



June 3, 2022

The Honorable Gavin Newsom Governor, State of California State Capitol, First Floor Sacramento, CA 95814

The Honorable Toni Atkins Senate President pro Tempore State Capitol, Room 205 Sacramento, CA 95814

The Honorable Anthony Rendon Speaker of the Assembly State Capitol, Room 219 Sacramento, CA 95814

The Honorable Nancy Skinner Chair, Senate Committee on Budget State Capitol, Room 5094 Sacramento, CA 95814 The Honorable Phil Ting Chair, Assembly Committee on Budget State Capitol, Room 6026 Sacramento, CA 95814

The Honorable Bob Wieckowski Chair, Senate Budget Subcommittee 2 State Capitol Building, Room 2003 Sacramento, CA 95814

The Honorable Richard Bloom Chair, Assembly Budget Subcommittee 3 State Capitol Building, Room 4085 Sacramento, CA 95814

RE: Stakeholder Recommendations for Climate Resilience Budget Allocations

Dear State Leadership:

We applaud and commend State Leaders for your ongoing commitment to addressing the rapidly worsening impacts of climate change and adopting the historic \$3.7 billion Climate Resilience Budget

Package in the FY 21-22 State Budget. These investments, along with the numerous adaptation plans, strategies, and tools developed by the State, are critical initial steps towards building the necessary local and regional capacity to implement tangible adaptation projects and protect communities and ecosystems across California.

While State investments and commitments to-date have established California as a global climate leader, bold policy changes and investments now are critical to create the capacity to address the existential crisis of our changing climate. To this end, additional investments are urgently needed to protect communities from the converging summer crises of wildfire, drought, and extreme heat while preparing for longer-term impacts that threaten the health and safety of every Californian. This year's budget surplus represents a historic opportunity to leverage one-time funding to lay the necessary groundwork for ongoing climate adaptation.

In addition to the climate investments proposed in the Governor's May Revise, we urge the Administration and State Legislature to fully commit to the \$18.1 billion Climate Package outlined in the Senate Budget Plan. We also recommend allocating additional funds to address critical gaps and establish a strong foundation for accelerating and sustaining efforts to build community resilience into the future.

On behalf of the undersigned agencies and organizations, representing a diverse coalition of climate resilience practitioners across California, we offer a set of recommendations for State investments and actions to support communities in building long-term resilience and to adapt the systems we rely upon to withstand the increasingly devastating impacts of climate change. We thank you in advance for your consideration and we stand ready to work in partnership with the State to ensure an equitable, resilient, and prosperous California.

CLIMATE RESILIENCE BUDGET PRIORITIES & RECOMMENDATIONS

Our recommendations represent a set of aligned priorities across California's diverse regions and sectors, focused on forward-looking investments that address both immediate disasters and prepare for long-term impacts. Underscoring each of our recommendations is the importance of investing in and empowering climate vulnerable communities. State investments should prioritize those who are and will be disproportionately impacted by climate change, particularly Black, Indigenous, and People of Color (BIPOC) communities and other marginalized populations that have shouldered the largest health burdens and face the greatest economic barriers.

1. Fully Fund the Senate's Proposed Climate Package

We recognize the importance of ensuring the successful implementation of the State's FY 21-22 Climate Resilience Budget Package; however, we also recognize the need to increase and protect investments to meet the pace and scale of the climate crisis. The proposed allocations in the May Revise, focused on providing immediate support for near-term disasters, should be paired with the deeper investments for longer-term adaptation outlined in the <u>Senate's Proposed \$18.1 billion Climate Package</u>.

For example, the May Revise provides funds for fire *suppression* and the Senate's package focuses on forest management and capacity building for wildfire *resilience*. Fully funding the Senate's proposals

represents an important step towards addressing the significant gap in investments needed to restore our forests and reduce the risk, scale, and frequency of the devastating wildfires we have all witnessed over the past five years. The U.S. Forest Service estimates that <u>6-9 million acres of *federal* forest land</u> <u>need to be restored</u> and, depending on the applied treatment, restoration costs can range from <u>\$700 to</u> <u>\$4,000 per acre</u>. This brings the total cost of restoration to approximately \$4.2 trillion (\$700 per acre for 6 million acres) to \$24 trillion (\$4,000 per acre for 9 million acres), which only accounts for the initial treatment that would likely need additional treatments in following years. These investments would also mitigate the cascading impacts of wildfires that threaten the critical role of forests, such as in providing approximately 50% of the state's water supply, which is estimated to be worth approximately <u>\$9.5 billion</u> <u>annually</u>.

The Senate Plan also includes \$7.5 billion in new investments for drought and water resilience, which will help California adapt a water system that was built for a hydrology that no longer exists. The proposed budget funds projects that recognize that climate change includes both longer and hotter drought periods, as well as less frequent but more intense wet periods. Importantly, the \$7.5 billion package will fund projects to advance large-scale groundwater recharge in groundwater basins that have 20 times the storage capacity of all surface water storage in the state. It will also fund stormwater capture and wastewater recycling projects, both of which are critical measures for the state's urbanized areas. These projects are critical to address the extremes that are part of our current hydrology – our new normal, and to address current and ongoing challenges to meet the human right to water and build a water system that meets 21st century values.

We support the \$1 billion allocated in the Senate's proposal to offset the impacts of climate change for "disadvantaged communities," and recommend focusing instead on *climate vulnerable communities*. Various State and regional agencies have defined priority communities for investments based on their sector, impact, and/or region of focus, and continue to reevaluate their approaches through public processes. To achieve the most equitable outcomes, State investments should allow for more nuanced approaches that recognize the diversity and complexity of how climate change is impacting different frontline communities throughout the state.

In addition to fully funding the Senate Budget Plan, we urge State Leaders to fund the climate resilience priorities proposed in the Governor's May Revise. The investments proposed across both packages are complementary, not duplicative, and all climate resilience priorities should be funded. This includes the additional funding proposed in the Governor's May Revise for clean energy resilience, supporting existing and new efforts at both the CPUC and CEC, with a particular emphasis on prioritizing investments in "disadvantaged communities" that suffer the most from air pollution and power outages.

One glaring gap in both the Governor's May Revise and the Senate's Climate Package is funding to address extreme heat. Last year's appropriation of \$100 million over 2 years for the new Extreme Heat and Community Resilience Program established by SB-155 will be highly coveted. We anticipate this grant program to be extremely competitive as the majority of California's ~200 federally recognized and unrecognized Tribes, 58 counties, and 482 municipalities need resources to protect their communities from the deadly impacts of extreme heat. We propose allocating \$200 million for the Office of Planning and Research to expand the Extreme Heat and Community Resilience Program established in SB-155 to fund people-centric adaptation strategies and projects, including projects that reduce heat sinks and lower ambient temperatures.

2. Allocate Additional Funding to Implement State Adaptation Plans

California has made tremendous progress in assessing climate risks and developing adaptation strategies and plans informed by best-available science, cutting-edge models, and robust public input. However, we cannot afford to waste the resources invested into developing these plans, including the collective time donated by stakeholders and community members to engage in plan development, by allowing the implementation of these plans to remain unfunded. Additional funding is now needed to put these plans into action and implement tangible strategies for building climate resilience.

We recommend fully funding the strategies defined in the <u>California Wildfire and Forest Resilience Action</u> <u>Plan</u>, the <u>California Water Resilience Portfolio Initiative</u>, the <u>2021 California Climate Adaptation Strategy</u>, the <u>Extreme Heat Action Plan</u>, and the <u>Natural and Working Lands Climate Smart Strategy</u>.

While the combination of the climate resilience investments proposed in the May Revise and Senate Budget Plan will provide *some* funding, we urge State Leadership to *fully* fund the implementation of State adaptation plans. Ultimately, all of the strategies identified in State plans will need to be implemented to protect the health and safety of Californians and build longer-term community and systems resilience. Taking early action will help to avoid more costly action in the future to respond to disasters and implement strategies in a more challenging environment.

The Global Commission on Adaptation <u>reported</u> that "the overall rate of return on investments in improved resilience is very high, with benefit-cost ratios ranging from 2:1 to 10:1, and in some cases even higher." If these benefit-cost ratios were applied to the Senate's proposed \$18.1 billion climate package, the potential value of returned benefits would be in the tune of \$36.2 billion to \$181 billion, or potentially even higher. While this calculation is cursory, numerous studies have found that early action to build climate resilience will generate high returns on investments resulting from a combination of avoided losses, economic benefits, and social and environmental benefits. It is also possible that the rate of returns on investments in California, as the world's fifth largest economy, may be considerably higher.

3. Protect and Preserve State Climate Investments

We applaud State Leaders for your ongoing commitment to safeguarding communities from the worsening impacts of climate change, most clearly demonstrated by State climate resilience investments provided to-date for adaptation planning and implementation. In addition to investing more heavily in early adaptation actions, measures must be taken to protect and preserve past, current, and future investments to achieve and sustain the intended outcomes of State-funded projects. We urge State Leadership to leverage this one-time opportunity with the budget surplus to set the stage for ongoing climate adaptation work, such as by establishing a *protection and preservation fund* for project maintenance.

Climate adaptation is a long-term endeavor that requires ongoing funding. Without dedicated State resources for project maintenance, intended project benefits will not be realized, which will result in a backlog of costly projects that could have been avoided. The State has made tremendous strides in prioritizing environmental justice and investments in under-resourced communities. However, the burden of project maintenance is now falling on these same communities, such as to care for newly planted trees. Similarly, State investments in workforce development will not be successful without ongoing funding to sustain these jobs over time.

4. Support the Full Life-Cycle of Climate Adaptation and Resilience Projects

We are in the midst of a pivotal transition: local, regional, and State efforts to assess climate risks, identify adaptation strategies, and develop plans and projects have paved the way for implementation. The Sierra Nevada Conservancy (SNC) recently reported that they "received a record \$100 million in funding requests for wildfire- and climate-resilience projects, nearly two-times the funding that SNC has made available." This example, from just one state agency, demonstrates greater community readiness for project implementation.

We support State investments to fund adaptation project implementation and also urge State leaders to consider the iterative nature of adaptation planning and implementation, as well as the need to build a pipeline of shovel-ready projects. The uncertain nature of climate change demands a constant cycle of research, planning, project design, implementation, monitoring and evaluation, and project maintenance and improvements. Greater support is needed to build the necessary capacity to account for this full project life-cycle, particularly to support community-driven planning and project development. While there *is* a growing list of shovel-ready adaptation projects ready for implementation, historically marginalized and under-resourced communities need more resources and time to prepare for implementation.

Part of the full life-cycle of adaptation work includes recovery, to help communities rebuild after disasters in a more resilient manner. We recommend allocating \$100 million to create a capitalized Emergency Revolving Loan Fund to accelerate the reconstruction of affordable multifamily homes and owneroccupied single-family homes that have been damaged or destroyed by wildfires and other natural disasters. The revolving loans would be made by CDFIs and supplement federal relief, which can be long delayed for years, in order to accelerate the restoration of housing and infrastructure to disaster victims throughout California.

ADDITIONAL RECOMMENDATIONS

5. Ensure State Grant Programs Are Accessible and Efficient

In order to enable the holistic, multi-sector, multi-impact solutions needed for climate adaptation, as well as to avoid over-burdening capacity-constrained organizations, we recommend streamlining the application process for State grant programs. We recommend establishing a *Super NOFA* or *FAFSA-style Single Application*, which will be reflected as top priorities in the forthcoming "Climate Crossroads: California's Readiness to Act on Climate Resilience" reports.

Additionally, to realize State goals to build community capacity and enable the state's most marginalized communities to access State funding, we strongly recommend restructuring the reimbursement nature of most State grant programs to allow for advance payments. This continues to be identified as one of the most significant barriers for community-based organizations to access State funding.

One existing model for advance payments can be found in <u>Prop 68</u>, which allows administering agencies to provide advance payment of up to 50% of water project grant awards to nonprofits or a "disadvantaged" community.

6. Support Local and Regional Capacity Building

Although some aspects of adaptation capacity needs are reflected in prior sections, our final recommendation is entirely focused on this issue to acknowledge the fundamental barrier to advancing adaptation priorities: insufficient capacity. This is a core challenge faced by nearly all communities and organizations in every region throughout the state. There is an urgent need to build local and regional capacity to pursue core adaptation activities – to develop adaptation plans, apply for and acquire funding, design and implement projects, and monitor and evaluate progress, all of which must also include ongoing and authentic community and stakeholder engagement.

While the State's proposed climate resilience investments will provide critical resources to develop plans and implement projects, they fall short in building the deeper and ongoing capacity needed for equitable climate adaptation. Current State grant programs are primarily structured to fund specific products and projects, failing to acknowledge *all of the other* fundamental activities that must be undertaken to successfully adapt to a changing climate. These include building relationships and developing partnerships, collaborating with key stakeholders and neighboring jurisdictions; building political will and public support; *meaningfully* involving community members and creating an enabling environment for community leadership and self-determination; reforming institutional practices that perpetuate oppressive systems and hinder communities from building power and resilience; tracking and engaging in State policy development; navigating new local, regional, state, and federal policies and programs; staying up-to-date on new research and scientific findings; and countless other activities that must be undertaken on a consistent basis to make and sustain adaptation progress.

Climate change is already impacting nearly every aspect of our natural, social, and economic systems, and the scale of resources and actions needed is undeniably enormous. Significant investments are now needed to create resilient communities and systems that address each and every climate impact (e.g., wildfire, drought, extreme heat, flooding, sea level rise) across each and every sector (e.g., energy, transportation, water, agriculture, communications), as well as to build our collective capacity to sustain ongoing action and adapt to new, unforeseen threats. While the climate crisis may seem insurmountable, it is important to recognize that the widespread and interconnected nature of climate change also extends to the benefits that will be realized through early and coordinated adaptation.

We urge the State to leverage the historic \$97.5 billion budget surplus to set in motion a new cycle of cascading and compounding <u>benefits</u> for communities throughout California.

Thank you for your time in considering our recommendations. We greatly appreciate your ongoing leadership and commitment to creating an equitable, climate-resilient California, and we remain committed to assisting your decision-making processes to leverage one-time surplus funding to lay the groundwork for ongoing climate and community resilience efforts. Please do not hesitate to contact Julia Kim at jkim@civicwell.org if you have any questions or would like to discuss any of these recommendations further.

Respectfully,

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