

December 14, 2023

Subject: Transformative Climate Communities Program: Round 5 Grant Awards

Reporting Period: March 2023 – December 2023

Staff Lead: Jerry Rivero, Interim TCC Program Manager, SGC

Recommended Action

Transformative Climate Communities (TCC) Staff recommend the Council award \$98,106,868.45 in funding from the FY 2022-23 General Fund for the Round 5 TCC Program to fund the top-scoring four (4) Implementation Grants, four (4) Project Development Grants, and three (3) Planning Grants. Additionally, TCC staff recommend reserving surplus funds for capacity support and implementation technical assistance for Project Development and Implementation grantees.

Summary

This Staff Report summarizes the California Strategic Growth Council's (SGC) Transformative Climate Communities Grant Program, the Round 5 Application Process, TCC Staff award recommendations, and next steps. Attachments include summaries and maps of all applications received and the final application scores for each grant type.

- SGC received six (6) Implementation Grant applications and recommends four (4) for award, totaling \$88.5 million.
- SGC received ten (10) Project Development Grant applications and recommends four (4) for award, totaling \$8.7 million.
- SGC received fifteen (15) eligible Planning Grant applications and recommends three (3) for award, totaling \$899,910.
- Of the six (6) Implementation Grant applications, one (1) application was from a rural community.
- Of the ten (10) Project Development Grant applications, six (6) applications include disadvantaged unincorporated communities, as defined by the TCC Guidelines, and two (2) applications include at least one California Native American tribe as a Co-Applicant.
- Of the fifteen (15) eligible Planning Grant applications, six (6) applications include disadvantaged unincorporated communities, as defined by the TCC Guidelines, and two (2) applications include at least one California Native American tribe as a Co-Applicant.
- Applications were received from across the state, including from the North Coast, the Sierras, the San Francisco Bay Area, Central Valley, Inland Empire, Central Coast, Los Angeles, and San Diego.

- SGC requires awarded applicants to address issues identified during the application review and Post-Award Consultation Process prior to executing grant agreements.

Background

About the Transformative Climate Communities Program

On September 14, 2016, Governor Brown signed AB 2722 (Burke), which created the Transformative Climate Communities (TCC) Program, administered by the Strategic Growth Council, in partnership with the Department of Conservation (DOC) and other State agencies. The TCC Program furthers the purposes of AB 32 (Nunez, Chapter 488, Statutes of 2006) and AB 2722 (Burke, Chapter 371, Statutes of 2016) by funding projects that reduce greenhouse gas (GHG) emissions through the development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated projects that provide local economic, environmental, and health benefits to disadvantaged communities and reduce GHG emissions. TCC Rounds 1-3 were funded by the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds and direct them towards GHG reducing projects through the California Climate Investments program. For Rounds 4 and 5, funding of the TCC program is provided through the General Fund's Climate Budget.

Round 5 included three grant types:

1. **Implementation Grants** fund holistic neighborhood-level projects that meaningfully address community needs within the Project Area. Grantees will complete grant terms of approximately five (5) years. For Round 5, applicants could request up to \$29.5 million in funding.
2. **Project Development Grants** support communities who do not yet have multiple shovel-ready projects. The funding helps boost community capacity and project readiness, increasing their potential to successfully apply for and to implement future funding opportunities that align with the TCC Program's objectives. Grantees will complete grant terms of approximately two (2) years. For Round 5, applicants could request up to \$5 million in funding.
3. **Planning Grants** support planning activities that prepare disadvantaged communities for future funding opportunities that align with the TCC Program's objectives. Activities center around planning issues or priorities that directly benefit vulnerable communities. Grantees will complete grant terms of approximately two (2) years. For Round 5, applicants could request up to \$300,000 in funding.

Please see the Attachments for more information about each grant type.

Priority Populations

In Round 4, Program Staff made efforts to increase access for tribes and disadvantaged unincorporated communities (DUCs) by expanding Project and Planning Area eligibility, providing targeted technical assistance and application workshops for Planning Grant applicants

from tribal communities and unincorporated communities, and expanding Lead Applicant eligibility from federally recognized tribes to all California Native American tribes.¹

In Round 5, additional changes were made to further expand access for tribal communities and DUCs, including:

- California Native American tribes were allowed to request modifications to certain program requirements on a case-by-case basis to better serve their unique circumstances. These requirements include Project Area eligibility, indirect cost rates, Collaborative Stakeholder Structure agreements, public agency support resolutions, and displacement avoidance plan requirements. SGC received modification requests from four (4) California Native American tribes and their collaborative partners during the Round 5 application process. Two (2) of those applicants ultimately applied, and one is being recommended for a Project Development Grant award.
- SGC introduced the Project Development Grant Pilot with a particular focus on applicants from DUCs. Three (3) of the four (4) Project Development applications recommended for award represent DUCs; the additional recommended award would go to a partnership of California Native American tribes with a Project Area that includes both unincorporated areas and areas within federally recognized tribal boundaries.
- SGC expanded the Project Area size limit from five (5) to ten (10) square miles to better accommodate development patterns in rural DUCs.
- Tribes, DUCs, and rural communities are evaluated separately from urban communities for ten (10) of the possible twenty (20) points awarded for GHG emissions reductions for Implementation Grants. One (1) Implementation Grant application was from a rural community and received a higher GHG score than they would have under the Round 4 scoring system.

For a detailed list of these and other changes, please refer to the [TCC Round 5 Program Guidelines Staff Report](#) from the February 28, 2023, Council Meeting.

Advance Pay

On September 27, 2022, Governor Newsom signed Assembly Bill 156 supporting advance payment as a strategy to increase access to funding to organizations with limited cash flow. Under AB 156, TCC is authorized for an Advance Pay Pilot program through July 1, 2025. The Round 5 Program Guidelines were updated to reflect the eligibility and requirements for certain Lead organizations to request and disburse advance pay to subrecipients.

¹ A Native American tribe that is on the contact list maintained by the Native American Heritage Commission (NAHC) for the purposes of Chapter 905 of the Statutes of 2004 (Pub. Resources Code, § 21073).

Round 5 Guidelines Development

TCC and DOC staff hosted four (4) public workshops to collect feedback on the Round 5 Draft Guidelines December from 6 to December 15, 2022. Three (3) public workshops were held in-person in Tulare, San José, and Riverside. A fourth public workshop was held virtually. Recording of presentations and meeting materials were made available via the SGC website. The workshops provided an overview of the TCC Grant types and Guidelines updates, discussed the application process, and encouraged public comment. SGC hosted a 30-day public comment period in December 2022 and received 15 public comments.

Round 5 Application Process

The Council adopted the Round 5 TCC Program Guidelines (Guidelines) on February 28, 2023. SGC released the Notice of Funding Availability (NOFA) to the public on March 8, 2023. SGC published an updated NOFA on July 12, 2023, to correct the listed time zone. Application Pre-Proposals for Implementation Grants were due May 1, 2023. For all grant types, applicants submitted Final Round 5 applications by August 1, 2023. The NOFA made \$99.2 million available for three (3) Implementation Grant awards at \$29.5 million each, multiple Project Development Grant awards up to \$5 million each, and three (3) Planning Grant awards at \$300,000 each.

Round 5 Application Workshops

After the release of the NOFA and application materials, TCC Program Staff also hosted three (3) application workshops. The first workshop, held on March 22, 2023, was an all-audience application workshop and provided general background of the application process. The second and third workshops were held consecutively on March 23, 2023; these were specifically tailored for DUCs and tribal communities, respectively. All webinars provided an opportunity for questions in real time from participants. Meetings were recorded and made available via the SGC website and YouTube channel. Additionally, TCC staff developed a geographic information system (GIS) mapping tool and video tutorial to help interested applicants identify potential Project Areas.

Round 5 Application Technical Assistance

To support applicants from California's most disadvantaged communities develop competitive applications, SGC provided Application Technical Assistance (TA) to all Implementation Grant applicants and to Project Development Grant and Planning Grant applicants from DUCs and tribal communities. The firm Estolano Advisors coordinated a team of TA consultants to support TCC applicants in developing their project scope, calculating greenhouse gas emissions reductions, and developing a complete application. TCC staff provided limited TA to applicants who were not eligible for third-party TA through email, phone, and weekly online office hours. In preparation for Round 5, TA providers offered Pre-Application TA to all potential applicants through workshops, tailored resources, and other guidance from October 2022 to March 2023.

To access Round 5 TA, TCC Staff required that prospective applicants complete an application initiation form by March 31, 2023, for Implementation Grants, and by July 3, 2023, for Project Development and Planning Grants. Tribal and DUC applicants could fill out this form at any time

to request Project Development or Planning Grant TA; however, they were encouraged to complete the form as early as possible to allow more time to work with the TA providers.

SGC received 135 responses from prospective applicants. The Application TA providers conducted 73 intake calls with prospective applicants, supporting approximately 30 TA recipients. Of the 31 eligible applications that were submitted to SGC, 17 were from TA recipients.

Application Review Process

All applications were evaluated through a multi-stage review process that included reviews by both TCC Program Staff (Program Staff) and an Interagency Review Panel (Panel). Program Staff included staff from the SGC and DOC. Implementation Grant reviews also included a Greenhouse Gas Emissions Reduction score based on calculations completed by staff from the California Air Resources Board. Please see [CARB's TCC Round 5 Quantification Methodology](#) for more information on how CARB calculated GHG emissions. Please see attachments A, C, and D for descriptions of the review processes for each grant type.

Recommended Awards

TCC Program Staff recommend the following applicants for awards. Please see Attachment A through D for more information about each applicant. Attachment A explains the recommendation to award four (4) Implementation Grants instead of the original target of three (3).

Grant Type	Lead Applicant	Applicant Type	Recommended Award Amount
Implementation	The Energy Coalition (City of Pomona)	Urban	\$22,125,000.00
Implementation	City of Coachella	Urban	\$22,125,000.00
Implementation	San Diego Foundation	Urban	\$22,125,000.00
Implementation	City of Bakersfield	Urban	\$22,125,000.00
Project Development	Riverside County	DUC	\$4,018,788.45
Project Development	Santa Barbara County	DUC	\$1,084,660.00
Project Development	Mariposa County	Tribal Co-Applicant and DUC	\$1,055,500.00
Project Development	Mendocino County Resource Conservation District	Tribal Co-Applicant and DUC	\$2,548,010.00

Planning	Urban Collaborative Project CDC (City of San Diego)	Urban	\$300,000.00
Planning	Tranquillity Resource Conservation District (Fresno County)	DUC	\$299,910.00
Planning	GRID Alternatives Greater Los Angeles (City of Paramount)	Urban	\$300,000.00

Next Steps

Following approval by the Council’s decision of Round 5 TCC awards, Program Staff will enter a Post-Award Consultation (PAC) Process with each awardee. Program Staff will work with the awardee to refine the submitted application materials to ensure they follow all administrative, statutory, and TCC program requirements. Awarded applications are subject to additional review, and awardees will be required to make modifications as noted in this staff report to align with program requirements, Interagency Review Panel recommendations, and Council direction.

Program Staff will work with awardees during the PAC Process to develop a grant agreement and review grant administration procedures according to the TCC PAC Policies. Note that TCC Program Guidelines forbid award recipients from developing new projects during the PAC phase. Any project modifications will be subject to the program’s PAC policies. In addition, Implementation Grant award recipients must work with an Evaluation TA Provider approved by the State to finalize an Indicator Tracking Plan for the proposal and track data indicators related to the performance of the grant. All applicants should request changes, provide any necessary documentation, and execute final grant agreements within six (6) months following the Council’s decision.

Historically, TCC has used surplus funds to support technical assistance for awardees as well as provide additional awards. In Round 4, TCC piloted a post-award support grant to provide gap funding for Implementation Grant awardees during the post-award process, prior to Implementation Grant execution. The support helped fund grantee and partner time during this multi-month process. Program Staff recommend reserving surplus funds for capacity support and implementation technical assistance for Project Development and Implementation grantees.

Finally, Program Staff will provide feedback to applicants that were not recommended for funding in Round 5. Staff will make available the opportunity to discuss the identified areas for improvement during one-on-one sessions with applicants. Applicants can also provide feedback to SGC.

Through SGC’s emerging [Connecting Communities initiative](#), Program Staff will also connect applicants with separate resources and funding opportunities that may support elements of unawarded applications. Connecting Communities is a new SGC program, dedicated to helping



local partners statewide access the historic amounts of federal funding made available through the Inflation Reduction Act, including the US EPA's Environmental and Climate Justice Block Grants modeled after the TCC program.

Council Recommendation

The Transformative Climate Communities Program (TCC) Staff recommend the Council award \$98,106,868.45 in funding from the FY 2022-23 General Fund for the Round 5 TCC Program to fund the top-scoring four (4) Implementation Grants, four (4) Project Development Grants, and three (3) Planning Grants. Should the Council agree with Staff's recommendation, the following motion language is suggested:

"I move that the Council approve the recommended awards for Round 5 of the Transformative Climate Communities Program."

Attachments

Attachment A: TCC R5 Implementation Grant Application Details

Attachment B: TCC R5 Implementation Grant Overview

Attachment C: TCC R5 Project Development Grant Application Details

Attachment D: TCC R5 Planning Grant Application Details

Attachment E: TCC R5 Scoring Detail