February 28, 2022

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95824

The Honorable Anthony Rendon
Speaker of the Assembly
Capitol Office, 1021 O Street, Suite 8330
Sacramento, CA 94249

The Honorable Toni Atkins
Senate President pro Tempore
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
Capitol Office, 1021 O Street, Suite 8230
Sacramento, CA 94249

The Honorable Nancy Skinner
Chair, Senate Committee on Budget
1020 N Street, Suite 502
Sacramento, CA 94249

The Honorable Richard Bloom
Chair, Assembly Budget Subcommittee #3
Capitol Office, 1021 O
Street, Suite 8130
Sacramento, CA 94249

The Honorable Bob Wieckowski
Chair, Senate Budget Subcommittee #2
1020 N Street, Suite 502
Sacramento, CA 94249

The Honorable Wendy Carrillo
Chair, Assembly Budget Subcommittee #4
Capitol Office, 1021 O Street, Suite 5730
Sacramento, CA 94249

The Honorable Sydney Kamlager
Chair, Senate Budget Subcommittee #4
1020 N Street, Suite 502
Sacramento, CA 94249

RE: Leadership Counsel Initial 2022-2023 State Budget Recommendations

Dear Governor Newsom, Pro Tem Atkins, Speaker Rendon, Senator Skinner, Assemblymember Ting, Senator Wieckowski, Assemblymember Bloom, Senator Kamlager, and Assemblymember Carrillo:

We share below initial reactions to the administration's January 10th budget proposal and look forward to engaging with the administration and legislature over the following several months as we further develop our understanding of the needs and opportunities in Inland California and how they interact with both opportunities and risks posed in proposed budget investments and associated policies.

<u>Community Resilience Centers – increase $1 billion over two years</u>

Community-based organizations and community members with whom we partner are looking forward to working with the Strategic Growth Council ("SGC"), as well as the California Department of Food and Agriculture ("CDFA") and other agencies, to inform development and implementation of the two Community Resilience Centers allocations that were included in the 2021-2022 budget. Our early outreach in lower income communities throughout the state that lack any type of community resilience center or similar asset demonstrates that the need and opportunity far outstrip the funding allocated during this and next budget year. Accordingly, the budget should include an additional $1 billion over two years to support planning and development of community resilience centers and support leveraging other critical and related community and climate resilience investments including investments in EV charging, workforce and economic development, and community health services.

Additionally, a portion of this funding should support staffing at the SGC to ensure that it is adequately sized and skilled to ensure effective and efficient program and project implementation, including staffing of technical assistance providers.

<u>California Energy Commission ("CEC") Resilient and Healthy Homes Program -- $1 billion to develop and implement new CEC program in coordination with CSD & CDPH</u>

We appreciate the Governor's proposed investment in equitable building decarbonization, especially the proposed direct install program focused on lower income households and disadvantaged communities and, accordingly, recommend an expansion of that investment. Extreme and intensifying heat threatens the lives, livelihoods, and educational potential of hundreds of thousands of Californians with inadequate cooling and weatherization in their homes. Investment in equitable building decarbonization must (a) include not just replacement of fossil fuel infrastructure, but also installation of cooling appliances in homes where no such appliances exist; and (b) facilitate universal access to homes that can maintain healthy temperatures by (1) ensuring that leased homes include appliances and infrastructure necessary for adequate cooling, and (2) ensuring that lower income tenants do not bear the costs of energy and weatherization upgrades necessary to support healthy indoor temperatures.

<u>Transformative Climate Communities ("TCC") - increase funding to ensure sustained investments</u>

We look forward to working with the SGC and community partners in communities throughout the state to support effective implementation of an improved and expanded TCC program in the coming year. We are especially excited about increased eligibility of disadvantaged unincorporated communities and have already heard interest in pursuing implementation grants from local governments and community-based organizations in and representing five disadvantaged unincorporated communities, most of which have completed significant planning work to lay a foundation for climate resilient investments. We recommend increasing funding for the program over the next several years to ensure sustained funding and program support for this transformational program.

<u>Lithium Development in the Salton Sea Region</u>

With the increasing interest in lithium extraction in the Salton Sea region, we encourage the State to lead an inclusive and community-centered process for decisions related to lithium extraction, geothermal energy expansion, and other subsequent supply or manufacturing processes that may result from developing this new emerging and expanding sector. While we appreciate language in the Governor's proposed budget related to community benefits, community engagement, and high environmental and labor standards, we are concerned that neither the State nor other stakeholders leading on lithium extraction and utilization activities have effectively ensured a meaningful and inclusive process and community benefits or done their due diligence to ensure adequate environmental protections and local environmental gains. Prior to moving forward with programs, incentives, and policies that encourage and facilitate lithium extraction, the State must provide accurate and accessible information regarding lithium and geothermal energy, potential risks and impacts to public health and the environment of lithium extraction and subsequent uses, and a description of mitigation measures that will eliminate any potential impacts. Additionally, the state must ensure development of enforceable community benefits agreements that include community-identified priorities related to environmental and public health as well as economic development and climate resiliency. Additionally, the State should only move forward with incentivizing lithium extraction in the Salton Sea region if residents likely to be impacted by projects consent to such action following robust and effective community engagement that produces community-identified priorities as outlined above. Alongside residents, we have consistently advocated for a more inclusive and transparent process and urge the State to improve its processes to respond to these requests.

Additionally, we expect the Lithium Valley Commission to deliver a report that captures resident concerns and recommendations, and count on the State to ensure that the report is comprehensive, accurate, and inclusive of such recommendations and concerns. Any program or policy designed to facilitate and accelerate lithium extraction prior to release of the Commission report and prior to fulfilling the considerations listed above is premature.

Salton Sea - $50 Million for Projects that Promote Community Health and Well-Being

The receding Salton Sea directly and dangerously impacts communities surrounding the Salton Sea, subjecting nearby residents to poor air quality, odor, dust, and limited recreational space. Yet, funding directed to the Salton Sea pursuant to last year's budget negotiations does not target community-serving amenities or projects. At least 50% of this year's agreed upon allocation to the Salton Sea of $100 million or an equivalent amount of additional resources must specifically target and ensure that the surrounding community benefits from the project or investment through improved air quality, access to the outdoors, etc. At least $25 million of funds targeting Salton Sea management and restoration should be allocated to projects that directly and primarily benefit communities surrounding the Sea. Finally, to support and ensure community engagement and community leadership in Salton Sea management and project implementation, this year's budget should allocate at least $5 million to support community engagement and technical assistance in project design and implementation. We have worked with community members to identify priority projects that we would be pleased to share.

Additionally, we would appreciate a better understanding of how funding appropriated for Salton Sea restoration and management in the 2021-22 budget has been spent and, more specifically, how it has supported or will support community-identified priorities and projects that benefit community health and well-being.

Water and Wastewater

We urge California leaders to take the following budgetary actions to implement the human right to water and ensure that all Californians have access to safe and affordable drinking water:

- By repurposing remaining funds from the California Water and Wastewater Arrearage Program, or through an equivalent general fund appropriation, invest at least $305 million to fund the first two years of implementation of a Low-Income Rate Assistance Program to assist with water and wastewater rates that are unaffordable to low-income households, as proposed in SB 222 (Dodd).

- Invest $15 million from the general fund to allow inclusion of undocumented households in the Low-Income Household Water Assistance Program at the Department of Community Services and Development, to provide COVID-19 emergency assistance to undocumented Californians to help avoid water shutoffs.
- Allocate $300 Million to implement the minimum drought resiliency measures established by SB 552 (2021).
- We are supportive of the $750 million proposed in the January Budget to address short and long-term drought response and resiliency needs and ask that the $250 million contingent set aside be appropriated to prioritize low-income households and communities at risk of losing access to safe drinking water.
- We support the proposed funding in the January Budget for water efficiency programs but note that low-income households often struggle to access existing rebate programs because they do not have the up-front money to pay for upgrades. We thus request an additional $200 million for direct install water efficiency programs that provide benefits to low-income Californians.
- We urge appropriation of an additional $100 million for Sustainable Groundwater Management Act ("SGMA") implementation, and an Administrative Procedure Act exemption to permit the Department of Water Resources ("DWR") to allocate this and last year's SGMA funding to ensure that at least 30% goes to projects benefiting disadvantaged communities and 30% to projects that benefit access to drinking water.
- We strongly support the Governor's proposal for five additional regulatory staff for the Division of Drinking Water (BCP DF-46) to ensure that critical public health guidance is not delayed. We also request funding for staffing at the State Water Board to ensure it has the resources needed for probationary SGMA basins.

Housing: $150 Million for Eviction Prevention

Unfair and illegal evictions continue to exacerbate household and community instability and threaten the health and safety of vulnerable Californians. COVID-19 only exacerbated housing instability and isolation from legal resources. Adequate outreach and legal services are critical to ensuring that all Californians are protected from unfair, unsafe, and illegal evictions. Accordingly, we request $150 million in funding for eviction prevention programs based on the model contained in AB 1487 (Gabriel) (2020) which includes targeted investments in under-resourced areas.

We are also supportive of and look forward to learning more about the proposed investments and programmatic changes to the Mobilehome Park Rehabilitation and Resident Ownership Program.

Additionally, while we are supportive of aligning state housing and climate goals, we urge the administration and legislature to ensure that proposed investments for affordable housing in infill areas in order to reach state climate goals are inclusive of small cities and rural communities and affordability protections.

Sustainable and Equitable Agriculture Systems

As the state works towards reducing the use of synthetic chemical pesticides, which harm low-income communities of color, farmworkers, ecosystems and even many farmers, it is crucial that protections are put in place for vulnerable populations who are exposed to pesticides. We ask for the addition of $20 Million for a Community Support Fund at the Department of Pesticide Regulation ("DPR") to support residents of agricultural communities negatively impacted by pesticide use. The Fund should be used to establish community green spaces and protective buffer zones, and to provide PPE, indoor air filters, and other immediate protections identified through a process by which residents in the areas of the state at greatest risk of pesticide exposure have opportunities for input and meaningful public participation to prioritize protections based on their local pesticide and air quality conditions and what will work best for them.

We continue to oppose any investments in factory farm gas projects, including dairy digesters, biomethane pipelines and other infrastructure through subsidies that further entrench problematic status quo animal agriculture and natural gas industries. We urge leadership to eliminate funding for the Dairy Digester Research & Development Program ("DDRDP") and specify that livestock methane reduction projects do not include dairy digesters and remove them as an eligible project from the Climate Catalyst Fund.

Additionally, we would like to understand how the state has expended the following appropriations:

- $32 million for livestock methane reduction, including an explanation of how the state has conformed to the requirement included in last year's budget that "priority [be] given to the Alternative Manure Management Program." We are disappointed to see that CDFA recently reported that they aim to direct 60% of funds to DDRDP this year, which is clearly not an indication that the agency will prioritize non-digester projects.
- $5 million for research grants to measure and verify emissions reductions associated with livestock methane reduction projects
- $920,000 to OEHHA to provide analysis and recommend pipeline biogas standards to protect public health.

<u>Air Quality & Pollution Reduction</u>

We continue to support the original purpose and intended outcomes of the AB 617 program: to directly, significantly, and expeditiously reduce emissions from pollution sources in communities disproportionately impacted by air pollution. Unfortunately, AB 617 has yet to live up to these goals and we insist that any continued allocation of funds be bound to the original, corrective purpose of the AB 617 program. To start, the $240 million to the AB 617 program in the proposed budget must support these priority areas:

- Community engagement support and stipends;
- Implement enforceable regulations specific to the community boundary areas designed to reduce emissions and reach quantifiable objectives;
- Incentives to impacted residents, small businesses, and community-determined projects;
- Development and implementation of land use and transportation plans that conform with AB 617 priorities, especially priorities identified by community steering committees; and
- The swift update of AB 617's programmatic structure and requirements. Any continued funds allocated to local air districts for implementation of AB 617 should fall into one of these priority areas of the AB 617 program.

Furthermore, the California Air Resources Board ("CARB"), as the primary agency administering the program across the state, must ensure all Community Emissions Reduction Plans ("CERPs") and Community Air Monitoring Plans ("CAMPs") are developed through a community-based process, have unfaltering community support, and that they include the most rigorous measures to cut air pollution. In particular, it is becoming increasingly necessary in the 617 program for CARB to consistently assess and correct the quality of emissions reduction measures within Community Emissions Reduction Programs– well before CARB votes on CERP approval.

Additionally, CARB and each air district shall provide the public with a description of all revenues realized and expenditures made pursuant to AB 617 implementation on a quarterly basis. Additionally, the air district shall make public regularly and at request of the Community Steering Committee ("CSC") the status of AB 617 expenditures and remaining funds at the disposal of the community for implementation of the air monitoring programs and community emissions reduction program.

Public Participation - $20 Million

Due to the long-term and ongoing impacts of COVID-19 along obstacles to participation that hinder civic engagement for working and geographically isolated constituents, we urge the administration and legislature to allocate a $20 million fund to local jurisdictions to provide remote participation options for public meetings and hearings (call-in, streaming, 2-way audio-visual platforms, language access, etc.).

Enforcing Environmental Quality Protections for Disadvantaged Communities - $2.5 million

Last year's AB 170 enacted important revisions to the Environmental Enforcement and Training Act ("EETA") which creates new opportunities to ensure that disadvantaged communities receive the benefits of state enforcement efforts, that community-based and grassroots organizations are equipped to assist with those efforts, and that environmental enforcement targets activities that disproportionately impact disadvantaged communities. An investment of $2.5 million will support implementation of the EETA with these revisions.

COVID Energy Debt Relief

We applauded the inclusion in last year's budget of $1 billion in COVID energy debt relief. It was a powerful first step to address this crisis facing Californians, one disproportionately burdening low-income Californians and Californians of color. This crisis is not over. There is, at minimum, $1 billion additional COVID energy debt, which continues to accrue as the COVID pandemic continues, all while disconnections have resumed. California must reinstate the disconnection moratorium, include at least $1 billion in energy debt relief, and ensure that residents who have third-party utility debt are eligible for relief, so Californians are not punished for sacrificing other financial needs while remaining current with their energy bills. Additionally, the state should ensure documentation status does not impact a person's ability to access utility debt relief.

Thank you for your consideration of our initial budget recommendations. We look forward to working together over the next several months. Please feel free to reach out directly to discuss our initial recommendations directly.

Sincerely,

Veronica Garibay
Co-Executive Director