support employees' overall well-being. Benefits may include:
  - Employer-sponsored healthcare coverage and retirement packages;
  - Mental health services and wellness programs;
  - Paid time off, vacation time, sick leave, and scheduling flexibility;
  - Childcare support, family support, and paid parental leave; and
  - Professional development and training opportunities.

15 This list of job quality principles was developed based on the U.S. Department of Labor's *Good Jobs Principles*, the *California Workforce Development Board's The California High Road: A Road Map to Job Quality*, and the University of California Berkeley Labor Center's *Putting California on the High Road, A Jobs and Climate Action Plan for 2030*. These sources present a vision for supporting high-quality jobs by emphasizing worker voice, organizational culture, and traditional metrics like wages and benefits. The University of California Berkeley Labor Center, in *HRTP Essential Elements: Worker Voice*, defines worker voice as the meaningful engagement of workers to improve workplace practices, fostering a supportive workplace culture. The Mental Health Services Oversight and Accountability Commission, in *Working Well: Supporting Mental Health at Work in California*, highlights that a supportive workplace culture is essential to worker well-being. Additional resources for implementing job quality principles are available on the *Resource Portal*.

Training pathways and upward mobility:

Training and apprenticeship programs that result in an industry-recognized credential create pathways to enter into high-quality jobs and facilitate career mobility. Focus should be placed on strengthening existing, comprehensive training pathways that facilitate career mobility rather than building new, narrow programs that focus on one particular "green" skill or technology.

Access to training and credentials that lead to high-quality jobs can uplift members of priority populations, women, those facing barriers to employment, and others that have been underserved or underrepresented in the relevant sector.

Local and targeted hiring mechanisms:

Local hiring ensures community members benefit economically from projects in their region. Targeted hiring focuses on improving access to high-quality jobs for workers from priority populations, women, those facing barriers to employment, and others who have been underserved or underrepresented in the relevant sector.

Supportive organizational culture:

A supportive organizational culture is one where all employees belong and are equally valued, respected, and meaningfully engaged. Practices include creating a workplace culture that is free of harassment, discrimination, and retaliation. Fostering a supportive organizational culture promotes an inclusive workplace that prioritizes psychological safety at work. The California Civil Rights Department investigates harassment and discrimination claims, and DIR investigates employer retaliation complaints. Please visit the *Resource Portal* to learn more and be connected to these resources.

Worker voice and representation:

An inclusive workplace values worker voice, wherein workers of all skill levels and backgrounds are engaged to inform workplace decisions and culture. Employers should create an environment where workers feel empowered to give feedback, remain neutral and not impede employees' right to organize or join a union, and take meaningful actions informed by individual and collective feedback.

Workplace safety:

Workplace safety encompasses compliance with applicable worksite or workplace safety requirements such as provision of proper personal protective equipment, meal and rest periods, and predictable scheduling. Workplace safety can additionally be expanded to include psychological safety, worker voice, and an environment free from harassment or retaliation. DIR oversees worksite safety regulations. Please visit the *Resource Portal* to learn more about workplace safety.

V.A.1. STRATEGIES FOR ADMINISTERING AGENCIES TO SUPPORT JOB QUALITY

Administering agencies are encouraged to utilize the following strategies to embed job quality in programs through their guidelines, solicitation materials, grant agreements, and contract language, as applicable.

Ranking and scoring process: The ranking and scoring process is a strategy administering agencies can use to prioritize projects that demonstrate a commitment to supporting high-quality jobs. Prioritization mechanisms should seek to elevate projects that maximize benefits to priority populations. Administering agencies that select projects without a competitive process should incorporate job quality principles as a requirement, as applicable.

Labor and community agreements:[16]

Administering agencies that implement programs that involve construction work may consider encouraging applicants to include workforce and community agreements in their project design. Administering agencies can encourage applicants with projects supporting direct jobs that do not involve construction or development to include job quality principles and community benefits in their project design. The *Resource Portal* contains more information about labor and community agreements.

- **Project Labor Agreements (PLA):** PLAs are pre-hire collective bargaining agreements that are unique to the construction sector. PLAs are negotiated between one or more construction unions and one or more construction employers (contractors/project owners) and include clauses that streamline project administration by negotiating terms to prevent strikes or lockouts, establish grievance procedures, and set wages or fringe benefits before the start of work.
- **Community Workforce Agreements (CWA):** CWAs are comprehensive strategies to incorporate job quality standards into programs. CWAs include all elements of a PLA and add enhanced equity measures, such as targeted and local hiring provisions to uplift communities in the project region.
- **Community Benefits Agreements (CBA):** CBAs are private, legally binding contracts between a land use developer, employer, contractor, or other project owner and a coalition of community-based organizations regarding a proposed development project. CBAs empower the community to ensure development projects result in direct benefits most meaningful to community members.

Procurement:

The procurement process provides an opportunity to forward broader equity goals and support businesses that provide high-quality jobs. Inclusive procurement moves away from lowest-cost contractor selection and instead evaluates bids using criteria that prioritize employers committed to fostering high-quality jobs and advancing efforts to serve priority populations, women, those with barriers to employment, and other underserved or underrepresented groups. Administering agencies may consider requiring applicants who undergo bidding and procurement for contracted services to demonstrate an inclusive procurement policy.

An inclusive procurement policy can require contractors interested in working on a project to report job quality data and demographic information during the bidding process. Administering agencies can additionally explore opportunities to include wage and benefit floors, training and skills standards, and other job quality principles in procurement policies for services, materials, and equipment.

16 U.S. Department of Labor, Project Labor Agreement Resource Guide

Leverage partnerships that increase capacity for workforce development:

The last strategy emphasizes the value and capacity that partnerships can add to a program or project. Administering agencies can directly form partnerships or incentivize applicants to do so. Leveraging resources available through the workforce system, community organizations, industry representatives, training providers, employers, and other programs fosters a more holistic approach to workforce development across the California Climate Investments portfolio. Administering agencies can learn more about leveraging resources in Section II.C.9. and should do so in a manner that maximizes benefits to priority populations as outlined in Section II.C.2.

Administering agencies should incentivize applicants to include partnerships with relevant workforce services providers in their project design. Additionally, administering agencies are encouraged to explore opportunities to develop partnerships and resources that increase capacity for workforce development at the program level. Strategies should ensure members of rural areas and priority populations have access to training and supportive services, which may require a regional approach to mitigate barriers to workforce services resulting from program design. Supportive services for workers facilitate an individual's ability to participate in a training program through provision of childcare, transportation, internet connectivity, case management, books and supplies, human services, or other elements.

Administering agencies are encouraged to explore opportunities to support job quality at the program and project level through partnerships with:

- Pre-apprenticeship and apprenticeship programs that close basic skills gaps and create trade occupation pathways responsive to labor market demands.[17]
- Training providers and educational institutions that guide new entrants to the labor market, assist workers in carbon intensive industries seeking training to remain competitive in a changing labor market, and uplift priority populations by improving access to high-quality jobs in the relevant sectors.
- Workforce services providers that connect with training programs, educational institutions, and supportive services.
- Community-based organizations that can facilitate recruitment and local hiring.

The *Resource Portal* contains more information regarding the development of partnerships within the workforce development system, including training pathways and resources available to support applicants.

17 DIR's Division of Apprenticeship Standards oversees California's apprenticeship system.

V.B. AB 680 Workforce Standards to Support Job Quality for Covered Programs

AB 680 requires certain California Climate Investments programs (covered programs), as outlined below in Section V.B.1, to implement six workforce standards across applicable projects.[18] These standards set baseline job quality and project selection requirements aligned with the State's workforce development goals.

As defined in AB 680, a high-quality job facilitates an individual's economic mobility by providing compensation at or above the regional median wage and offers vacation and sick leave, training opportunities, and retirement benefits featuring an employer contribution. Please see Section V.A. for ways to uplift job quality beyond this minimum. Many of the standards emphasize creating high-quality jobs for members of priority populations. The standards also prioritize tribal community members, which include federally recognized and non-federally recognized tribal governments and their members (California tribes).

Administering agencies with covered programs are encouraged to exceed the standards required by AB 680 where possible and to the extent feasible. To ensure access to high-quality jobs supported by covered programs, administering agencies may consider requiring applicants to conduct community engagement and outreach initiatives, support training programs, develop partnerships, and leverage the existing State workforce development infrastructure. These activities should prioritize assisting members of priority populations and California tribes in overcoming barriers to obtaining high-quality jobs wherever possible and to the extent feasible.

V.B.1. APPLICABILITY AND EXEMPTIONS

Applicability:

Applicability of AB 680 is limited to certain programs receiving continuous appropriations from the GGRF listed in Health & Safety Code § 39719.

As of the publication of these Funding Guidelines, the administering agencies of the following four (4) programs must meet the standards outlined in this section:

- Affordable Housing and Sustainable Communities Program
- Sustainable Agricultural Lands Conservation Program
- Low Carbon Transit Operations Program
- Transit and Intercity Rail Capital Program

The following programs received a statutory exemption:[19]

- Safe and Affordable Drinking Water Fund
- Department of Forestry and Fire Protection programs that utilize continuously appropriated funds

The High-Speed Rail program is not a grant program and, therefore, does not meet the criteria for inclusion under AB 680.

18 Health & Safety Code §§ 38599.10- 38599.11.

19 Health & Safety Code § 38599.11(c).

If the Legislature authorizes additional programs to be funded through continuous appropriation via Health & Safety Code § 37919, CARB will work with those programs to understand compliance obligations that may arise related to these requirements.

Project-level exemptions:

Administering agencies must ensure that all applicants with projects funded by covered programs comply with AB 680 unless the project meets the criteria for a project-level exemption. Administering agencies must ensure applicants to covered programs seeking a project-level exemption submit evidence verifying eligibility for the exemption. Applicants who meet the criteria for exemption must still comply with any legal requirements that exist independent of AB 680. A project must satisfy one of the following elements for the applicant to qualify for a project-level exemption:

- **Receive Federal Funding** – Federal funding refers to a direct payment provided by the federal government to an applicant, which may include but is not limited to, grants, loans, or contract payments. Federal tax credits are not considered federal funding for the purposes of this exemption.
- **Conduct Research** – Research projects are those that seek to advance knowledge in response to a question through systematic investigation, data analysis, and evaluation. To qualify for the research exemption, the research activities must be a key and reasonably necessary purpose of the project. Projects that contain research as a secondary or ancillary activity are not considered research projects and do not qualify for this exemption.
- **Provide Technical Assistance** – Technical assistance is defined as the process of providing targeted support to an agency, organization, or community with a development need or resource gap. The Strategic Growth Council defines "technical assistance" in the Technical Assistance Toolkit, which can be found on the *Resource Portal*. To qualify for the technical assistance exemption, the technical assistance activities must be a key and reasonably necessary purpose of the project. Projects that contain technical assistance as a secondary or ancillary activity are not considered technical assistance projects and do not qualify for this exemption.
- **Create 100% Affordable Housing Units** – Development projects in which all housing units qualify as affordable housing,[20] except for those designated as manager's units, are considered to create 100% affordable housing units.
- **Applicant is Not an Employer** – An employer is an individual or entity that compensates an employee. The term "employee" aligns with the criteria outlined in Labor Code §§ 3351-3352.94. An employer includes those that compensate employees regardless of funding source.

20 An "affordable unit" for the purposes of AB 680 means a unit that is subject to an affordability restriction for 55 years and is dedicated to individuals of low or moderate income as defined in Health & Safety Code § 50093.

V.B.2. PROJECT STANDARDS

Covered programs must ensure that applicants with projects not exempted by the criteria above meet the six (6) standards below and provide evidence of compliance in their application package. The four (4) project standards outlined in this section set minimum job quality requirements that applicants to covered programs must implement into their projects. Section V.B.3. contains the final two (2) standards, which address the administering agency project selection process. Covered programs and applicants are encouraged to exceed these standards wherever possible and to the extent feasible. Covered programs will determine the compliance documentation applicants must submit and are encouraged to include compliance requirements in their program guidelines and solicitations materials, as applicable. Please visit the *Resource Portal* for tools and resources that may support implementation.

1. Fair and responsible employer standards, meaning documented compliance with applicable labor laws and labor-related commitments concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards.

Labor laws and labor-related commitments include federal and State laws pertaining to minimum wage, meal and break periods, worksite and workplace safety conditions, the right to form a union, equal employment opportunities, and the right to a workplace free of retaliation. The U.S. Department of Labor provides an overview of workplace safety laws and DIR maintains authority for compliance with labor laws in California. More information can be found on the *Resource Portal*. Covered programs must ensure that applicants provide evidence of compliance such as a responsible employer policy or an attestation to abide by fair and responsible employer standards.

2. Inclusive procurement policies that prioritize bids from entities that demonstrate the creation of high-quality jobs, or the creation of jobs in priority populations or California tribes.

Covered programs must ensure applicants include an inclusive procurement policy in the application package. Applicants are not required to have entered into procurement at the time of award. Covered programs may allow applicants to forgo inclusive procurement policies if the proposed project activities do not involve procurement. Covered programs are not required to include inclusive procurement language in their program guidelines or solicitation materials if procurement is not an allowable project activity.

3. Prevailing wage for any construction work funded in part or in full by the grant.

Prevailing wage refers to the basic hourly rate paid in the local labor market to workers on public works projects that perform certain types of work, including construction. Prevailing wages must be paid to applicable workers employed on public works projects. Labor Code § 1720 defines public works and construction. Construction work includes activities conducted during both the pre-construction and post-construction phases including but not limited to design, site assessment, feasibility study, inspection, land surveying, and job site cleanup. Covered programs are encouraged to review language related to payment of prevailing wages in future program guidelines, solicitation materials, and grant agreements. Administering agencies interested in consultation on issues relating to payment of prevailing wages should contact DIR.

If allowable project activities do not include construction work as defined in Labor Code § 1720, then covered programs do not need to include language relating to prevailing wage for construction work in their program guidelines, solicitation materials, or grant agreements to satisfy this standard.

4. Evidence of a community workforce agreement (CWA)[21] for projects over one million dollars ($1,000,000) that involve a construction component.

CWAs must, at minimum, include a targeted hire plan demonstrating how the applicant will provide high-quality jobs for priority populations or California tribes and how the applicant will ensure access to high-quality jobs.

Covered programs may require applicants to demonstrate evidence via a letter of intent detailing CWA provisions and signed by all anticipated parties to the agreement at the time of application. Covered programs may encourage applicants with an existing CWA to enter into a side letter, if necessary, to ensure the agreement meets the targeted hire plan standard for the applicable project. Covered programs are encouraged to collect, retain, and publicly post completed CWAs for purposes of program monitoring, evaluation, and transparency.

V.B.3. PROJECT SELECTION STANDARDS

The final two (2) standards in AB 680 create preference criteria that covered programs must incorporate into both competitive and non-competitive selection processes.

5. Covered programs shall give preference to applicants who demonstrate a partnership with an educational institution or training program targeting residents of priority populations or California tribes in the same region as the proposed project.
6. Covered programs shall give preference to applicants that demonstrate jobs created through the proposed project meet the criteria for high-quality job.

Covered programs retain flexibility to integrate these requirements using the best approach for their programs. In cases where the exemption criteria result in two applicant pools (i.e., applicants with projects that must comply with AB 680 and applicants with projects eligible for exemption), covered programs may extend the requirement to all applicants. Covered programs that utilize two distinct applicant pools must ensure applicants with projects qualifying for exemption are not penalized during the selection process if they do not meet this standard.

21 CWAs are comprehensive strategies to incorporate job quality standards into construction projects and typically contain a targeted hire agreement. See Section V.A.1. for more information.

VI. REPORTING REQUIREMENTS

VI.A. Background

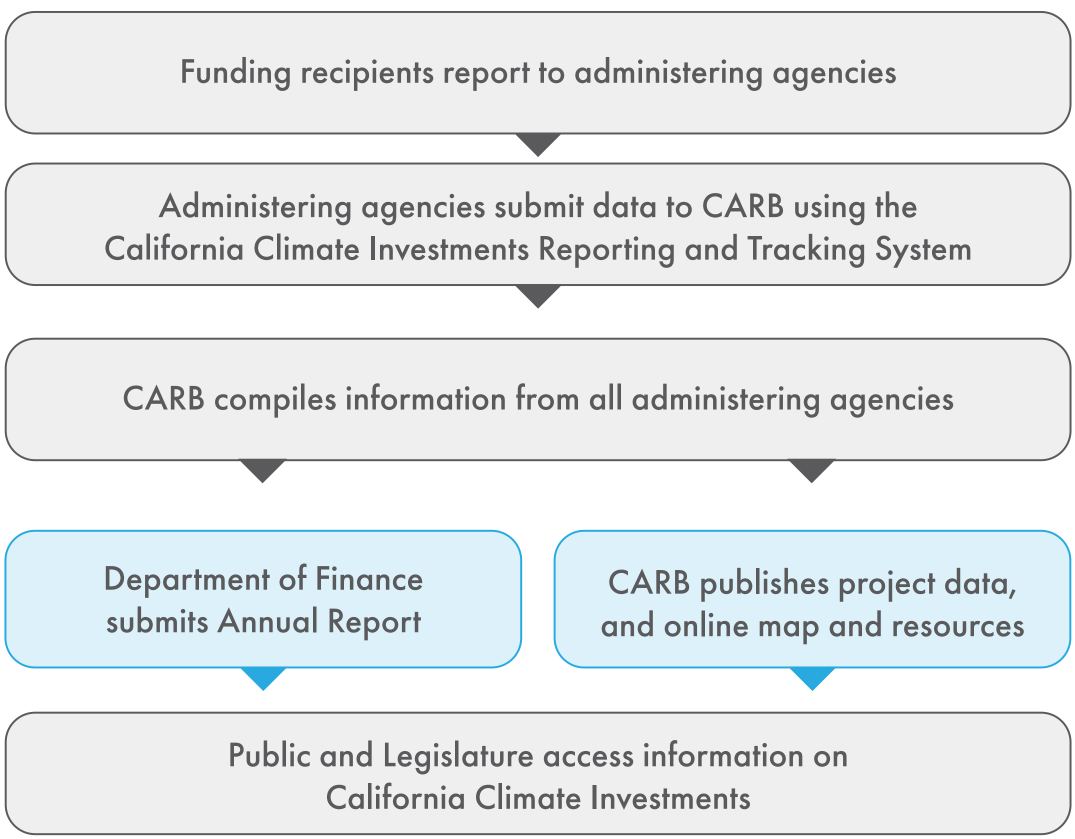
Accountability and transparency are essential elements for all California Climate Investments. Information on how administering agencies are investing their appropriations and what benefits are being achieved from those investments will be made available to the public. All administering agencies are required to track project status and report the estimated benefits, including GHG emissions reductions, co-benefits, and benefits to priority populations. This information is used to demonstrate how the California Climate Investments portfolio is achieving or exceeding its statutory objectives.

The Department of Finance is required to submit an *Annual Report*, to the Legislature that summarizes investments and provides key statistics on estimates of GHG emissions reductions; co-benefits; benefits to priority populations; demand for funding; and leveraged funds. CARB supports this effort by consolidating the data reported from all administering agencies.

In addition, CARB maintains a *California Climate Investments website* that functions as an easy-to-use portal with centralized information on all of the administering agencies. Through a *project map and project list*, *data dashboard*, and the *Annual Report webpage*, the public can access information on individual projects, project profiles, investments by region, cumulative achievements, and more.

Figure 5. Reporting to the Legislature and Public on California Climate Investments illustrates the flow of data through administering agencies to CARB to support the Annual Report and accountability and transparency.

Figure 5. Reporting to the Legislature and Public on California Climate Investments

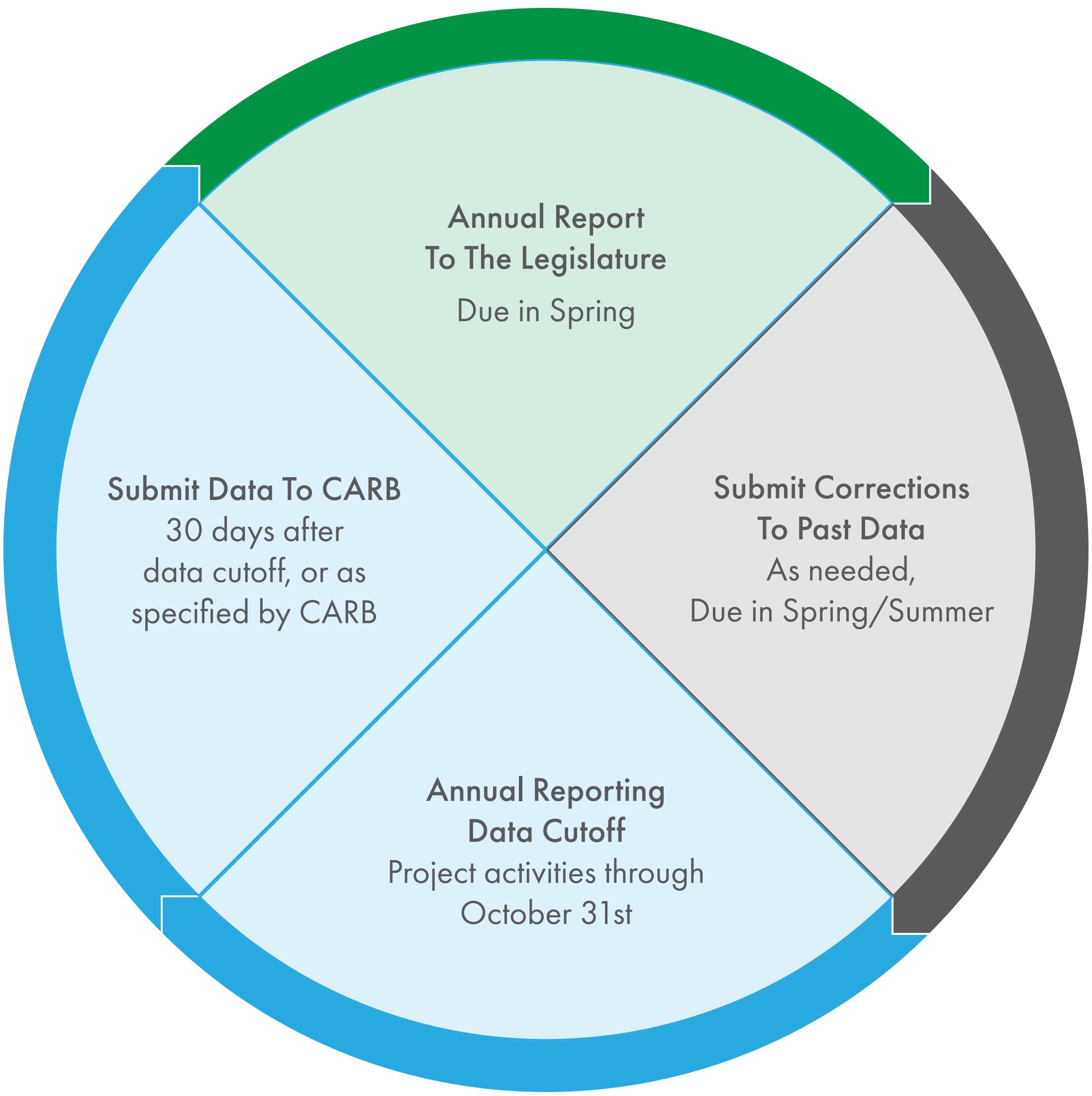


VI.B. Reporting Process

CARB developed the *California Climate Investments Reporting and Tracking System* (CCIRTS), an online system for administering agencies to report information on programs and projects. Collecting information through CCIRTS ensures data consistency across programs. Additional guidance on how to upload and submit data through CCIRTS is included in a *User Guide* available on the CCIRTS website.

Administering agencies submit information in CCIRTS on program implementation as well as individual projects. Administering agencies are responsible for collecting project information and submitting reports in CCIRTS during each annual reporting cycle on the activities that occurred within the previous 12month period. Initial submittals are due 30 days after the end of a reporting cycle, as further described in the CCIRTS *User Guide* and unless otherwise specified by CARB. CARB will review initial submittals and notify administering agencies if re-submittals are necessary to support data quality and accuracy. Figure 6. Reporting Cycle illustrates this reporting cycle.

Figure 6. Reporting Cycle



In addition to annual reporting, administering agencies may resubmit into CCIRTS any changes or corrections to previously submitted data each year during Spring. Critical changes or corrections to older data in CCIRTS may occur outside this period, as needed and at CARB's discretion.

To help project applicants comply with the reporting requirements, administering agencies must clearly describe project tracking and reporting requirements when they develop program documents (e.g., guidelines, solicitation materials, grant agreements). In most cases, administering agencies will need to work with their funding recipients to obtain project-level data. Administering agencies may decide it is appropriate to perform direct monitoring themselves or obtain data from a source other than the funding recipient (e.g., utility company, researcher).

CARB provides a formatted reporting template that includes all required and optional reporting fields that are specific to each project type and each stage of reporting. Administering agencies upload the completed template within CCIRTS. CARB posts the reporting templates on the *California Climate Investments Quantification, Benefits, and Reporting Materials webpage* and for download in CCIRTS.

Reporting templates are based on the existing suite of project types being funded. As the Legislature makes appropriations for new programs and administering agencies expand the types of projects funded, CARB will develop new or revised reporting templates with the specific requirements for those new programs and project types.

VI.C. Reporting Program-level Information

All administering agencies must report program-level information to CARB, including:

- Solicitation process and outcomes (e.g., number of applicants, requested funds, leveraged funds);
- Public transparency and outreach events (e.g., dates, locations, topics, attendees);
- Fiscal reports including administrative costs incurred by administering agencies (see Section VI.G).

VI.C.1. ADMINISTRATIVE COSTS

State operations costs

Costs incurred by an agency to administer the program, including costs incurred by partner State agencies that participate in administering the program, are being tracked outside of CCIRTS through a fiscal reporting process described in Section VI.G. The amount of administrative costs is determined by several factors that may include agency policies, direction from the Department of Finance, and statutory requirements or trailer bill language enacted by the Governor and Legislature. Budget appropriations may identify funding to cover costs for agency staff to administer the program.

For projects that leverage funds from multiple non-GGRF sources, administering agencies need a mechanism to track and report on the specific expenditures from the GGRF and identify the amount being spent on administrative costs.

Intermediary administrative expenses

In addition, administering agencies may provide funding to intermediaries (e.g., grantee, third-party administrator, local agency, technical assistance providers, evaluators) that use part of the funding to cover the administrative costs associated with distributing incentives, implementing projects, tracking and reporting data, or performing evaluations. To support public transparency, administering agencies that implement funds using an intermediary must track administrative costs and report this information in CCIRTS.

> Intermediary administrative costs should be reported when the total amount or a fixed portion of intermediary administrative costs is known — for example, when an administrator completes a contract representing one fiscal year of funding.

For administering agencies contracting with an intermediary, intermediary administrative costs may include individually invoiced items considered "administrative fees" or "processing fees." For administering agencies that distribute funds outside of a legal agreement, intermediary administrative costs will include any amount of funds not spent directly on project costs. Administering agencies are only required to report administrative costs that are GGRF funded. Administering agencies have different approaches for defining administrative costs and will need to document the types of expenses that they classify as administrative. Since administering agency definitions may vary, CARB will work with each agency to describe what must be reported and when for intermediary administrative costs.

VI.C.2. REVOLVING LOAN PROGRAMS AND INTEREST

For reporting purposes, administering agencies must submit data during the term of each loan funded by the GGRF, including loans made with repaid funds. Each loan would be considered a separate project and administering agencies would submit data based on the reporting requirements that are in place at the time that the new project is awarded funding, regardless of the fiscal year when the funds were appropriated.

Administering agencies must also submit data on appropriations used for revolving loan programs, where the administering agencies manage a special fund and issue loans for investments that facilitate GHG emissions reductions. After loan recipients make payments, those funds are typically redeposited in the GGRF or special fund to support future projects.

Any interest earned on GGRF funds is subject to the same requirements as the GGRF funds themselves to maximize impact with respect to environmental, economic, and public health benefits. Whenever feasible and appropriate given the size of the GGRF appropriation and timeline for distributing funds, administering agencies are encouraged to use interest-bearing accounts.

VI.D. Reporting Project-level Information

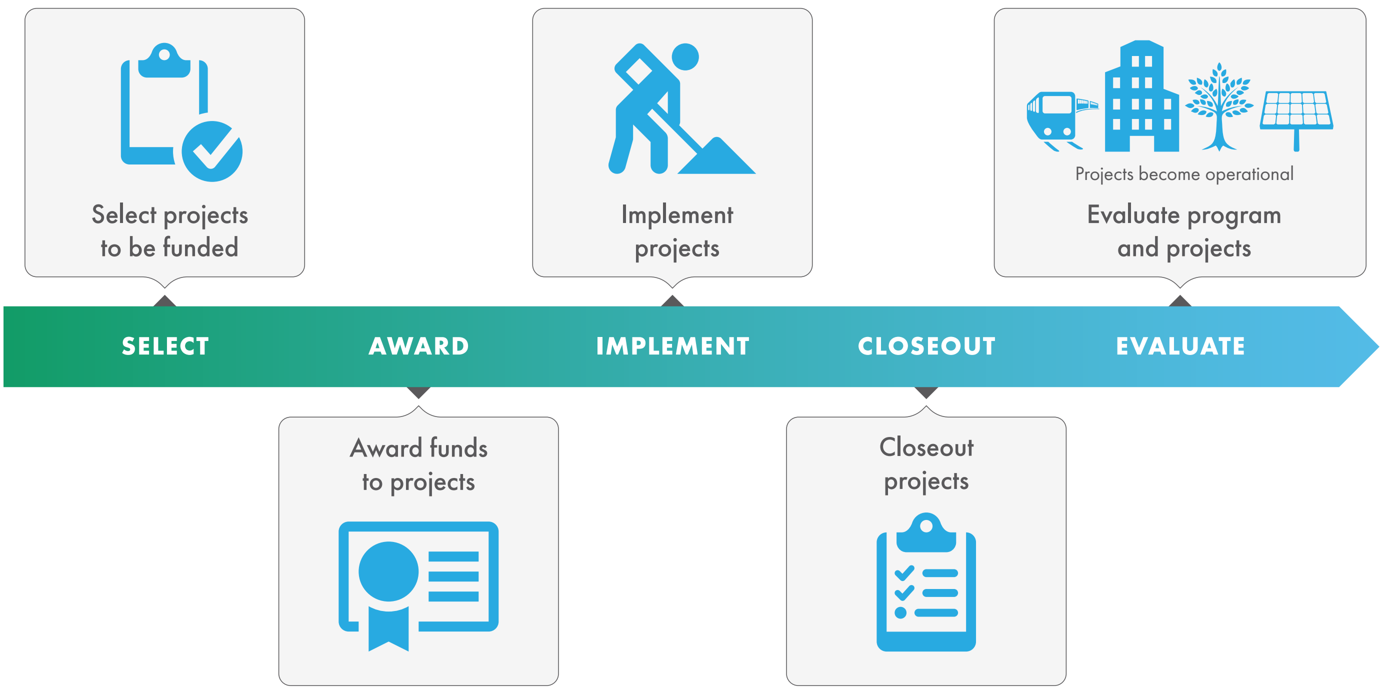
All administering agencies must document and report project status and estimated benefits (and disbenefits, if applicable). Each reporting cycle, administering agencies submit project data in CCIRTS that include detailed information and benefits on each project or project component. The reporting templates provide details for each project type on the data that administering agencies must report.

When administering agencies submit reports in CCIRTS, estimated GHG emissions reductions and other co-benefits must be reported in accordance with CARB's guidance, including calculator tools, quantification methodologies, co-benefit assessment methodologies, and benefit assessment tools, and agencies must document the applicable version that was used for each project.

VI.D.1. PROJECT STAGES

The information that administering agencies must report, if any, will vary for the different project types and project stages. Figure 7. Project Stages illustrates the project stages that are associated with funding a project.

Figure 7. Project Stages



Each project stage is briefly described below. These terms are specific to the reporting and tracking of California Climate Investments and may differ from the terms used by administering agencies to describe program implementation.

- **Selected.** Administering agency has announced funding recipients prior to executing grant agreements but has not yet "awarded" funds. The "selected" stage refers to the administering agency's intent to fund projects (e.g., a public announcement of funding recipients).
- **Awarded.** Administering agency has committed funding to a project (e.g., executed a contract with a grantee; transferred funds to another agency or program administrator). At this stage, administering agencies must submit data with project details, including estimated GHG emissions reduction benefits, co-benefits, and benefits to priority populations, as appropriate and applicable, for projects awarded during the reporting cycle.
- **Implemented.** Final recipient has received all funds, less any funds withheld for accountability purposes, and the project has attributable estimated GHG emissions reductions, co-benefits, and benefits to priority populations. Projects are not considered implemented until the final project details are known (i.e., total funding amount, estimated benefits) and the funding recipient has received the entire amount "awarded" for funding (less any funds withheld for accountability purposes) to the project or project component. For some programs, "implemented" may occur concurrently with "awarded" (e.g., grant executed for waste diversion project) and all relevant project data are collected at one time for "awarded" and "implemented." For other programs, "awarded" and "implemented" may occur at different times (e.g., funds "awarded" to an administrator for a zero-emission vehicle rebate program, but the funds are not "implemented" until the administrator distributes rebates to the final recipients). For these projects, administering agencies must submit data with project details, including estimated GHG emissions reduction benefits, co-benefits, and benefits to priority populations for projects implemented during the reporting cycle.
- **Closeout.** Contract or grant agreement ends, all awarded funds are expended, or all project activities are complete. At this stage, the administering agency must report projects as "closeout" or "canceled." "Canceled" projects are those that did not occur or otherwise receive the intended awarded funding amount and will trigger additional reporting steps to revise or remove previously reported project data. "Closeout" may occur before or after a project is considered operational and before or after any post-project monitoring or evaluations are complete.
- **Operational.** Project has reached a specified milestone (e.g., transit line is in service, energy efficiency equipment is installed and functional, forest restoration is complete) and benefits from the investment are accruing. At this project stage, administering agencies will continue with any monitoring or evaluations, as described in Section VI.E. Administering agencies should carefully consider monitoring and evaluation activities when developing grant agreements and contracts to ensure access to necessary information.

The reporting templates, tailored by project type, contain the specific data requirements and definitions for the reporting stages listed above, where applicable.

VI.D.2. REPORTING BENEFITS TO PRIORITY POPULATIONS

Administering agencies are responsible for verifying and documenting benefits to priority populations. Administering agencies must submit project information to CARB to support the reported benefits to priority populations. CARB compiles this information and determines the total percentage of California Climate Investments that benefit priority populations. For reporting purposes, if a component of an individual project is determined to provide a benefit to a priority population, then the entire project provides a benefit — as specified in the relevant benefit assessment tool. In general, administering agencies must consider the following when reporting benefits to priority populations.

Claiming a benefit to priority populations.

To determine that a project benefits a priority population, agencies must use the approach described in Section IV.C. Only projects that meet the criteria will count toward achieving the statutory investment minimums for priority populations. If a project benefits multiple priority populations (e.g., a project located in a single location considered both low-income and disadvantaged, a project that spans both a disadvantaged community and a low-income community) administering agencies must report all applicable priority populations, to the extent feasible. This allows the administering agency and CARB flexibility in accounting a project's benefits to any applicable priority population when assessing progress toward meeting investment minimums across all California Climate Investments programs. CARB will only count project funds once towards benefiting a single priority population.

> The statutory framework and designations for priority populations have evolved over time. Administering agencies can find past guidance within previous versions of the Funding Guidelines on the *Funding Guidelines webpage*.

Reporting on household level projects.

Administering agencies that implement projects at a household level should design their program to collect income related information such that low-income household information can be reported, consistent with confidentiality protections. For example, agencies that fund consumer-based incentive programs that serve individual households and collect household income information as part of their application should report on low-income household information irrespective of whether that information is the basis of a priority population claim.

VI.D.3. REPORTING CO-BENEFITS

Administering agencies are required to report co-benefits applicable to their projects at the implemented stage. Administering agencies report the co-benefit results using CARB co-benefit assessment methodologies. Section III.C.4. includes more information on the development of co-benefit assessment methodologies. Administering agencies also have the opportunity to report a qualitative description of a project's co-benefits in CCIRTS. The qualitative description can be used to report on co-benefits that do not have an associated co-benefit assessment methodology.

Administering agencies are required to report both the benefits and disbenefits associated with a project. Benefits are typically reported as positive values and disbenefits are reported as negative values. For example, a positive value for air pollution reductions (i.e., reduced emissions) is a benefit, whereas a negative value for air pollution reductions (i.e., increased emissions) is a disbenefit. For guidance on the directionality of co-benefits, please consult with CARB and refer to CARB's co-benefit assessment methodologies and calculator tools.

When applicable, administering agencies must report on any estimated benefits and disbenefits associated with a project. For example, for an electrification project that reduces natural gas use and related air pollutant emissions but increases electricity use for operation, the administering agency must report on both the avoided natural gas use and air pollution reductions (benefit) and electricity use increases (disbenefit).

Administering agencies are strongly encouraged to carefully consider such trade-offs — early in program design and through project selection in advance of reporting — to maximize co-benefits, minimize disbenefits, and avoid substantial burdens or harms, as described in Section II.C.3. and Section II.C.5.

VI.D.4. JOBS REPORTING

Administering agencies are required to report information, consistent with confidentiality protections, for any project that meets the following criteria:

- The total project costs for an awarded project, including GGRF and other funding sources, exceed $1,000,000; or
- The project uses the Jobs and Workforce Development Benefit Assessment Tool to claim priority population benefits; or
- The project is subject to the requirements of AB 680 (see Section V.B. for more detail).

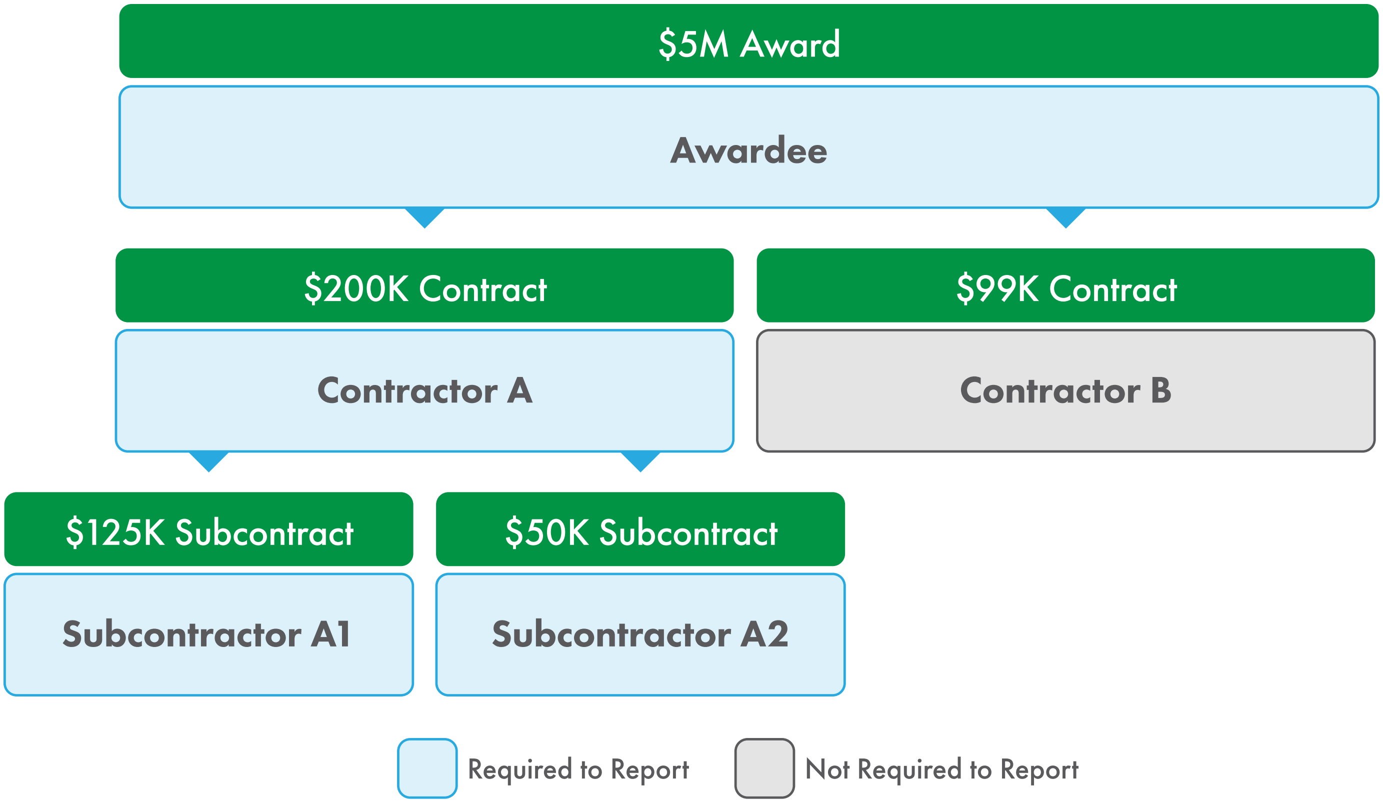
The dollar amount threshold for awarded projects is not cumulative. If a grantee receives multiple rounds of funding, the $1,000,000 threshold applies to each individual award.

Jobs reporting requirements apply to grantee-led contracts that exceed $100,000. The $100,000 threshold applies to all contracts entered into by an individual contractor under a single award. If a contractor enters into multiple contracts under a single award, the total of those contracts is considered cumulatively. Contracts entered into by an individual contractor under different awards are not considered cumulatively. For instance, a contractor may receive a contract for $60,000 under an award and then another contract under a separate award for $60,000. In this case, even though the combined total for both contracts exceeds the $100,000 threshold, jobs information does not need to be reported.

Contractors subject to jobs reporting must include subcontractor jobs information in their reports. For instance, if a contractor receives an initial $200,000 contract and subcontracts $50,000 of it, jobs information for the subcontractor must still be reported, even if the subcontract itself is less than $100,000.

An example of the dollar amount thresholds for reporting jobs is shown in Figure 8. Jobs Reporting Requirements by Dollar-amount Threshold.

Figure 8. Jobs Reporting Requirements by Dollar-amount Threshold



Each reporting template includes a worksheet for reporting jobs. The requested data include information on the quantity and quality of jobs, including wages and credentials provided through training programs. More information on specific jobs reporting metrics can be found in program reporting templates.

If the project does not meet the jobs reporting criteria, administering agencies are still strongly encouraged to report jobs information. Jobs reporting allows programs to track the quantity and quality of jobs and training programs supported by California Climate Investments. These data allow CARB to better communicate the economic benefits of programs to the public.

In addition to the programs that are required to report on jobs, CARB prospectively estimates the employment benefits supported by all California Climate Investments. CARB may update the methodology for prospectively estimating employment benefits supported by California Climate Investments programs and projects to ensure alignment with the most up-to-date research.

Refer to Section V.A. for information on recommended workforce policies and practices for California Climate Investments programs.

VI.D.5. REPORTING PROJECTS IMPLEMENTED OVER MULTIPLE YEARS

Administering agencies may fund a project over multiple years referred to as a "multi-year project", either from a continuous appropriation or from individual budget appropriations that occur in multiple fiscal years. For example, an administering agency may select a transit capital improvement project to be funded over several years using GGRF funding anticipated in future years as part of the program's continuous appropriation. In this case, the administering agency would report the project as "awarded" (having committed funding to the project) but cannot report the project as "implemented" until the recipient has received all funds, less any funds withheld for accountability purposes, or all funds for an individual component, as described in this section.

> The term "multi-year" only applies if the project scope remains unchanged as additional GGRF funds are awarded to the project. If the project scope changes, or if there is another change that would substantially impact the anticipated benefits, the administering agency must reassess, document, and report project benefits based on the most current requirements for estimating GHG emissions reductions and other benefits.

Administering agencies must document project benefits based on the guidance and statutory requirements that were in effect when the agency selected the funding recipient based on an initial project scope. During the implementation of a multi-year project, guidance on estimated GHG emissions reductions, evaluating benefits to priority populations, and other items might change as a result of new statutory requirements or other factors. Agencies are not required to reassess, document, and report updated project benefits estimates unless the scope of the project and, accordingly, the anticipated potential benefits, have changed.

Administering agencies must report on projects implemented over multiple years as follows:

- For projects that include multiple components, each project component that can be evaluated individually (e.g., project cost, estimated GHG emissions reductions, benefits to priority populations) must be reported as individual projects.
- For components that cannot be evaluated individually, all components must be reported together as a single project. These single projects are not considered implemented until the funding recipient has received the entire amount selected for funding.

For example, a multi-year project may include a large infrastructure project that is constructed in phases. The project receives funding for each phase over multiple years. The project cost and estimated GHG emissions reductions are attributed to the implementation of the project as a whole, rather than to each phase.

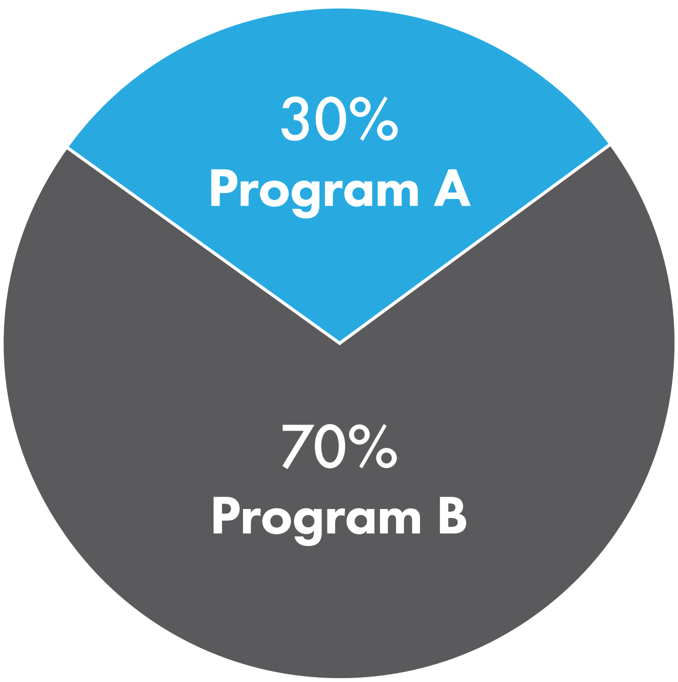
For guidance and statutory requirement changes that occur between project selection and implementation, administering agencies may be required to report, to the extent feasible, supplemental information necessary to reevaluate benefits based on the up to date project information and the requirements in place at the time of reporting. The relevant requirements in place include: the statutory requirements; CalEPA's designations for disadvantaged communities; the designations for low-income communities and low-income households; the version of a screening tool for identifying these communities (e.g., CalEnviroScreen); the benefit calculator tools and methodologies for estimating benefits; and the criteria for determining whether a project benefits priority populations.

VI.D.6. REPORTING PROJECTS FUNDED FROM MULTIPLE GGRF SOURCES

Projects may receive GGRF funds from multiple California Climate Investments programs. Administering agencies must apportion GHG emissions reductions and other benefits by prorating GHG emissions reductions, jobs supported, or other quantitative co-benefits based on each GGRF-funded program's financial contribution to prevent double counting when estimating benefits from projects funded from multiple programs, and report the project under each program.

Figure 9. Prorating Benefits Based on Program Contribution to a Single Project illustrates the approach to prorate quantitative benefits based on each program's relative GGRF financial contribution. Prorating is only necessary if estimated GHG emissions reductions or co-benefits are duplicative for multiple GGRF funding sources. CARB's calculator tools have built-in functionality to assist with proration.

Figure 9. Prorating Benefits Based on Program Contribution to a Single Project



Example of Prorating

- Two California Climate Investments programs provide funding for a single project.
- Both programs could potentially claim the same project benefits.
- If program "A" contributes 30% of the total amount of GGRF funding provided to the project, program "A" would report 30% of the project benefits.

VI.D.7. ARCHIVED DATA

Data reported into CCIRTS are stored and maintained for each program and by each historical reporting cycle. When necessary and appropriate, changes or corrections to previously reported data can be made within CCIRTS, at CARB's discretion and consistent with the CCIRTS *User Guide*.

VI.E. Program and Project Evaluations

Evaluating and monitoring programs and projects supports accountability and transparency by communicating successes or potential areas of improvement in facilitating GHG emissions reductions, maximizing economic, environmental, and public health benefits, and prioritizing benefits to priority populations. Information collected through evaluations can also help inform future design of California Climate Investments programs and guidance.

In coordination with CARB, administering agencies should engage in in-house and/or third-party evaluation activities, as feasible and appropriate, that result in program and/or project evaluation reports. The administering agency is responsible for including appropriate language regarding any necessary evaluation requirements in contracts and agreements with funding recipients. Administering agencies should *submit evaluation reports to CARB via email*. Reports must be consistent with accessibility standards and in a suitable format for public posting.

Administering agencies are responsible for determining their need for program and/or project evaluations, as applicable and in coordination with CARB. Administering agencies are responsible for identifying and conducting program and/or project evaluations, and for developing and submitting evaluation report(s).

For the purposes of program and project evaluation:

- **Program evaluation** refers to determining how well a given California Climate Investments program is achieving its predefined goals to achieve certain outcomes or benefits and how to improve performance with respect to program implementation, effectiveness, efficiency, and resources.
    - Program evaluation may include a combination of quantitative and qualitative data collection as part of or in addition to existing measurement and verification activities of funded projects, and/or may include a standalone assessment of all aspects of a program.
    - Program evaluations should also include consideration of program-related processes to evaluate whether an agency's internal activities, and the applicants' access to and experience with the program, have been established and implemented as intended to achieve expected and desirable outcomes. This aspect of program evaluation is focused on the experience of applying for and using program funding rather than any environmental, economic, or public health metrics and outcomes. For example, this may include assessment of major barriers for applicants, equity concerns, and/or other systemic issues around funded and/or unfunded applicants.
    - Program evaluations may be done once per appropriation, every few fiscal years, for each solicitation, and/or when the program has undergone a significant change, as appropriate.
- **Project evaluation** refers to determining how well projects are achieving certain results or outcomes.
    - The projects that make up a program will likely share similar characteristics and, therefore, share a common process for evaluation.
    - Project evaluations may be done for each appropriation or solicitation, and may include evaluation of a single, multiple, or all projects, as appropriate.
    - At a minimum, administering agencies should evaluate a random and statistically valid selection of projects when evaluating only a subset of total funded (or unfunded) projects.

Administering agencies should emphasize program and project evaluation considerations early in the design phase of program development to, for example:

- Determine the applicability and feasibility of evaluation approaches, metrics, and timing;
- Identify the need for dedicated GGRF or other funding sources for evaluation resources and data collection;
- Identify the need for in-house and/or third-party evaluator experience; and
- Facilitate clear communication of data collection and evaluation expectations in guidance and solicitation materials, and in agreements and contracts with funding recipients.

Thoughtful consideration for program and project evaluation continues throughout implementation up to and after projects reach "closeout" and become "operational."

Evaluations may look different across programs and projects — for example, it may be more appropriate to complete a single, program-level evaluation for a consumer-based incentive program rather than a project-level evaluation for each individual project. In other cases, one or more project-level evaluations may be completed to assess all projects or a representative sample of projects. CARB will work with administering agencies to help determine evaluation needs and opportunities for new or evolving programs and project types during the initial consultation, or as needed.

Due to the wide variety of programs and project types, there are multiple evaluation approaches, which may vary due to differences between program components; procedures; data, resource, and expertise limitations; and opportunities for enhanced evaluation, additional metrics, and data collection best practices; among other considerations. Program and project evaluations aren't always possible and/or may require administering agencies to complete work in-house and/or in partnership with third-party evaluators. Example in-house evaluation procedures can be found on the *Resource Portal*.

When considering program and project evaluations, administering agencies should:

- Prioritize in-house and/or third-party evaluations of programs and projects that begin before project implementation and continue past project closeout into the operational stage.
    - Contract with third-party evaluators or subject matter experts with specific evaluation expertise in topics such as statistics, survey research, technical data monitoring, and experimental design.
    - Identify opportunities for allocating additional resources to and establishing reporting requirements around primary data collection. Data could be obtained by administering agencies or a third party through direct monitoring (e.g., site visits) or remote monitoring (e.g., review of aerial or satellite imagery, vehicle telematics).
    - Conduct increased measurement and verification for projects that are operational at the time of closeout or the end of a grant period. Produce clear records indicating the status of projects at closeout to serve as a reference point of final scope and characteristics that could later be compared to data collected during the operational period.
    - Consider other forms of impact or process evaluation for projects that lack a longterm operational period, such as those involving onetime transactions or limited-term operations that ends at closeout.

- Use statistically valid, reviewable, and reproducible sampling of projects selected when evaluating only a subset of overall projects.
    - When a comprehensive evaluation of all projects is not feasible, conduct in-depth evaluations for a small sample of projects. Targeted evaluations should use best practices in data collection and analysis and allow for the development and refinement of evaluation methods for selected project types. Evaluation efforts could then be expanded to larger samples of projects based on the availability of funds and key issues identified through the initial sample of projects.
    - Avoid systematically excluding projects due to complexity, data collection barriers, or other evaluability issues.
    - Sampling may be done by project type, amount of funding, and/or effectiveness of GHG emissions reductions, among other considerations.
- Ensure that grant agreements include language allowing CARB, administering agencies, and third-party evaluators to make inquiries or collect information to support evaluation, project profiles, or any other post-closeout/operational project activities.

> Administering agencies should clearly and comprehensively explain any evaluation and reporting-related requirements upfront in communications and program materials. This helps to ensure that funding recipients have a clear understanding of expectations, especially for activities that may occur after a project is complete and becomes operational.

- Emphasize evaluations focused on equity and benefits to priority populations, such as barriers to applicant accessibility into the program. When engaging with unfunded applicants, consider compensation for their time spent to support evaluation, whenever feasible.
- When an initial evaluation has already been conducted, continually consider the additional value of a repeated evaluation with the same or similar structure and make any necessary adjustments. As implementation of programs and projects evolves, the structure and type of evaluation, needs, and outcomes may also change — for example, to focus evaluations on new project types.

Administering agencies may use administrative or other funds for evaluation activities, wherever allowable. Evaluation funding equal to a small percentage of total program funds would allow administering agencies or grantees to contract with third-party evaluators with critical subject matter expertise in data collection and analysis. A portion of funding for each individual project may also be used for evaluations performed by the funding recipient. Due to funding liquidation deadlines, administering agencies may need to establish different fiscal and performance periods in their grant or loan agreements with funded applicants and/or third-party evaluators to accommodate program and project evaluations.

VI.F. Information for Oversight and Audits

For information submitted to CARB, administering agencies should retain documentation for three years after submittal. Administering agencies must provide information as requested by oversight agencies. All administering agencies are subject to legislative and Administration oversight, including audits by the California State Auditor's Office, Department of Finance, other State oversight agencies, or a third-party auditor.

In addition, the "Joint Legislative Committee on Climate Change Policies" (Committee) provides ongoing, permanent oversight over the implementation of the State's climate policies, with an emphasis on transparency and accountability. This Committee ascertains facts and makes recommendations to the Legislature concerning the State's programs, policies, and investments related to climate change.

If detailed project information is requested, administering agencies will need to coordinate with the appropriate funding recipient(s) to deliver the requested data in a timely fashion. Audits or program reviews may occur at any time during program implementation or after projects are completed. Therefore, administering agencies must inform their funding recipients of their responsibilities for maintaining project documents. Note that oversight agencies may request information in excess of the information reported to CARB.

VI.G. Fiscal Reports

Administering agencies must coordinate with the Department of Finance and CARB's Fiscal Services Division to establish fiscal procedures for managing their appropriation from the GGRF. Administering agencies are responsible for encumbering and expending funds consistent with federal and State law and ensuring that their appropriation is utilized consistent with the expenditure record and cash flow estimates. Administering agencies must submit past year packages (DF-303, financial statements), as applicable, to CARB on a timely basis. Administering agencies must submit monthly encumbrance, expenditure, and final budget report packages to meet budgetary deliverable requirements set forth by the Department of Finance.

Appropriations from the GGRF are based on budget assumptions. The amount of auction proceeds available to the GGRF throughout the fiscal year is dependent on the results of each auction and reserve sale.

If administering agencies request to withdraw sizeable portions of their appropriation early in the fiscal year, there may not be a sufficient uncommitted balance available in the GGRF to fulfill all requests at that time. CARB and the Department of Finance will work with administering agencies to ensure that funds will be available, as feasible, to satisfy appropriations and transaction requests.

VI.G.1. MONITORING AND REPORTING CASHFLOWS

As the GGRF administrator, CARB's Fiscal Services Division monitors the cash in the GGRF, oversees daily transaction activity, and tracks actual and budgetary expenditures.[22] CARB considers the following when analyzing the impact of proposed expenditures on the cash balance in the GGRF:

- Adequate cash is available to support the proposed expenditures; and
- The actual cash flow for expenditures is reasonably close to the estimates previously submitted by each administering agency to CARB.

Based on the projected cash flows of the GGRF for the month, CARB will promptly notify the Department of Finance of any potential overdrafts.

CARB requires administering agencies to provide:

- A breakdown of each program by funding source (e.g., how much of the local assistance and/or capital outlay budget is allocated to and used for each program or subprogram). An example is provided in Table 6. Example Breakdown of Budgetary Expenditures by Program.

Table 6. Example Breakdown of Budgetary Expenditures by Program

Budgetary Expenditure Category	Amount Appropriated	Amount Expended
Local Assistance (reference 101)	$120,000,000	$109,483,000
Passenger ZEV rebates Freight demonstration projects	$ 35,000,000	$ 24,658,000
Total Local Assistance (reference 101)	$155,000,000	$134,141,000

A breakdown of administrative costs used beyond State operations (e.g., how much of the State operations budget is used for administration and/or to fund programs). An example is provided in Table 7. Example Breakdown of Administrative Costs.

Table 7. Example Breakdown of Administrative Costs

Budgetary Expenditure Category	Amount Appropriated	Amount Expended
State Operations (reference 001)	$5,000,000	$2,360,000
Program Administration Statewide Administration	$4,500,000	$3,000,000
Total State Operations (reference 001)	$9,500,000	$5,360,000

22 CARB has developed the process in accordance with the State Administrative Manual Sections 8452, 8715, 8452.1, 8452.2, and Government Code § 11251.

VI.G.2. REPORTING REQUIREMENTS

To comply with GGRF Administrator responsibilities as established by the Department of Finance, CARB's Fiscal Services Division requires that administering agencies submit the following reports from the Financial Information Systems of California (FI$Cal), or equivalent, to CARB via *the GGRF Fiscal email* monthly:

- Final Budget Report, B06 (all open Fiscal Years) [RPTGL067]
- Trial Balance Report [RPTGL068]
- Expenditure and encumbrance breakdown, by program

In addition to the monthly reporting requirements above, administering agencies are required to report updated cash projections quarterly.

APPENDIX A. DEFINITIONS OF PRIORITY POPULATIONS

This appendix provides guidance to agencies administering California Climate Investments programs funded through the Greenhouse Gas Reduction Fund (GGRF) on applying designations of disadvantaged communities and low-income communities and households to program design and implementation.

In October 2021, the California Office of Environmental Health Hazard Assessment (OEHHA) released CalEnviroScreen 4.0, an updated version of the screening tool that the California Environmental Protection Agency (CalEPA) has historically used to identify disadvantaged communities. CalEPA then updated its disadvantaged communities designation in May 2022 based on CalEnviroScreen 4.0. In addition, as specified in the Funding Guidelines, the California Air Resource Board (CARB) has updated the reference year(s) used to identify low-income communities and households in response to CalEPA's updated disadvantaged community designation.

There may be limited cases where this guidance requires additional clarification for individual programs. In these cases, programs should work directly with CARB to determine the most appropriate method.

Disadvantaged communities

State law, as provided by Senate Bill (SB) 535 and amended by Assembly Bill (AB) 1550, directs the Secretary for Environmental Protection at CalEPA to identify "disadvantaged communities." Identification must be based on geographic, socioeconomic, public health, and environmental hazard criteria. The criteria may include, but are not limited to:

- Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
- Areas with concentrations of people that are of low-income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

To meet the statutory mandate, CalEPA uses a tool called CalEnviroScreen to help identify disadvantaged communities for the purpose of priority population investments. OEHHA developed this screening tool under CalEPA's guidance to assess areas that are disproportionately affected by multiple types of pollution and areas with vulnerable populations.

CalEnviroScreen includes numerous indicators in two broad categories: "Pollution Burden," which includes exposures and environmental effects, and "Population Characteristics," which includes sensitive populations and socioeconomic factors. The indicator scores are combined for each census tract to determine an overall CalEnviroScreen score. The higher the score, the higher the level of cumulative burden according to these indicators.

In October 2021, OEHHA released CalEnviroScreen version 4.0 based on 21 indicators that were evaluated at the census tract scale. In May 2022, using CalEnviroScreen 4.0 and the American Indian Areas Related National Geo-database, CalEPA identified the list of disadvantaged community census tracts and land areas for the purpose of implementing California Climate Investments under SB 535 and AB 1550. Under the new designation, the identified disadvantaged communities include:

- The census tracts with the highest 25 percent of overall scores in the State based on CalEnviroScreen 4.0;
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest five percent of scores on a composite score measuring cumulative pollution burden;
- Census tracts identified in the 2017 SB 535 disadvantaged communities designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0; and
- Lands under the control of federally recognized tribes.

CalEPA is providing a consultation-based process for any interested federally recognized tribe to identify land under its control that is not accounted for in the American Indian Areas Related National Geo-database. Administering agencies receiving questions from federally recognized tribes on the potential inclusion of new areas in the designation of disadvantaged communities should direct tribes to the CalEPA office of the Deputy Secretary for Environmental Justice, Tribal Affairs, and Border Relations via *the Tribal Affairs contact*. CARB will provide guidance to administering agencies on claiming priority population benefits for any lands that CalEPA adds to the disadvantaged communities designation based on consultation with federally recognized tribes.

Please note that CalEnviroScreen is a screening tool that informs the identification of disadvantaged communities based on currently available data. As community characteristics change over time and the tool is updated, CalEPA will periodically review and update its SB 535 designation of disadvantaged communities.

As CalEPA updates the list of census tracts identified as disadvantaged communities over time, CARB will issue supplemental guidance to the Funding Guidelines to provide direction to agencies on the applicability of new designations.

Low-income communities

AB 1550 defines "low-income communities" as those census tracts with: 1) median household incomes at or below 80 percent of the statewide median income, or 2) median household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's State Income Limits (HCD State Income Limits).[23] Census tracts that satisfy either of these definitions were identified as "low-income" for the purpose of AB 1550 implementation.

- To identify the low-income census tracts using the statewide median household income, the median household income of each census tract was determined from the 20152019 American Community Survey (ACS) and compared against the statewide median household income determined by the same survey, which was $75,235.[24] Any census tract with a median household income at or below 80 percent of $ 75,235 (i.e., $ 60,188) was identified as low-income.
- Additional census tracts were identified based on the threshold designated as low-income by HCD State Income Limits.[25] The HCD State Income Limits vary by household size for each county and provide income thresholds for "Acutely Low," "Extremely Low," "Very Low," "Low," "Median," and "Moderate" income categories. AB 1550 refers to the "Low" income thresholds within the HCD State Income Limits. This was determined as follows:
- The county-level "low-income" limit from the HCD State Income Limits was used to define "low-income" at the census tract level using the average household size (rounding to the nearest whole number) for each census tract, using the data from the 20152019 ACS.
- Next, the average household size of each census tract was used to determine which "low-income" limit to apply from HCD's State Income Limits for the appropriate county.
- Additionally, the median household income for each census tract was determined from the ACS and was compared to the appropriate HCD low-income limit. If the median household income for a given census tract was equal to or less than the appropriate HCD low-income limit, then the census tract was defined as "low-income" for the purposes of AB 1550.
- For example, in Sacramento County, any census tract with an average household size of two, and a median income less than $58,000, is designated as low-income, while for census tracts with an average household size of three the low-income threshold becomes $65,250.

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23 An "affordable unit" for the purposes of AB 680 means a unit that is subject to an affordability restriction for 55 years and is dedicated to individuals of low or moderate income as defined in Health & Safety Code § 50093.

24 US Census Bureau, American Community Survey 2019 5-year Estimates (20152019).

25 California Department of Housing and Community Development. *State and Federal Income, Rent, and Loan/Value Limits: Official State Income Limits*

Low-income households

AB 1550 defines "low-income households" as those with: 1) a household income at or below 80 percent of the statewide median income, or 2) a household income at or below the threshold designated as low-income by HCD State Income Limits.[26]

For programs that target investments to benefit low-income households for the purpose of meeting AB 1550 investment minimums, administering agencies must determine an approach to assess whether households meet the definition of low-income. See Section IV.C.2. for strategies for identifying income eligibility.

Applicability and updates of definitions and designations

Following the 2022 release of the updated disadvantaged communities and low-income communities and households designations described above, administering agencies selecting projects on or after July 1, 2022 are required to adopt the updated designations for the purposes of program design, guidance materials, project selection and implementation, and reporting.

To avoid disruptions, solicitations and project selections occurring before July 1, 2022, can continue reporting under the designations and thresholds in place at the time the solicitation was released or the project was selected, as applicable. Any given project should maintain its respective framework, for the purposes of reporting, throughout the project stages to ensure consistency in project implementation and reporting. Administering agencies must make additional reporting considerations for multi-year projects, as described in the Funding Guidelines. Current definitions and designations are available on the *California Climate Investments Priority Populations webpage*.

For program activities that do not fit clearly into the above scenarios, administering agencies should work with CARB to develop an approach for implementing the updated designations on a case-by-case basis.

As CalEPA updates its designations of disadvantaged communities over time, CARB will update the list of low-income communities and the income thresholds for the identification of low-income households.[27] Where CalEPA makes additions to the designation of disadvantaged communities based on consultation with federally recognized tribes, minor technical adjustments, or other processes, CARB will update mapping tools and other resources to include these new areas, CARB may also update the list of low-income communities and income thresholds. All California Climate Investments programs must use the most recent definitions and designations made by CalEPA, in accordance with guidance from CARB on an effective date and applicability for new designations.

26 Health & Safety Code § 39713(d)

27 While the two definitions of "low-income" are defined by statute and not subject to change, statewide median household income and county-specific HCD low-income limits will change over time. Hence any update to the identification of low-income communities or households will not be a revision of the low-income definition, but an update with respect to which reference year(s) are used in the identification of low-income communities and households for the purposes of California Climate Investments programs.

APPENDIX B. CALIFORNIA CARBON SEQUESTRATION AND CLIMATE RESILIENCY PROJECT REGISTRY

This appendix provides guidance on minimum program requirements pursuant to Senate Bill SB 27 (Skinner, Chapter 237, Statutes of 2021). SB 27 directs the California Natural Resources Agency (CNRA) to establish the California Carbon Sequestration and Climate Resiliency Project Registry (Registry) by July 1, 2023. SB 27 requires the California Air Resources Board (CARB) to establish minimum program requirements for projects that previously applied for Greenhouse Gas Reduction Fund (GGRF) or other State funding that ultimately did not receive funding but would like to list a project on the Registry.

The purpose of this appendix is to provide guidance for project proponents who wish to fund nature-based carbon sequestration projects and establish minimum program requirements to ensure projects provide carbon removal benefits for the purposes of the Registry.

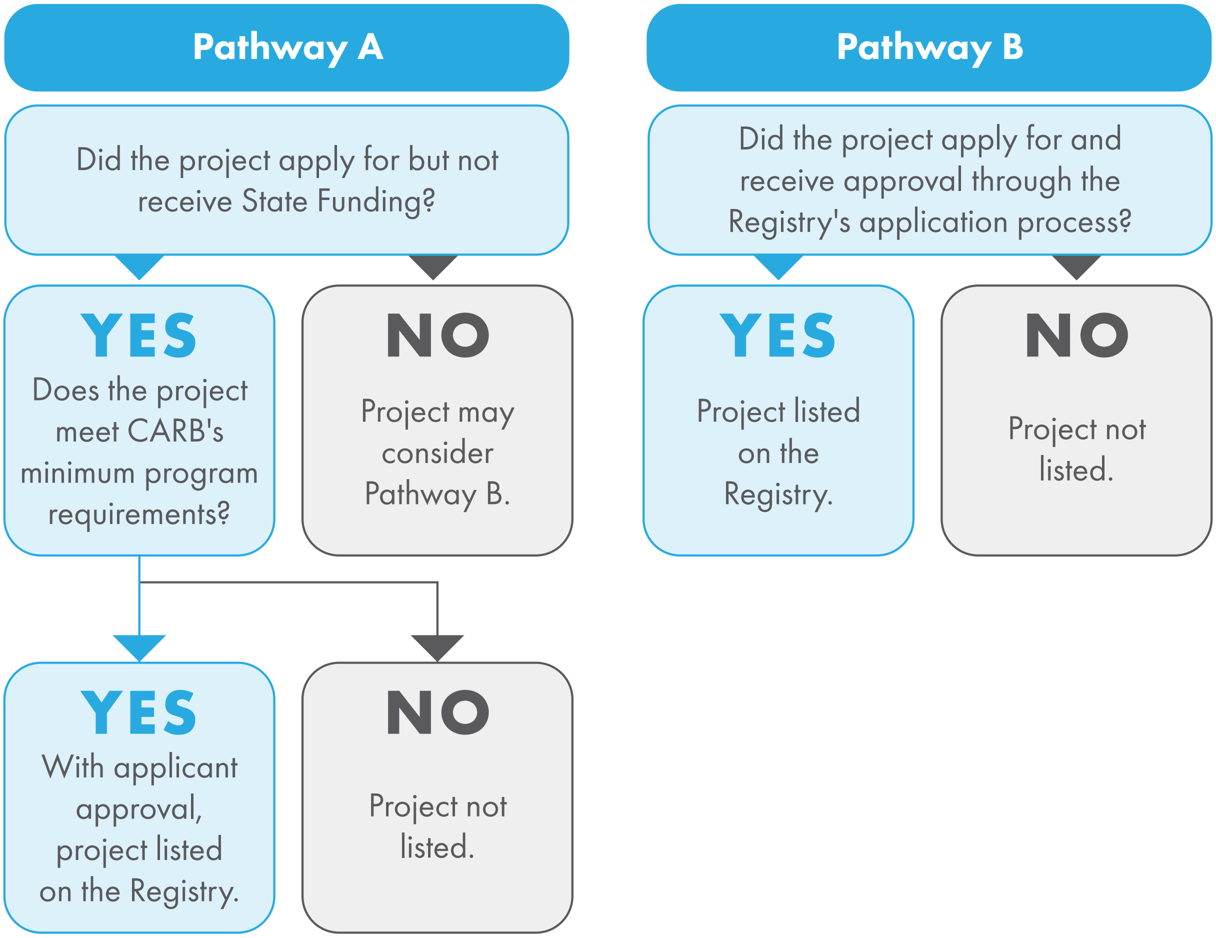
Registry Eligibility Pathways

Pursuant to SB 27, CNRA must establish the Registry, no later than July 1, 2023, to identify and list projects in the State that drive climate action on the State's natural and working lands and are seeking funding from State agencies or private entities. Direct air capture projects are also eligible project types. The legislation provides two pathways by which nature-based and direct air capture projects may be listed, as illustrated in Figure A-1.Registry Pathways Flowchart. Full details about the Registry requirements can be found on the *Expanding Nature-Based Solutions webpage*.

The first path (Pathway A) allows listing of projects that previously applied for funding from either a State program funded by the GGRF or any other State program that funds nature-based projects but that were ultimately not funded due to lack of sufficient funding. To be listed on the Registry, such projects must also meet minimum program requirements established by CARB as enumerated in this appendix to ensure they provide carbon removal benefits (Health & Safety Code § 39740.4).

The second path (Pathway B) allows proponents of projects in California to apply to CNRA directly to have their project listed on the Registry. SB 27 includes several minimum criteria for projects to be listed under this pathway, including quantification of expected greenhouse gas (GHG) benefits and monitoring and reporting (Health & Safety Code § 39740.5).

Figure A-1.Registry Pathways Flowchart



Minimum Program Requirements for Pathway A

For the purposes of Registry eligibility through Pathway A, projects that applied for funding from a State program that funds nature-based projects and were ultimately not funded due to lack of sufficient funding must meet the following minimum program requirements established by CARB to ensure they provide carbon removal benefits. At a minimum, project proponents must demonstrate that a project will achieve net GHG benefits by using CARB established quantification methodologies and benefits calculator tools available on the *California Climate Investments Quantification, Benefits, and Reporting Materials webpage*.

CARB Quantification Methodologies and Benefit Calculator Tools

CARB is responsible for providing guidance on estimating the GHG emissions reductions and co-benefits from projects receiving GGRF funds. This guidance includes quantification methodologies, co-benefit assessment methodologies, and benefits calculator tools, which describe how GHG emissions are reduced or sequestered and estimate the benefits of an individual project. User guides are available within each benefits calculator tool to provide guidance for potential applicants on how to appropriately use the tool. CARB develops these methodologies and tools based on the project types eligible for funding by each administering agency. As such, CARB has developed numerous quantification methodologies that are available to the public to quantify the benefits of various types of carbon sequestration projects.

EXISTING QUANTIFICATION METHODOLOGIES

CARB developed the existing quantification methodologies consistent with the guiding principles of California Climate Investments, including ensuring transparency and accountability. These quantification methodologies can be used to estimate the benefits of proposed projects, inform project selection, and track the results of funded projects. The implementing principles ensure that the quantification methodologies would:

- Apply at the project level;
- Provide uniform methods to be applied statewide and be accessible by all applicants;
- Use existing and proven methods;
- Use project-level data, where available and appropriate; and
- Result in GHG emissions reduction estimates that are conservative and supported by empirical literature.

CARB assessed peer-reviewed literature and tools and consulted with experts, as needed, to determine methods appropriate for the various project types. CARB also consulted with GGRF administering agencies to determine available project-level inputs. The quantification methods were developed to provide estimates that are as accurate as possible with data readily available at the project level.

CARB releases all quantification methodologies to the public for at least a two-week public comment period. CARB reviews and considers public comments received and makes updates to the quantification methodologies and benefits calculator tools to address comments where there is sufficient justification.

NEW QUANTIFICATION METHODOLOGY REQUESTS

If a proposed project type does not have a CARB-developed quantification methodology, project proponents may suggest that CARB develop a new quantification methodology. CARB may develop new quantification methods, if feasible, in adherence with CARB's guiding principles. Project proponents can contact CARB via *the GGRF program* to discuss the potential development of additional quantification methodologies.

APPENDIX C. REPORTING NON-GGRF-FUNDED PROJECTS

This appendix provides guidance to agencies administering California Climate Investments programs on reporting funded projects that did not receive any Greenhouse Gas Reduction Fund (GGRF) funds. Under limited circumstances and at the California Air Resources Board (CARB) staff's discretion, administering agencies may choose to report projects in the *California Climate Investments Reporting and Tracking System* (CCIRTS) to be stored and maintained, and for use on the *project map and non-GGRF project list*.

In instances when a program has been previously appropriated GGRF funds (for example, in circumstances where a program's funding source switched to the General Fund) administering agencies may choose to report on projects in CCIRTS. Reporting on non-GGRF-funded projects allows administering agencies to provide a continuity of program information and estimated benefits. In such cases, administering agencies must report project information in CCIRTS consistent with all the requirements for GGRF-funded projects, as detailed in the *Funding Guidelines*.

CARB staff will work directly with the administering agency seeking to report on non-GGRF-funded projects to determine any technological limitations or feasibility considerations for storing and managing the data in CCIRTS.