

# Supplemental Environmental Projects Policy

December 8, 2016



California Environmental Protection Agency

 **Air Resources Board**

# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps



# ARB Enforcement



- Goal: Compliance
- Most violations resolved by mutual settlement
  - Compliance
  - Penalties
  - Supplemental Environmental Projects



# What is a Supplemental Environmental Project (SEP)?

- SEP defined in Public Resources Code §71118
  - Environmentally beneficial project
  - Violator “voluntarily agrees to undertake in settlement of the action and to offset a portion of a civil penalty.”



# Penalty and SEP History

<u>Year</u>	<u>Total Civil Penalties Assessed</u>	<u>Allocated to SEPs</u>
2014	\$13,372,941	\$2,308,566
2015	\$10,397,660	\$1,633,900



# AB 1071: New Requirements

- Solicit SEPs from disadvantaged communities through a public process
- Allow SEP to offset up to 50% of the penalty
- Provide a list of SEPs to CalEPA annually
- Consider nexus to location of violation
- Focus on projects in disadvantaged communities



# Today's Goal

- Obtain Board's input and direction
  - Proposed SEP Policy
  - SEP Selection Criteria
  - Preference Criteria
  - SEP Project Types



# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps





# Current SEPs

- California Council on Diesel Education and Technology (CCDET)
- School Bus and Diesel Emission Reduction
- Foundation for California Community Colleges Small Engine Maintenance and Repair Courses SEP



# California Council for Diesel Education and Training

- Consortium of six community colleges
- Trains next generation of diesel mechanics
- \$456,400 was allocated to 6 colleges in 2015
- Funding allows colleges to purchase trucks and engines necessary to teach diesel classes
- CCDET also
  - Certifies opacity testers for ARB regulations
  - Trains violators to comply with opacity regulations
  - Conducts special projects



# School Bus and Diesel Emission Reduction

- Established in 2011 to fund replacement filter cores for recalled Cleaire retrofit PM filters
- Provides funding for truck and bus projects that exceed regulatory requirements
- \$1,147,500 in SEP funds generated in 2015



# Small Engine Maintenance and Repair Training

- Established in 2014
- Enhances and improves small engine maintenance/repair courses at 3 California community colleges
- \$30,000 SEP funds generated in 2015



# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps



# Extensive Outreach

- Staff attend monthly Environmental Justice Task Force meetings in:
  - Bayview / Hunters Point, Hanford, Fresno, Bakersfield, Los Angeles, Coachella, and Brawley
- Two series of SEP Workshops
  - Nine in August and September
    - Fresno, Hanford, Oakland, Bakersfield, El Monte, Coachella Valley, Brawley, Mecca
  - Five in October
    - Fresno, Oakland, Bakersfield, El Monte, Brawley



# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps



# SEP Policy Overview

- Five key elements of the SEP Policy
  - Public process to identify SEP proposals
  - Provide our SEP Eligibility List to CalEPA annually
  - Defines SEP selection and preference criteria
  - SEP Categories
  - Three ways a SEP can be funded





# SEP Selection Criteria

- SEPs must meet all of the following criteria:
  - Furthers ARBs purpose by:
    - Reducing the risk burden posed to public health
    - Preventing future air quality problems, or
    - Improving the injured environment
  - Has a nexus to the violation either through location or pollutant
  - Detailed project proposal to include a scope of work, budget, timeline, and recipient qualifications
  - Does not benefit the violator
  - Goes above and beyond regulatory requirements



# Nexus

- Nexus is the relationship between the violation and the proposed project
- A project has a relationship to the violation either through location or pollutant(s)
- Projects funded through case settlement will be matched by location and/or pollutant(s)



# Preference Criteria

- ARB prefers SEPs meeting one or more of these additional criteria:
  - Provide direct emissions or exposure reductions
  - Benefit disadvantaged communities
  - Provide community benefits
  - Provide multimedia (e.g. air, water, soil) benefits



# SEP Proposals

- SEP Proposals require documentation including:
  - Organization description & experience
  - Project description & timeline
  - Itemized budget
  - Emissions benefit description
- SEP Proposals will also be accepted on a continual basis



# Submitted SEP Proposals

- Received 14 SEP Proposals
  - Exposure reduction
  - Education and outreach
  - Air monitoring
  - Tree planting and community improvements
  - Health care support
- Currently evaluating SEP proposals for nexus and feasibility



# Three Ways SEPs Can Be Funded

Present SEPs to violator after penalties are agreed upon

Violator selects SEP from List and Fund Directly

Violator pays SEP Administrator and Administrator Implements SEP

Violator develops a SEP and Fund Directly



# Violator Funds SEP Directly

- Violator can fully fund a SEP
- Violator selects a SEP from the Eligibility List established by ARB
- Pays SEP money directly to the SEP recipient
- Recipient is liable and responsible to ensure completion of the SEP
- Recipient is responsible for oversight, tracking and reporting to ARB.



# Violator Pays SEP Administrator

- Violator deposits SEP money into a SEP Administrator's account
- Administrator disburses the funds to the recipient
- Administrator is responsible for oversight, tracking and reporting to ARB
- Recipient is responsible for ensuring project completion





# Violator Develops and Implements a SEP

- Violator designs and implements a SEP themselves
- Violator is responsible for ensuring SEP completion
- Violator is responsible for oversight, tracking and reporting to ARB.



# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps



# Summary of Comments

- Priority should be given to projects that:
  - Have a strong nexus to location
  - Include community involvement
  - Tie into existing programs
  - Have multimedia benefits and multiagency support
- Assemble an advisory panel
- Violators should not play a role in project selection



# Outline

- Introduction
- Current Supplemental Environmental Projects
- Community Engagement
- Proposed Policy and Process
- Summary of Comments
- Summary and Next Steps



# Summary and Next Steps

- Proposed policy meets AB1071 requirements
- Seeking Board support to:
  - Finalize and implement the policy
  - Provide a project list to CalEPA
  - Fund new SEPs
  - Annually update the Board on the implementation of the SEP program

