Agenda Item # 9

Initially Prepared and Posted on July 20, 2018, Modified on July 27, 2018

Subject: FY 2018-19 Transformative Climate Communities Program Guidelines: Round 2 Final Adoption

Reporting Period: June – July 2018

Staff Lead: Saharnaz Mirzazad, TCC Program Manager

Recommended Action:

Adopt the FY 2018-19 Proposed Final Transformative Climate Communities (TCC) Program Guidelines (Attachment 1). With Strategic Growth Council (SGC) adoption of the Guidelines, staff will proceed with the solicitation of projects eligible under these Guidelines via a competitive process.

Summary:

This report provides background on the TCC Program and summarizes the proposed changes in the 2016-17 Guidelines and those adopted and amended in 2017.

TCC Program Staff released the 2018-19 Draft Guidelines for review by the public on June 12, 2018. Public comments on the Draft Guidelines were due on June 29, 2018. The SGC received 17 written public comments by the deadline. A copy of the letters are provided in Attachment 2.

The Proposed Final Draft (Attachment 1) includes updated language from the 2016-2017 Guidelines in the following areas:

1) Collaborative Stakeholder Structure:
   a. Require applicants to include community representatives nominated by the community in the Collaborative Stakeholder Structure Memorandum of Understanding.
   b. Additional requirements for the Memorandum of Understanding to include a process for handling disputes; procedures to change, add, or remove partners; and a process that the Lead Applicant/Grantee will use to reimburse Co-applicants/Partners, and subcontractors throughout the grant term.

2) Support of Public Agencies: Applicants must provide a letter of support from their public agency partner. If the Lead Applicant is a public agency, it must provide a resolution that includes an authorization to apply for and accept a TCC Implementation Grant and authority to execute all related documents.

3) Capacity to Implement: Updated financial capacity requirements based on the type of organization.
4) **Consistency with Existing Local Land Use Plans**: Requirement for demonstrating that TCC Proposals are consistent with local and regional plans adopted within the last ten years is removed. Instead, TCC Proposals must be consistent with relevant land use plans, designations, zoning, building intensity and density requirements, design guidelines, and applicable goals, policies, and programs. Consistency shall be demonstrated by submission of a letter from the local jurisdiction’s Planning Department and Public Works Department describing the proposed TCC projects’ consistency with all relevant plans.

5) **High-Speed Rail Connectivity**:
   a. Deleted requirement that TCC Proposal focus on neighborhoods within boundaries of Specific Plans adopted since enactment of the city’s last General Plan update, or Specific Plans that will be adopted by the time of Application.
   b. Updated reference to recently adopted 2018 California High Speed Rail Authority Business Plan.
   c. Deleted the requirements that applicants from cities with a planned High-Speed Rail station must include complete streets, active transportation, parks and/or other open space amenities surrounding the High Speed Rail station area.
   d. Instead, the applicants are required to demonstrate that the TCC Project area and Affordable Housing Development is connected by active transportation or transit to the High-Speed Rail station.

6) **Transformative Requirements**:
   a. **Track and Monitor GHG Emission Reductions, Community Benefits, and Other Indicators** –
      i. A minimum of three of the proposed Projects that comprise a minimum 50 percent of the requested funds should result in quantifiable GHG emission reductions using CARB’s TCC Quantification Methodology. In previous versions of the Guidelines, TCC eligible projects comprised of project types that are funded through other California Climate Investment programs and required the applicants to mostly follow the requirements of these programs. These programs have associated CARB Quantification Methodologies that were used to quantify GHG emission.

In the current version of the TCC Program, eligible categories with different elements that are fundable by TCC have been listed and among those, are the elements that are quantifiable, which are noted. To provide more flexibility, the applicants are not required to have fundable elements in every proposed project but a minimum of three of the proposed Projects that comprise a minimum 50 percent of the requested funds should have quantifiable elements.
ii. Inclusion of employment benefits and outcomes created through the TCC investment required by CARB.

iii. Elimination of requirement for Applicants to prepare an Indicator Tracking Plan.

iv. New requirement added for Applicants to budget between one and a half to two percent (1.5-2%) a minimum of three percent (3%) of total requested funds to track CARB and SGC-required indicators. Of the three percent, a minimum of one percent (1%) must be allocated for the Applicant to provide support to contracted evaluators, and a minimum of two percent (2%) must be allocated to contracted evaluators that are pre-approved by the SGC through a competitive process to conduct required indicator data collection and tracking activities.¹

b. Improved Climate Adaptation and Resiliency guidance to better direct applicants on using state resources and assessing vulnerability in the Project Area and for each Project.

c. Workforce Development: Workforce Development has been added as a transformative requirement. The plan itself will require two components: job training and job creation. Workforce is removed from the Strategies section of the Guidelines. Applicants will still need to demonstrate consistency with the Regional Workforce Innovation and Opportunity Act Regional Plan.

7) **Program Framework**: Requirement for defining Goals for each of the three Program Objectives – GHG, Public Health and Environmental, and Economic Opportunity and Shared Prosperity is removed. Instead of Goals, Applicants must now create a Vision Statement that explains how the neighborhood will be transformed and how the projects will be integrated to achieve the objectives.

8) **Scoring Criteria**: Updated to reflect changes to program framework and requirements. Two new categories of Workforce and Economic Development and Project Level Assessment have been added to the Scoring Criteria.

9) **Grant Administration**:

   a. Changes were made to provide more guidance to applicants.

   b. Streamlined eligibility of soft costs to be applicable to all projects. The previous version of the Guidelines allowed soft for some of the Project Types. Soft costs include planning, design, architecture, and engineering costs. These costs may not comprise more than 10% of the total capital improvement costs for each project.

¹ A list of pre-approved contractors to conduct required indicator data collection and tracking activities will be posted on the SGC website.
10) **Appendix D**: All projects are categorized under TCC strategies. Fundable elements are defined for each project and readiness requirements, as well as eligible and ineligible requirements are streamlined. Some new fundable elements have been added to the list.

**Summary of Changes to the Planning Grants**

1. **Planning Area Requirements**:
   
   a. Removal of requirement to demonstrate consistency with the SGC’s Sustainable Communities Objectives.
   
   b. Requirement of a minimum of two partners, with the encouragement of additional partners.

**Background:**

On September 14, 2016, Governor Brown signed AB 2722 (Burke), which created the Transformative Climate Communities Program, a grant program administered by the Strategic Growth Council (SGC) for broad-based greenhouse gas emission reduction projects that provide local economic, environmental and health benefits to disadvantaged communities. Fifty ($50) million is available for the program for Fiscal Year 2018-2019, funded through cap and trade auction proceeds, for Implementation Grants. The total awards available for Implementation Grants will be included in the Notice of Funding Availability (NOFA). Eight hundred thousand ($800,000) is available for the program for Fiscal Year 2018-19, funded through Proposition 84 funding.

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Recommended Action:

Adoption of the FY 2018-19 Final TCC Program Guidelines will allow staff to proceed with the solicitation of projects eligible under the Guidelines via a competitive process. The release of the 2018-19 TCC NOFA and application are expected to occur in early August of 2018.