

April 29, 2026

Subject: Transformative Climate Communities (TCC) Round 6 Program Guidelines

Reporting Period: April 2026

Staff Lead: Nicole Cartwright, Transformative Climate Communities Program Manager

Recommended Action

Approve the Fiscal Year 25/26 TCC Round 6 Program Guidelines.

Summary

The TCC Program seeks Council approval of the TCC Round 6 Program Guidelines. TCC staff prepared the Draft TCC Round 6 Program Guidelines based on feedback from past applicants, current grantees, program evaluators, technical assistance providers, program staff, and policy research. SGC released the Draft TCC Round 6 Program Guidelines in September 2025 for a 90-day public comment period.

TCC received 35 written public comments and an additional 19 comments for both TCC and the Community Resilience Centers (CRC) Program. TCC and CRC staff also hosted four community input sessions and five focus groups to gather additional feedback, with a total attendance of approximately 364 individuals. The Guidelines also incorporate input from a range of subject matter experts and interagency leads on key topics critical to program design, uptake, and success. Following Council's adoption of the Guidelines, the TCC Program will issue a Notice of Funding Availability (NOFA) and initiate a competitive awards process for Round 6.

Background

About the TCC Program

The TCC Program, 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 funds three grant types: Planning, Project Development, and Implementation grants. TCC Planning Grants support community-led planning efforts to identify needs and potential projects. TCC Project Development Grants fund pre-development activities that help communities bridge the gap between planning and implementation. TCC Implementation Grants fund multiple, coordinated projects within a neighborhood, accompanied by plans for community engagement, workforce development, and displacement avoidance. To date, TCC has awarded more than \$424 million in more than 37 communities since 2017 through 15



Implementation Grants, four Project Development Grants, and 28 Planning Grants and several technical assistance contracts and grants.

Background on the TCC Round 6 Guidelines Process

A total of \$98.4 million will be available for the TCC Program's Round 6 (FY 26-27). This funding comes from the FY 26-27 budget allocation to the TCC Program from the *Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024*, also known as the Climate Bond.

- Approximately \$900,000 will be available for three Planning Grant awards of up to \$300,000 each.
- Approximately \$15 million will be available for three Project Development Grant awards of up to \$5 million each.
- Approximately \$82.5 million will be available for three Implementation Grant awards of up to \$27.5 million each.

Guidelines Development

TCC staff drafted the *Draft TCC Round 6 Program Guidelines* based on feedback from past applicants, current grantees, program evaluators, technical assistance providers, and program staff; policy research; and a Request for Information regarding proposed changes to the structure of the Implementation Grant. SGC released the *Draft TCC Round 6 Program Guidelines* in September 2025 for a 90-day public comment period.

TCC and the CRC Program, another SGC grant program with Climate Bond funding, coordinated the public engagement process for both programs to increase efficiency and decrease engagement fatigue among prospective applicants. During the public comment period, TCC and CRC staff hosted four community input sessions and five focus group sessions, including dedicated sessions for applicants representing Tribes and rural and/or unincorporated communities, with a total attendance of approximately 364 individuals. TCC received 35 written public comments and an additional 19 comments for both TCC and CRC.

TCC staff reviewed all feedback received during the public engagement process including letters, form submissions, poll responses, verbal and written comments shared during workshops and focus groups. Staff addressed these comments through changes to the Guidelines whenever programmatically feasible. Attachment A to this staff report includes more information on the engagement process, feedback received, and changes made in response to the feedback.

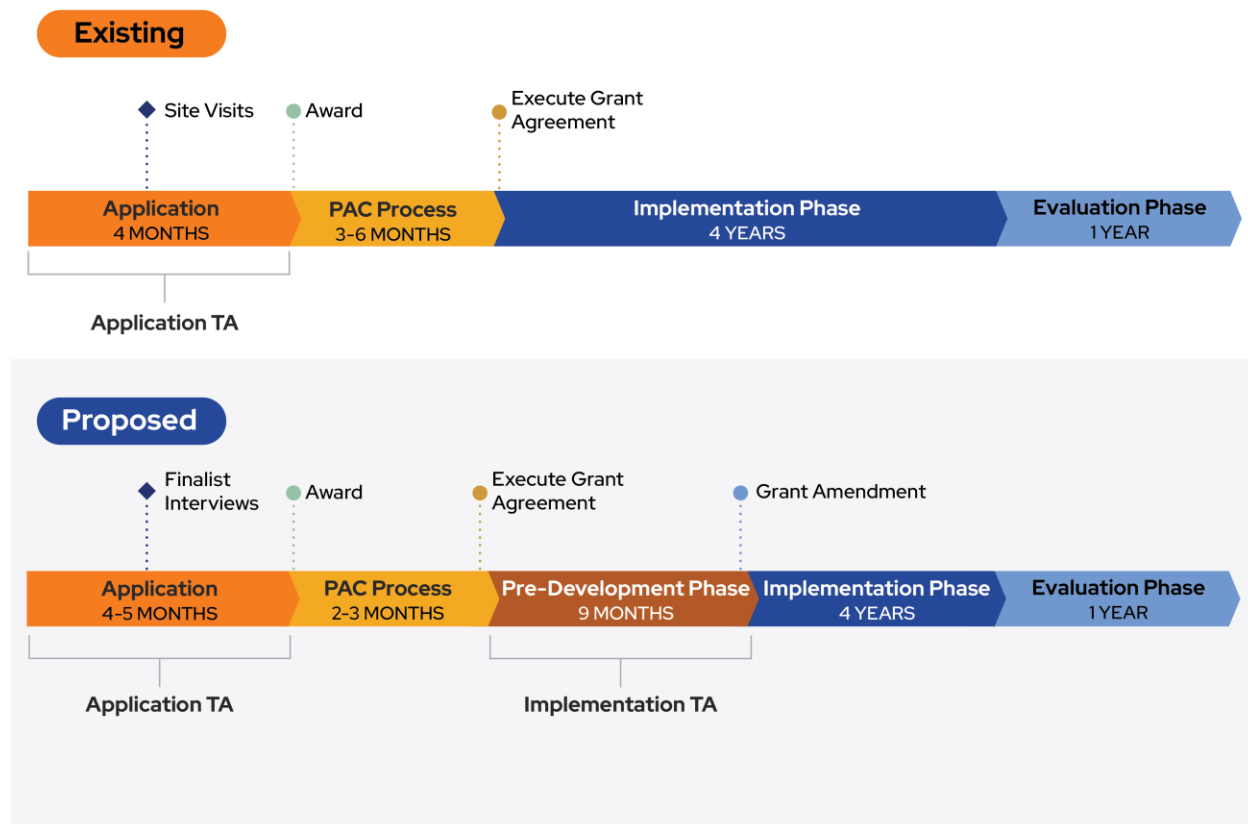
Summary of Changes

The TCC Round 6 Program Guidelines includes key changes to the following areas from the Round 5 Guidelines:

1) New Implementation Grant Application Process

Round 6 introduces a new Pre-Development Phase for Implementation Grants. During the nine-month Pre-Development Phase, grantees will have access to a portion of their funds to support staff time, pre-development work to achieve shovel-ready project plans, and continued community engagement to refine project plans and prepare for the Implementation Phase. Previously, applicants conducted this work during the application process with no funding and no confidence that they would receive implementation funding. This change is intended to make the application less burdensome and to provide funding for pre-development work. Under the new process, there are fewer application requirements than in previous rounds. SGC will provide technical assistance to grantees during the Pre-Development Phase.

Since applicants will submit fewer details when they apply, TCC will no longer require quantification of greenhouse gas emissions reductions during the application process. Reduction of greenhouse gas emissions remains a core component and requirement of the TCC program. To further simplify the application process, TCC will conduct virtual interviews with top-scoring applicants.



2) Funding Goals and Priority Points

To further SGC's commitment to serving Tribes, disadvantaged unincorporated communities, and previous SGC or Governor's Office of Land Use and Climate Innovation (LCI) grantees, Round 6 introduces Funding Goals and Priority Points.

Funding Goals

SGC intends to fund at least one award of each grant type to a Lead Applicant who is a California Native American Tribe or a Tribally owned nonprofit and one award of each grant type to an application from a disadvantaged unincorporated community. Applicants eligible for the Tribal Funding Goal and Disadvantaged Unincorporated Community Funding Goal will be evaluated in individual pools. All applicants who do not receive a Funding Goal award will also be evaluated in the general applicant pool.

Priority Points

SGC will award Priority Points to applicants that qualify for the Tribal Funding Goal or the Disadvantaged Unincorporated Community Funding Goal or who are furthering work conducted in a previous SGC or LCI grant. An application will receive partial priority points if the Lead Applicant is a nonprofit whose mission is primarily focused on serving Tribal communities and the proposed grant activities are primarily focused on serving Tribal communities.

3) California Native American Tribes

Round 6 includes several changes to further serve Tribes by building on progress from prior rounds. The changes include:

- Adds a Tribal Funding Goal and Priority Points for Tribal applicants, as described above
- Allows Tribes to apply as Lead Applicants without any co-applicants
- Allows Tribes to propose a non-continuous Project Area to facilitate joint applications from multiple Tribes within a region
- Expands on the list of program requirements that Tribes can request modifications to including Transformative Plan requirements and cost caps for certain program components
- Adds a notification process to inform California Native American Tribes of TCC applications received prior to award decisions
- Removes all leverage funding requirements for Tribes

4) Leverage Funding

Disadvantaged unincorporated communities will have their leverage funding requirement lowered from 50% of TCC grant funds to 25%. Lead Applicants who are California Native American Tribes or Tribally owned nonprofits do not have a leverage funding requirement.

5) Project Area Size

As in prior rounds, the Implementation Grant Project Areas in urban areas are capped at five continuous square miles, and Planning Grants and Project Development Grants have no

maximum Project Area size. Implementation Grant Project Areas in rural areas are limited to 15 continuous square miles, with exceptions allowed on a case-by-case basis. Lead Applicants who are California Native American Tribes or Tribally owned nonprofits have no maximum Project Area size.

6) Indirect Cost Rate

Indirect cost rates will be capped at 15%, up from 12% in Round 5. Indirect cost rates exclude capital costs and equipment purchases with a per unit cost of \$5,000 or more. California Native American Tribes and Tribally owned nonprofits have additional flexibility.

7) New Strategies

Round 6 adds two new Strategies for Implementation Grants applicants, Strategy 12 and Strategy 13, bringing the total of eligible Strategies to 13.

Projects under the Community Resilience Centers Strategy (Strategy 12) will follow the Community Resilience Centers Round 2 Program Guidelines.

During the Pre-Proposal process, applicants may submit proposals for Projects under the Other Climate Innovation Strategy (Strategy 13). Projects under this Strategy must be aligned with TCC objectives, meet a critical community-identified need, and not be eligible under other Strategies.

8) Close Scores Protocol

In the event of close scores, SGC will use a tiebreaker to determine which application(s) will be awarded. Implementation Grant applications within one point of each other and Project Development Grant applications within 0.5 points of each other will be subject to the Close Scores Protocol. The tiebreaker will be the score for the Objectives and Vision section of the scoring criteria.

9) Application Technical Assistance

Round 6 introduces new strategies to better serve our potential applicants. This year SGC staff pursued a Local Assistance contract with a nonprofit as the lead to serve both TCC and CRC applicants. TCC is prioritizing Application Technical Assistance for California Native American Tribes, Tribally owned nonprofits, and applicants with Project Areas in disadvantaged unincorporated communities. To best serve the needs of our priority communities, we have contracted with organizations that have extensive experience working with Tribes and disadvantaged unincorporated communities to provide context-specific and culturally relevant support.

Next Steps

Upon Council approval of the TCC Round 6 Program Guidelines, the TCC Program will issue the Notice of Funding Availability (NOFA) and initiate a competitive awards process starting in May 2026. Below is the anticipated timeline for the Round 6 funding cycle.

- April 29, 2026: Materials open for:
 - Pre-Proposals
 - Other Climate Innovation Proposals
 - Technical Assistance Request Form
- May 29, 2026: NOFA Release and Applications open
- June 30, 2026: Pre-proposals due
- July 31, 2026: Technical Assistance Request Form due
- September 30, 2026: Final Applications due
- Spring 2027: Round 6 TCC awards adopted by Council

Eligible applicants may request free Application Technical Assistance for all grant types by completing the Technical Assistance Request Form which will be available on the TCC application webpage. Application Technical Assistance will be provided by a third-party technical assistance provider through a contract with SGC.

Council Recommendation

Should the Council agree with Staff's recommendation, the following motion language is suggested:

"I move that the Council pass the consent calendar."

Attachments

Attachment A: TCC Summary of Public Engagement

Attachment B: Log of TCC Round 6 Public Comments

Attachment C: Round 6 TCC Guidelines

