

December 15, 2022

Subject: TCC Round 4: Advance Pay Guidelines Amendment

Reporting Period: April 2022 – December 2022

Staff Lead: Sophie Young, Transformative Climate Communities Program Manager

Recommended Action

Approve an amendment to the Round 4 Transformative Climate Communities Round 4 Guidelines to make Round 4 Awardees and their subrecipients eligible for participation in an advance pay pilot through Chapter 569 (AB 156, Statutes of 2022).

Summary

The TCC Program seeks Council approval for an amendment to the TCC Round 4 Program Guidelines (Guidelines) to incorporate recent authorization for SGC to advance payment to recipients for the effective implementation of a program. This action would make the ten (10) Round 4 TCC Awardees eligible to receive advance payment until July 1, 2025, when the pilot program concludes.

Background

About the TCC Program

The Transformative Climate Communities Program (TCC), established by AB 2722 (Burke, 2016), invests in community-led climate resilience projects in the state's most disadvantaged communities. The program objectives are to reduce greenhouse gas emissions, improve public health and the environment, and support economic opportunity and shared prosperity. TCC Implementation Grants support an integrated set of projects within a neighborhood project area of approximately five square miles. TCC Planning Grants support planning activities to advance community-led goals and projects. To date, TCC has awarded over \$326 million since 2017, through eleven (11) Implementation Grants and twenty-five (25) Planning Grants.

The Council adopted the FY 21-22 Round 4 TCC Program Guidelines at the February 24, 2022 Council Meeting, and a later technical amendment to provide further clarification and guidance on program requirements at the April 28, 2022 Council Meeting.

At the October 27, 2022 Council Meeting, the Council then approved \$96.2 million in Round 4 grant funding to ten (10) communities.

Background on the Advance Pay Pilot (AB156)

On September 27, 2022, Governor Newsom signed Assembly Bill 156 supporting advanced payment as a strategy to increase access to funding for lower-resourced organizations and communities. Under Chapter 569 (AB 156, Statutes of 2022), the Transformative Climate Communities Program is temporarily eligible to administer payment for grant-related activities in advance rather than have Grantees take on the costs associated with the work upfront. The TCC Program is in the process of incorporating this advance pay legislation into its Round 5 Guidelines to be finalized in early 2023. At this time, the TCC Program is seeking Council approval to extend this advance pay benefit to ten (10) recent Round 4 Awardees, through a Round 4 Guidelines amendment.

The TCC Program is not seeking approval to amend Round 1,2, or 3 Guidelines and extend advance pay to their corresponding Grantees at this time. The TCC Program will continue to work with these Grantees to support their individual, separate mechanisms for awarding advance pay to Partners as their projects conclude in the coming months and years. With this amendment, the TCC Program aims to support new and future Awardees in overcoming the significant start-up costs associated with new projects.

A summary of changes to the Round 4 TCC Guidelines is provided below.

Summary of Changes to Round 4 TCC Guidelines

Proposed amendments to the FY 21-22 TCC Program Guidelines are summarized below and included as Attachment 1 to this staff report. The TCC Program intends to align required pilot reporting with regularly scheduled TCC program invoicing and reporting to minimize barriers and administrative burden and allow Grantees and Partners to benefit from advance payment. Additionally, the TCC Program is committed to leveraging existing Awardee application materials to satisfy the advance pay requirements specified in Section 11019.1 (added by Statutes of 2022, Chapter 569) as much as possible.

Round 4 TCC Guidelines, Page 42 & 54: Update language that SGC is authorized to provide advance payments under a specified timeline and reporting requirements.

- SGC is authorized to provide advance payment to Grantees through July 1, 2025.¹ TCC Program Staff will review and authorize advance payments that are necessary to carry out approved program activities.
 - Advance pay will not exceed 25 percent of the total grant amount awarded to the Grantee.
 - Grantees shall complete an advance pay request form and agree to reporting requirements outlined in a signed grant agreement.
- SGC requires TCC Grantees to develop a process for Partners (project subrecipients) to request and receive advance pay.

¹ Tribes will not be required to sign a limited waiver of sovereign immunity to receive payments on a reimbursement basis from SGC through the TCC Program. SGC may require a limited waiver of sovereign immunity before disbursing funds via advance pay.

- TCC Collaboratives must prioritize Partners that experience low cash flow to receive advances.
- Eligible subrecipients include local agencies and nongovernmental entities serving under-resourced communities and organizations with modest reserves and potential cashflow problems.
- Subrecipients shall provide to the Lead Grantee a spending plan prior to advance pay and a progress report following the expenditure of a payment.

Council Recommendation

Approve an amendment to the Round 4 Transformative Climate Communities Round 4 Guidelines to make Round 4 awardees and their subrecipients eligible for participation in an advance pay pilot through Chapter 569 (AB 156, Statutes of 2022).

Attachments

Attachment 1: Transformative Climate Communities (TCC): Final Round 4 Program Guidelines: Advance Pay Amendment

