CONTRA COSTA COUNTY
HAZARDOUS MATERIALS COMMISSION

Thursday, September 26, 2019
4:00 p.m. – 6:00 p.m.

The County Connection
2477 Arnold Industrial Way, Board Room
Concord CA 94520

COMMISSION ACTION MAY BE TAKEN ON ANY ISSUE IDENTIFIED IN THIS AGENDA

The Contra Costa County Hazardous Materials Commission will provide reasonable accommodations for persons with disabilities planning to attend the Hazardous Materials Commission meetings who contact Michael Kent, Hazardous Materials Commission Executive Assistant, at least 24 hours before the meetings, at (925) 313-6587.

AGENDA

1. CALL TO ORDER, ANNOUNCEMENTS AND INTRODUCTIONS
2. APPROVAL OF MINUTES: July 25, 2019
3. PUBLIC COMMENT
4. HAZARDOUS MATERIALS PROGRAMS REPORT .......................................................... Randy Sawyer
5. OPERATIONS COMMITTEE REPORT ................................................................. Committee Chair
6. PLANNING AND POLICY DEVELOPMENT COMMITTEE REPORT ................................ Committee Chair
7. OLD BUSINESS:
   a) Review and approve MOU concerning a Student Seat on the Commission
   b) Discuss Carbon Tax proposal by Citizen Climate Lobby
8. NEW BUSINESS:
   a) Presentation on the deep water dredging proposal, Charlie Davidson, Sunflower Alliance
9. REPORTS FROM COMMISSIONERS ON MATTERS OF COMMISSION INTEREST .............................................. Members
10. PLAN NEXT AGENDA
11. ADJOURNMENT

Attachments

Questions: Call Michael Kent (925) 313-6587

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by Contra Costa Health Services to a majority of members of the Hazardous Materials Commission less than 72 hours prior to that meeting are available for public inspection at 597 Center Avenue in Martinez.

597 Center Avenue, Suite 200, Martinez CA 94553 (925) 313-6712 Fax (925) 313-6721
Contra Costa County

HAZARDOUS MATERIALS COMMISSION

Draft Minutes
July 25, 2019

Members and Alternates Present: Jonathan Bash, Fred Glueck, Mark Hughes, Steve Linsley, Gabe Quinto, Mark Ross, George Smith, Leslie Stewart, Tim Bancroft (alternate), Lisa Park (alternate), Tracy Scott (alternate), Rita Xavier (alternate)
Absent: Rick Alcaraz, Don Bristol, Frank Gordon (represented by alternate), Jim Payne (represented by alternate), Ralph Sattler (represented by alternate)
Staff: Michael Kent
Members of the Public: Neil Delaney, Marti Roach, Cynthia Mahoney, Charlie Davidson

1. Call to Order: Commissioner Smith called the meeting to order at 4:00

Announcements and Introductions:

Michael Kent announced:

* Commission Annual meetings with Supervisor Andersen and Gioia have been set for July 26 and August 13 respectively.
* The flyer for the Cybersecurity workshop on September 17th is complete and is being distributed.
* The recommendations the Commission made to the Board of Supervisors concerning pipeline safety are scheduled to be heard by the Transportation, Water and Infrastructure subcommittee of the Board of Supervisors on September 9, 2019.
* BART is seeking applicants for its Environmental Justice Advisory Committee.

Commissioner Smith announced that Josh Gravenmier, from Arcadis consulting, will be giving a presentation on the impacts of the proposed Army Corp of Engineers deep channel dredging project at the next East Bay Leadership Council’s Environmental Taskforce meeting on August 2nd at 8:15 at Brown and Caldwell’s offices in Walnut Creek.

2. Approval of the Minutes:

A motion was made by Commissioner Glueck and seconded by Commissioner Bash to approve the minutes for the June 27, 2019 meeting. The motion passed 11 – 0.

3. Public Comments: None

4. Hazardous Materials Programs Report:

Randy Sawyer was not in attendance to give his report.
5. Operations Committee Report:

The Operation committee reported that at their meeting they reviewed the distribution plan for flyers for the September 17th cybersecurity workshop and recommended several additional ways to distribute the flyer. They also reviewed and made comments on a draft MOU with Shannon Ladner-Beasley from the Career Pathways program concerning the development of a Student seat on the Commission.

The committee also discussed the need for a Commission retreat to set the Commission’s agenda for the next three years. After reviewing the results of the previous retreat and discussing the issues the Commission is currently addressing, the committee determined that another full blown retreat is not needed. Instead they recommend that the Commission conduct an in-depth review of the issues they are currently working on at a Commission meeting this fall, and make any adjustments or additions in that meeting. The full Commission agreed with this recommendation.

6. Planning and Policy Development Committee Report:

The Planning and Policy Committee developed questions to ask the speaker on SB 673 at today’s meeting.

7. Old Business:

   a) Presentation on SB 673 — Addressing Cumulative impacts and community vulnerabilities at Treatment, Storage and Disposal facilities

Ingrid Brostrom from the Center on Race, Poverty and the Environment began her presentation by explaining that she works on their Toxics Free Campaign, specializing in work on permitting. She participates in Environmental Justice groups in Oakland and in the Central Valley. She also works on clean-up issues.

She first got involved in this issue at the People’s Senate for DTSC Reform a few years ago that was organized by a number of Community-based organizations to look at hazardous waste management issues. It resulted in a series of policy proposals to reform DTSC (Department of Toxic Substances Control). One of these policies let to the development of SB 673, which they sponsored.

The problem, as they see it is that:

1) The Environmental Justice movement started in response to the fact that hazardous waste sites were predominately located in low-income communities of color. Studies looking for improvement in this situation instead found disparities in siting has gotten worse. California has the highest percentage of people of color living near hazardous waste sites.
2) The lack of clear criteria for permitting decisions gives vast discretion to DTSC with little guidance. They would like to see vulnerability and cumulative impacts addressed in decision making.

They don’t want to shut down facilities, but they do want risks to be reduced and citizens to feel protected and considered. There are only a few controversial sites in California out of 87 in total (for example, the Button Willow site where they wanted to re-route trucks through communities). Most sites are in the Los Angeles area, but many landfills are in the Central Valley.

Commissioner Glueck asked what are the impacts to a community from a facility that is in compliance with current regulations? Ms. Brostrom responded that one of the impacts is from trucks moving through the community, and even well managed facilities have intangible impacts such as stigma, negative impacts on housing value, stress and fear of exposure. And communities around some of the facilities, such as the Excide Battery site, have real environmental impacts.

She went on to say that they see Cal Enviroscreen as a screening level tool, not a permitting exclusion tool. They do not support expanding the use of Cal Enviroscreen in this process.

Commissioner Hughes asked if using Cal Enviroscreen determines the pathway each facility is assigned, and thus the actions they will have to take? She said that the actions a facility will have to take are based more on community vulnerabilities.

Commissioner Glueck asked what would be an appropriate buffer zone for a community that would be scientifically-based and that would keep them safe. She said this would be based on risk and other factors such as the nature of the community. So a one-size-fits-all approach is difficult. But a starting point would be to look at all census tracts within ½ mile of a facility.

She went on to say that one important issue that is not clear in the proposed regulations is if denial of a permit for a given facility is an option. She hopes that at some point a facility could be found to be incompatible with the surrounding community, and the permit could be denied. This should be a high bar, but it should be on the table.

Several of the Commissioners wanted to know if she thought this regulatory approach might be expanded to other types of facilities. She said she thought this proceeding could influence other regulatory frameworks. She thought there is currently not a lot of guidance for agencies that are permitting facilities. She hopes this approach will foster cooperation and participation between communities and the facilities to come up with solutions because it is flexible. She thinks DTSC is taking a middle of the road approach in framing this regulation that all parties can get behind.

Commissioner Stewart observed that one of the concerns Ms. Brostrum has about DTSC’s current regulatory process is that decision-making is inconsistent due to the lack of guiding criteria. But isn’t she concerned that the flexibility in the process currently being considered by
DTSC would still leave options for variation and inequitable applications? Ms. Brostrum responded that she when she first became involved in these issues she wanted all these facilities to simply shut down. But she realized that there would be impacts from that happening, so she accepted that these facilities are needed. But yes, she is still concerned about the amount of discretion DTSC has because they don’t have a Board of Directors, permit appeals go back to staff, and there is a lack of transparency and accountability with agency decisions. There are a lot of problems at DTSC including the threat of insolvency and being behind on permits. They are one of the only agencies with the authority to issue permits that doesn’t have a board made up of elected officials. Her group has sponsored legislation to create a Board of Directors for DTSC.

Several of the Commissioners asked her about how this process will overlap with CEQA. She said she sees them as different, separate, processes looking at different things. She was also asked what would happen if a community thought a facility was operating illegally. She also sees this as a separate issue from what these regulations would address.

She was also asked what she thought of the AB 617 process. She said that she was not impressed by the effort in the Central Valley because what they came up with didn’t have much teeth. It might be different in other areas, but she didn’t know.

She concluded by saying that she hopes there will be real community input in the process that is created, but that there is not a good track record for this at DTSC.

8. New Business:

a) Presentation on the Concept of a Carbon Tax

This presentation was given by Cynthia Mahoney of the Citizen Climate Lobby (ppt attached). She began her presentation with a review of the science and impacts of climate change. She stressed that the window to fix the problem is closing, so the issue is very urgent. Scientists are learning more all the time about how melting ice is creating a feedback loop that is accelerating the pace of melting.

Their basic proposal is to place a tax on all carbon-based fuel produced or imported into the US, and then distribute the proceeds from that tax equally. This will incentivize people to use less carbon because carbon-based products will cost more. Low-income people will benefit the most because they use less carbon-based products. 70% would benefit. There are various ways to do this, some would tax crude products, some would tax refined products.

Commissioner Glueck expressed his concern that Government can change how money is spent once it is raised despite the original intent, siting the case that $163 million dollars from the tax on tobacco was spent on road repair. Marti Roach said that some proposals put money into the budget and then send it out as a tax credit, but have trouble tracking the money. Their proposal, HR 763, sends the money directly to individuals.
Ms. Roach said that last year the Sustainability Commission recommended to the Board of Supervisors that they support the concept. The Board passed a resolution to support Federal carbon pricing, but it was watered down at the Ad Hoc committee to be very general. It didn’t say what to do with the funds that were generated.

Commissioner Scott expressed he concern about the just transition of workers losing their jobs in the energy field to other professions. He said that none of the proposals out there contain money to address this. He doesn’t think the Citizens Climate Lobby is addressing this.

Commissioner Glueck expressed his concern that the real problem is that there are 7.5 billion people on the earth and the population is growing exponentially, causing more health impacts that anything else. Ms. Mahoney responded that per person energy consumption rates are also rising.

Commissioner Hughes asked for clarification on why, if producers pass through the costs of higher prices for carbon-based materials, will the use of carbon-based products go down. Ms. Mahoney explained that this will result in the relative cost of noncarbon-based products being less, thus outcompeting the carbon-based products. Ms. Roach added that this would also take the subsidy away from fossil fuels and would encourage incentives to develop alternatives.

Commissioner Glueck asked that the County’s legislative platform be distributed to the Commission members.

Commissioner Smith ended the presentation by thanking the speakers for the information and referring the matter to the next full commission meeting for further discussion.

9. Reports From Commissioners On Matters of Commission Interest:

Commissioner Quinto said he is concerned about a proposal to deepen parts of the shipping channel in San Francisco Bay and the Carquinez Straight because of the potential environmental impacts. He wanted the Commission to consider if this is an issue within their jurisdiction.

10. Plan Next Agenda:

The Commission asked to receive a presentation on SB 673 from someone in the Environmental Justice community.

11. Adjournment: The meeting adjourned at 6:00 pm.
July 2, 2019

MEMO

To: Shannon Ladner-Beasley, Contra Costa Health Services [Health Career Pathways]

From: Michael Kent, Executive Assistant to the Hazardous Materials Commission

Re: Creation of a Student Seat for the Hazardous Materials Commission

The Hazardous Materials Commission considered the recommendation by their Operations committee to create a Student Seat for the Commission at their June 27, 2019 meeting. This recommendation was based on discussions with you at the June 14, 2019 Operations committee concerning your work with students in the Health Career Pathways program and other internship opportunities for students at Community Colleges, State School and Universities in Contra Costa County. The Commission voted unanimously to work with your office to fill a Student Seat for the Commission.

The parameters of this Student Seat internship will be that it should ideally be have a minimum commitment of 40 hours worked for over a term of 9 months from September to June of each school year. The recruitment of the candidate for the seat would occur in the previous spring of each year, and would include an interview by the Operations committee of the Commission and approval by the full Commission. The Student representative will be expected to attend and participate in committee and Commission meetings, and would ideally research and give a presentation on a hazardous materials topic either they or the Commission comes up with for the Commission to consider. However, the Student representative would not be an official voting member of the Commission.

The role of your office would be to recruit candidates to apply for this Seat, and once selected, help the student track their hours and secure appropriate practicum/internship credit for this community-based project opportunity with the Commission. The Executive Assistant to the Commission will provide the intern with an orientation and orientation materials, administrative support, and support for their research.
Attachment

Item 1
Solving the Climate Challenge

Hazardous Waste Commission
July 25, 2019

Our Stories

Cynthia Mahoney
MD
Citizens' Climate Lobby

Marti Roach
Citizens' Climate Lobby

Health is the Human Face of Climate Change

MEDICAL ALERT! Climate Change Is Harming Our Health

Climate Science: Quick Version

Climate Science 101
1. It's warming
2. It's us
3. We're sure
4. It's bad
5. We can fix it
The Biggest Driver Is Fossil Fuels

Greenhouse Gases Are Changing The Climate

Some sunlight that hits the earth is reflected, and some becomes heat.

Some heat can escape. But excess CO₂ and other gases in the atmosphere trap heat, keeping the earth warm.

The energy trapped by man-made global warming pollution is now "...equivalent to exploding 400,000 Hiroshima atomic bombs per day 365 days per year."

Former Director, NASA Goddard Institute for Space Studies

As Temperatures Increase, the Oceans Evaporate More Moisture into the Sky
Global Temperature Rise Has Tracked the Increase of Atmospheric Carbon Dioxide

The Urgency of Tipping Points:
Greenland Sled Dog Team
Spring 2019

Health Impacts of Burning Fossil Fuels

- Immediate: Direct impacts caused by ozone and particulate matter
- Long Term: Greenhouse gas(es) like CO2 & methane leading to climate change

30 million Americans (1 of 12) have asthma
4000 die each year
235 million worldwide have asthma
180,000 deaths/year
2nd Hand Smoke

How Hot Will It Get?

Days over 95° by 2100
- NYC 42
- Chicago 54
- Dallas 133

Days over 100°
- Fresno 101

Heat Waves Kill

2006 California heat wave
- Daytime > 100°F/night time 80°F for 2 weeks
- Record night-time high
- > 1 million people lost electricity
- Death toll 150-450
- Excess ER visits 14,000
- Excess hospitalizations 1000

2003 European heat wave
- Death toll > 45,000

2010 Russian heat wave
- Death toll > 50,000
Populations of Concern

Extreme Weather Events
Rising Seas and Storm Surge; Downpours and Flooding; Drought and Wildfires

Kaiser Santa Rosa Evacuation
The IPCC reports we have 12 years to cut global emissions by 50%.
A Good Chance to Stay Below 1.5°C

If we do these three things:

100% CLEAN, RENEWABLE ENERGY
50% TANDEM AND OCEAN PROTECTED
<0 PROJECTED CARBON AGRICULTURE
BY 2050

Embrace a Low-carbon Economy

Transition as quickly as possible to clean, healthy forms of energy like solar and wind.

Unpriced Externalities

Choices to Slow Climate Change

Lower emissions, increase soil & forest sinks, carbon capture:

**Personal/Individual:** plant shade trees, bike, solar panels, eat less meat, one less child

**Community:** generate clean local energy, housing & transport policy

**Business:** efficiency, innovation, agriculture

**Government:** local, state, national, global fuel efficiency standards put a price on carbon

. The Tragedy of the Commons
Energy Innovation & Carbon Dividend
Catalyzes the transition to the Low Carbon Economy

How It Works
- Change a fee on fossil fuels at the source (oil, coal, or gas)
- Return 100% of net revenue to households as a dividend
- Limited Regulatory Adjustment
- Carbon Border Adjustment

WSJ: Economists' Statement on Carbon Dividends
"A [steadily increasing] carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary..."

3508 U.S. Economists
4 Former Chairs of the Federal Reserve (All)
27 Nobel Laureate Economists
15 Former Chairs of the Council of Economic Advisers
2 Former Secretaries of the U.S. Department of Treasury

Key: What to Do with the MONEY
- Our Choices:
  - expand government?
  - fund research into clean energy?
  - help impacted communities?
  - lower taxes?
- HOUSEHOLD REBATE: dividend check

- Family of four: $300/month in 10 years
  - $400/month in 20 years
- $3,900 per year at 10 years
- 20% of American households would receive more in dividends
Wanted: a fair carbon tax

lurist in Finance at a rise in fuel prices highlights how the necessary transition to a clean economy must be carefully managed.

"And one way to make a carbon tax more palatable to the taxpayers is to give them the money back. That's essentially what Canada plans to do. Starting next year, Prime Minister Justin Trudeau's government will introduce a national 'fee and dividend' scheme that will place a levy on the carbon emissions of fuels and other products, but then refund the money to individuals and companies through tax rebates."

Real Disposable Income

Broad Support for Carbon Fee & Dividend

CCL Advisory Board

George Shultz

James Hanson

CCL Advisory Board

Clint Rayburn

"Buying and selling 'carbon credits' can lead to a new form of speculation which would not help reduce the emission of polluting gases."

Stanford Professor Mark Jacobson

We can do this with currently existing technology

Stanford Professor Mark Jacobson has a plan for 100% renewable energy from wind, water, and sun that would provide energy for everything."
To save money, Kentucky Coal Museum turns to solar panels

Museum's 80 solar panels on the roof are expected to save approximately $8,000 per year.

Imagine the New Fenceline Community

Energy Innovation and Carbon Dividend Act

This bill will drive down America's carbon pollution and bring climate change under control. It is:

- EFFECTIVE
- GOOD FOR PEOPLE
- GOOD FOR THE ECONOMY
- REVENUE NEUTRAL

Republicans and Democrats agree
As We Transition.....

➤ Steady rise in price of carbon minimizes disruption to our economy
➤ The dividend works as an economic stimulus
➤ Other measures will also be needed
➤ What are consequences as production facilities lower production/plan closure?

Questions & Insights

What questions do you have about the legislation?
About how the carbon pricing will work?
What issues or questions arise related to your role as the Hazardous Materials Commission?

Thank you for inviting us.

Thank You!

Cynthia Mahoney MD
cambross@comcast.net
510-566-6199
Martii Roach
martireach@gmail.com
Chapter: Contra Costa

Build Political Will to Act on Climate
Attachment

Item 2
**Page 10 - Carbon Fee** – Contra Costa County is committed to addressing the challenges of climate change by reducing local greenhouse gas emissions while improving community health. The County supports the concept of establishing a national price on carbon-based fuels to address the costs to society of emissions from those fuels.
Attachment

Item 3
Integrating Federal and California Climate Policies
Discussion Paper
by Harry Chomsky, Jennifer Wood and Mary Selkirk
CCL California

California has positioned itself as a world leader in fighting climate change, adopting a wide range of state policies to reduce greenhouse gas emissions. Meanwhile, momentum is gradually building toward climate action at the federal level. One promising proposal is the Energy Innovation and Carbon Dividend Act,\(^1\) H.R. 763,\(^2\) supported by Citizens' Climate Lobby\(^3\) (CCL) along with a broad, bipartisan array of Congressional sponsors and endorsers.

What will happen to California's climate policies if the Energy Innovation Act is enacted? Will the state and federal policies work together well, or will they conflict with each other? Will California have to change its policies to protect its climate goals or its economic vitality?

California's legislature and government agencies will have to address these questions if the Energy Innovation Act becomes law. But we think few changes will be needed. In many ways the federal and state policies should reinforce each other without posing undue burdens on Californians.

CCL has not yet carried out an in-depth economic analysis of combining the state and national programs. This paper explores the ideas involved, and offers educated guesses about likely outcomes, based on what we know about each program. We hope for a more thorough analysis in the future.

The Energy Innovation and Carbon Dividend Act

The Energy Innovation Act works by imposing a fee on fossil fuels to make all activities that emit greenhouse gases become more expensive. The fee starts at $15 per ton of CO\(_2\) and increases by $10–$15 per ton each year, indexed to inflation. All net revenue from the fee is returned to American households as a dividend. A border adjustment protects businesses exposed to international competition.

Compared to the dozens of carbon pricing programs in place around the world,\(^4\) the Energy Innovation Act uses a relatively low starting price but a fast rate of increase. Within ten years the price would exceed that of every carbon price in effect today except Sweden's. A price trajectory this ambitious will certainly disrupt the economy — that is how it is projected to achieve strong climate goals including a 40% emissions reduction within 12 years and 90% by 2050.

The Energy Innovation Act's other features are essential to prevent political backlash from consumers and businesses:

- For consumers, the bill's dividend ensures most people won't lose money due to the fee. As the fee causes prices to rise for some goods and services, people's out-of-pocket costs will be compensated by the regular dividends they receive. A majority of people — generally the least

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1. [https://energyinnovationact.org/](https://energyinnovationact.org/)
3. [https://citizensclimatelobby.org/](https://citizensclimatelobby.org/)
wealthy, who tend to have lower carbon footprints overall — will come out better off due to the combination of fee and dividend.\(^5\)

- For businesses, the bill's border adjustment ensures a level playing field. Carbon-intensive products made overseas will be subject to a tariff when imported to the US, eliminating any price advantage from avoiding the carbon fee. Conversely, products made here and exported are eligible for a rebate, allowing the manufacturer to sell them overseas at a competitive price. Trading partners can avoid these fees and rebates by adopting their own, internal carbon price comparable to ours.
- For all stakeholders, the gradual but predictable increase in fossil fuel costs promotes sensible planning and avoids economic chaos.

According to a CCL-commissioned study by REMI,\(^6\) a policy similar to the Energy Innovation Act can reduce emissions at the aggressive rate recommended by climate scientists, give most people additional spending money, and create millions of new jobs.

**The fate of regulations under the Energy Innovation Act**

The Energy Innovation Act places some limits on the federal government's authority to regulate emissions, but the limits are carefully designed to ensure that climate goals and clean air goals can all be met.

The bill prevents the Environmental Protection Agency (EPA) from regulating emissions that are covered by the carbon fee on the basis of their greenhouse gas effects. A regulatory program like the never-implemented Clean Power Plan\(^7\) would be prohibited. Nonetheless, the EPA is still permitted to:

- regulate emissions that are not properly priced by the Energy Innovation Act, such as leaked methane;
- monitor and report on emissions of greenhouse gases;
- regulate emissions of greenhouse gases for a different reason, such as their impacts on health;
- regulate emissions from vehicles, using CAFE standards\(^8\) or similar programs.

If the Energy Innovation Act fails to meet its targets to reduce emissions after ten years, its limits on the EPA will end, and it will instead require the EPA explicitly to issue regulations to meet the targets. This gives the EPA a stronger emission-cutting mandate than it has now. In effect, the Energy Innovation Act dictates that we try robust market incentives first, and if they fail, then we turn to regulations to get the job done.

Important for Californians, the Energy Innovation Act does not interfere with state regulations.

**California’s climate programs**

Starting with its landmark law AB 32 in 2006, California has enacted ambitious programs to reduce fossil fuel use and mitigate climate change.\(^9\) We can roughly divide the programs into four groups:

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\(^5\) [https://citizensclimatelobby.org/household-impact-study/](https://citizensclimatelobby.org/household-impact-study/)

\(^6\) [https://citizensclimatelobby.org/remi-report/](https://citizensclimatelobby.org/remi-report/)


\(^9\) [https://www.law.berkeley.edu/research/clee/research/climate/climate-policy-dashboard/](https://www.law.berkeley.edu/research/clee/research/climate/climate-policy-dashboard/)
• **Broad goals.** California has established broad goals, such as reducing emissions to 80% below 1990 levels by 2050.\(^{10}\)

• **Narrow goals and regulations.** California regulations include rules on renewable energy use, vehicle emissions, efficiency of buildings and appliances, and land use. Sometimes regulations are expressed as goals, such as requiring 50% of electricity to come from renewables by 2030;\(^{11}\) but unlike the broad goals of reducing overall emissions, these narrow goals are the responsibility of a small number of actors and are more easily enforced.

• **Investments.** California invests in many projects to facilitate the transition away from fossil fuels. Examples include high-speed rail, electric vehicle charging infrastructure, electrical grid upgrades to support renewables, retrofits of buildings, and environmental justice projects.

• **Cap and trade.** The most famous of California's climate programs, cap and trade limits emissions based on a system of permits, auctions, trading, and offsets. Cap and trade is a form of carbon pricing, since businesses pay money for permission to emit CO\(_2\) from fossil fuels.

**How cap and trade works**

Under cap and trade, companies must acquire permits to emit greenhouse gases.\(^{12}\) The number of permits sold each year is limited by the cap. The cap decreases over time, ensuring that the state's overall emissions decline at the right pace to meet the long-term goal. The state sells a portion of the permits at quarterly auctions. The revenue raised at the auctions helps fund investment projects to advance California's climate goals.\(^{13}\)

The price of permits is determined by the market. When companies bid eagerly for permits (high demand), and the number of permits decreases over time (low supply), the auctions become more competitive and the permit price goes up. On the flip side, when companies take action to reduce their fossil fuel use — due to regulations or other incentives — demand for permits is reduced and the price stays low.

The program establishes a "floor price" for permits, a minimum that all bidders must pay regardless of demand. It also establishes a "ceiling price" by making unlimited permits available for purchase at the ceiling price regardless of the cap.\(^{14}\) Together these features constrain the permit price within a state-imposed range, independent of market conditions. The range began at $10–$40 per ton in 2012, and rises 5% over inflation annually, reaching $15.62–$58.35 in 2019.\(^{15}\) Actual permit prices so far have remained between $11 and $16 per ton after some early volatility in the program's first year.\(^{16}\)

**How cap and trade interacts with other programs**

So far, demand for emission permits has been fairly low relative to the cap, so the auction price has remained near the floor price. The future trajectory of cap and trade prices depends deeply on what other measures are taken to cut fossil fuel use. To see the effect, consider two hypothetical extreme cases:

\(^{10}\) [https://www.climatechange.ca.gov/state/prevent_prepare.html](https://www.climatechange.ca.gov/state/prevent_prepare.html)

\(^{11}\) [https://www.energy.ca.gov/sb350/](https://www.energy.ca.gov/sb350/)

\(^{12}\) [https://www.arb.ca.gov/cc/capandtrade/capandtrade.htm](https://www.arb.ca.gov/cc/capandtrade/capandtrade.htm)

\(^{13}\) [http://www.caclimateinvestments.ca.gov/](http://www.caclimateinvestments.ca.gov/)

\(^{14}\) [https://www.c2es.org/content/california-cap-and-trade/](https://www.c2es.org/content/california-cap-and-trade/)


\(^{16}\) [http://calcarbondash.org/](http://calcarbondash.org/)
1. Cap and trade acting alone. If California were to drop all of its other climate programs besides cap and trade, the cap would theoretically still ensure that statewide emissions decrease as needed. The private marketplace would have to figure out on its own how to achieve the needed reductions. During the transition, demand for emission permits would remain high even while their quantity decreases. Companies would bid fiercely and pay dearly for their permits, and would pass some of the cost onto consumers. High prices might erode political support for cap and trade. In the worst case, the state might be forced to raise the cap or even abandon the program altogether.

2. Cap and trade alongside very strong climate programs. Any requirement or incentive for businesses to limit their fossil fuel use will reduce demand and push the permit price downward. With strong programs in place, the price might drop all the way to the floor. With even stronger programs in place, companies may start to find emission permits unattractive or unnecessary even at the low floor price. The state may not even be able to sell all the permits it offers. Revenue from permit auctions will decline. Severe revenue loss could threaten California’s climate investment projects.

The designers of California’s climate programs have carried out a careful balancing act to avoid these two extremes. They expect the state’s regulations and investments to reduce fossil fuel use by about 80% of the amount needed to stay on track. Cap and trade will bring about the remaining reductions. If the regulations and investments turn out less effective than predicted, cap and trade will pick up the slack, but perhaps at a high price and with a risk of political problems. If the regulations and investments work too well, cap and trade auctions might become uncompetitive, possibly threatening the revenue stream for the investments. Balanced properly, these three components — regulations, investment projects, and cap and trade — work together to reduce emissions steadily, with a stable permit price a bit above the floor, a moderate cost to businesses and consumers, and reliable funding for the state government.

**Contrasting approaches to carbon pricing**

The Energy Innovation Act and California’s cap and trade program both aim to reduce emissions using a price on carbon, but they take very different approaches. This table highlights the contrasts between them:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Energy Innovation Act</th>
<th>California cap and trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where price is applied</td>
<td>Upstream, at the oil refinery, coal mine, point of entry for pipeline-quality natural gas, or port of entry</td>
<td>Downstream, where the fuel is consumed, by requiring a permit</td>
</tr>
<tr>
<td>How price is set</td>
<td>Predictable schedule, with minor adjustments depending on emission cuts achieved</td>
<td>Auction, with reserve prices as a floor and ceiling to prevent chaotic fluctuations</td>
</tr>
<tr>
<td>How revenue is used</td>
<td>100% dividend to American households</td>
<td>Investments in programs to reduce emissions and pollution</td>
</tr>
<tr>
<td>Purpose of price</td>
<td>To achieve all emission reductions</td>
<td>To provide a backstop alongside complementary climate policies, and to raise revenue for climate programs</td>
</tr>
<tr>
<td>How to avoid hardship</td>
<td>Return revenue as a dividend</td>
<td>Keep price from rising too high</td>
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</tbody>
</table>
Contrasting effects on businesses

The Energy Innovation Act and California’s cap and trade program both impose costs on businesses, but the costs have very different impacts on a company’s financial health.

Under the Energy Innovation Act, companies nationwide would be expected to raise sales prices to factor in the costs they incur due to the carbon fee. The bill actually relies on this pattern: fuel producers pay the fee, upstream businesses compensate them through higher fuel prices, downstream businesses compensate the upstream businesses through higher wholesale prices, consumers compensate the downstream businesses through higher retail prices, and the dividend helps consumers afford the higher retail prices. Each actor along the way can save money by reducing emissions in one way or another, adding up to a reduced national carbon footprint, but no single entity is expected to shoulder an undue burden or “eat” the cost brought on by the fee. Businesses selling internationally can also recoup much of the carbon fee cost, but in a different way: the Energy Innovation Act’s border adjustment gives them a rebate when they export their products.

Costs brought on by state programs, by contrast, cannot easily be passed on through a chain of buyers. If a California supplier of some good raised prices too much, buyers might choose an out-of-state or international supplier instead. If a business feels too heavily burdened by the state’s regulations and carbon fees, it may choose to move to a different state, or to expand in a different state instead of here.

While no business likes to see rising costs for their operations, in principle costs brought on by the Energy Innovation Act should be easier for businesses to bear than costs due to cap and trade.

Combining federal and state programs

When federal and state climate programs are enacted to operate at the same time, the two governments must decide how to combine the programs. At one extreme, governments may take no special action and allow the programs to coexist. At the opposite extreme, federal legislators may override decisions by state governments and preempt certain state programs. As a middle ground, state legislators or regulators may adjust state programs to make them fit better with federal programs.

The current draft of the Energy Innovation Act does not override or restrict any state programs. If it becomes enacted in its current form, it will be up to California state leaders whether to continue any or all of California’s climate programs and whether or how to adjust them.

What sort of adjustments might be warranted? Or, to put it another way, what might work well and what might go wrong if the bill were enacted with no changes to California’s programs?

To address these questions, it’s helpful to separate California’s cap and trade program from its other programs.

Combining the Energy Innovation Act with California regulations and investments

The Energy Innovation Act should mix well with California’s climate regulations and investment projects, even without any adjustments. A carbon fee motivates businesses and consumers to reduce fossil fuel
use; regulations oblige them to do so; and investments provide the tools they need to do so. When all three align well, they can help each other along.

For instance, as fossil fuels become more expensive under the national carbon fee, renewable sources of electricity will become more cost-effective compared to traditional sources. Utilities nationwide will invest in renewable generation to keep prices down. But California utilities are already making this investment, due to the state's Renewables Portfolio Standard (RPS). That regulation costs Californians a little bit extra now, but later they will save money by having made this transition ahead of the national curve. Anticipating future savings like this may increase Californians' political support for regulations like RPS.

Similar benefits can occur with public investments, such as retrofitting buildings. These projects can cost a great deal of money. Leaders can justify the expense by pointing to the savings on heating and cooling bills. With a carbon fee in place, these savings will likely become more pronounced, more quickly overtaking the cost of the retrofit.

For businesses, the cost of complying with California's regulations should subside because the regulations largely coincide with changes that businesses would want to make anyway under the national program. A business's spending to comply with regulations would later reap savings in avoided carbon fees due to reduced emissions. Out-of-state businesses might choose to make similar changes just to save money in carbon fees, erasing the competitive disadvantage for the California business. In fact, California companies' head start in clean energy expertise, stimulated by the state's history of strong climate policy, could become a coveted asset they could export to the rest of the country.

Californians do pay for the state's regulations and investments, and they would pay a carbon fee under the Energy Innovation Act. But with the two programs combined, the total amount Californians must pay would be far less than the sum of the two. When we factor in the benefit from the dividend, Californians would pay little for the combined programs — in fact, many would come out ahead.

Of course we can't be certain that every regulation would actually reduce California's overall carbon footprint and save Californians money under a carbon fee. Some regulations, while well-intentioned, might unexpectedly lead to higher emissions elsewhere and ultimately higher costs. If regulators detect a clash where existing rules force overall emissions up instead of down, and thus bring higher costs under the Energy Innovation Act, they could decide to change the rules. Alternatively, they might stand by the rules based on other benefits — for instance, some environmental laws may improve public health or racial equity, which may be worth paying for even if they don't directly prevent climate change.

Combining the Energy Innovation Act with California cap and trade

California's cap and trade program places a price on carbon; the Energy Innovation Act would impose an additional price on carbon. Some stakeholders may describe this as "double taxation." Does this mean that adjustments would be required in order to keep California's economy fair?

Before drawing a conclusion, let's look more closely at what might happen if no adjustments were made.

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17 https://www.energy.ca.gov/portfolio/
18 For example, https://www.energy.ca.gov/efficiency/financing.html
19 https://www.politifact.com/california/statements/2017/jun/02/kevin-de-leon/does-california-have-10-time-s-many-clean-energy-jobs/
20 https://calepa.ca.gov/envjustice/
How a carbon fee would affect cap and trade auctions

Even without adjustments to the program rules, cap and trade auctions would turn out differently in the presence of a national carbon fee. The cost of a permit depends on demand. With a carbon fee motivating emission cuts and spurring clean energy research and development in the private sector, it's likely that the demand for permits would be lower than regulators anticipated. This would push down the price that permits fetch at auction, reducing the cost for businesses, and simultaneously reducing the revenue for the state government.

How much reduction can we expect? The floor price provides an important benchmark. Under the ideal balance we outlined above, the price would hover somewhat above the floor, rising gradually as the floor rises. If the Energy Innovation Act depresses demand just slightly compared to California's prior models, the price may drop but remain above the floor, leaving that balance basically intact. On the other hand, if the Energy Innovation Act depresses demand quite a lot, the permit price will hit the floor, the auctions may not sell all of the permits offered, and the state may have to adjust its revenue plans.

We can only speculate about which scenario would actually occur. But we can evaluate what each scenario would really mean in the bigger picture:

- In the moderate case, the Energy Innovation Act has simply reinforced the economic and behavior changes that California planners already envisioned. The conservation incentive from a carbon fee coincides with the rules California already established; the two mechanisms complement each other, but the changes they induce are basically the same.
- In the extreme case, the combined federal and state programs make emissions drop faster than the trajectory California planners mapped out with the decreasing cap. This can be taken as a sign that the Energy Innovation Act is extremely effective and the world is on a path toward a stable climate. California's broad goals will be met easily, but the mechanisms it built to achieve those goals may need adjustment due to decreased revenue.

Possible adjustments to cap and trade

It's hard to imagine the full range of possible ways California's leaders might change its cap and trade program if the Energy Innovation Act were enacted. Nonetheless, it's likely that one fundamental tension would drive the decision process: a cap and trade system that raises more revenue for the state will pose more burden on businesses, and vice versa.

California's cap and trade program has enjoyed some support from the business community as well as from environmental organizations, and state leaders may place a high premium on maintaining this support. If the Energy Innovation Act is enacted, business leaders may advocate for adjusting cap and trade to reduce business costs, while environmentalists may advocate adjusting it to maintain state revenue. Each of these arguments has some merit but also warrants some skepticism.

The business case

California's business community has expressed concerns about the special burdens businesses face here, though it has acknowledged that business in the state is thriving nonetheless. Climate

22 For example, https://www.ocregister.com/2015/04/27/burden-increases-on-california-small-businesses/
regulations and cap and trade fees constitute some of the burdens. The Energy Innovation Act would add a national carbon fee as an additional burden. Would the combination increase costs beyond the breaking point?

Actually it's quite the reverse — the change in cost structure might help California businesses more than it hurts them. As we saw, the national cost and the California-specific costs have very different effects on a company's bottom line. It is the California-specific costs that likely pose the most burden for doing business in the state. Surprisingly, the Energy Innovation Act might have the effect of reducing and stabilizing those California-specific costs, rather than exacerbating them.

If the national and state programs were combined, the cost of California's cap and trade would remain quite low due to reduced demand for emission permits. As we saw, cap and trade works best when the permit price floats slightly above the floor price. With the Energy Innovation Act in place, the price would probably stay very near or at the floor price.

Although California businesses would have to pay both national and state fees for their fossil fuel use, state fees would turn out to be a small part of the picture. After a few years of scheduled increases, the national carbon price would track close to the ceiling price of cap and trade, about quadruple the cap and trade floor price.\(^{24}\) With cap and trade prices held down by the national fee, California companies would pay only 25% more in carbon fees than other US companies.\(^ {25}\)

Another way to look at the relative costs is that California businesses would pay as much for their emissions as all US businesses would be paying 3–5 years later. Keeping cap and trade unchanged could keep California at the vanguard of national climate action while minimizing the unique burden some of our businesses face.

The chart below gives a general picture of the kinds of costs California businesses might face under combined programs (darkest), compared with other US businesses under the Energy Innovation Act (middle) and with cap and trade alone (lightest). The numbers in the chart are speculative,\(^ {26}\) but they reflect the two important ideas that (1) cap and trade would add a small fraction of cost on top of the national fee, and (2) cap and trade might become much more costly without the national program keeping it in check.

\(^{23}\) For example, https://www.businessnewsdaily.com/8729-the-state-of-small-business-california.html

\(^{24}\) Author's calculations, in 2019 dollars, assuming cap and trade floor and ceiling prices rise 5% annually and the Energy Innovation Act's fee rises $10 annually.

\(^{25}\) Assuming the Energy Innovation Act keeps cap and trade prices within 5% of the floor.

\(^{26}\) Assuming cap and trade prices without the Energy Innovation Act would rise from their near-floor levels today to near-ceiling levels by 2050.
The Energy Innovation Act could also offer businesses more certainty about how cap and trade will evolve. California's price for emission permits under cap and trade varies based on market conditions. Any measure that holds emissions down can prevent economically damaging spikes in the permit price. The state's regulations are meant to achieve this balance, but regulators can't be sure how well they will work, and political shifts may strengthen or weaken them in the future. The Energy Innovation Act would provide a strong, predictable incentive for everyone to reduce emissions, giving companies more confidence in the stability of the permit price.

If state leaders decide to change the cap and trade program to shore up the revenue it generates, they may wish to pay close attention to how the changes would affect California businesses. In particular, what costs would local businesses face above and beyond those of other US businesses? Using today's cap and trade rules, these relative costs would likely be contained at a tolerable level. But if changes with the goal of increasing revenue make the relative costs rise too high, or become too unpredictable, the business community's concern about "double taxation" might carry more weight.

The environmentalist case

Environmental groups trumpet California's success at reducing its emissions while its economy thrives.\textsuperscript{27} Crucial to this success is the balance among the three legs of the stool: regulations force emissions down substantially, cap and trade reduces emissions a bit more and raises revenue, and investments of the revenue help advance climate goals.

However, the pathway to deeper reductions may pose new challenges. State analysts have recommended relying more heavily on carbon pricing in the future, in order to achieve the most emissions

\textsuperscript{27} \url{https://www.edf.org/sites/default/files/californias-cap-and-trade-program-step-by-step.pdf}
reduction at the lowest cost. The Energy Innovation Act would help ensure California — along with every other state — makes the right changes in its economy to reduce emissions effectively and efficiently. The national policy should bring about these changes regardless of how well or poorly California's climate programs function, helping leaders achieve the state's ambitious climate goals without having to introduce many controversial new measures.

Along the way, though, the Energy Innovation Act might upset the balance among California's climate programs. In particular, cap and trade revenue would almost certainly drop unless state leaders take strong measures to prop it up. Programs relying on this revenue might be threatened. Those who run these programs and those who benefit from them might push to find a way to preserve them.

In deciding which programs to preserve and how aggressively to raise revenue for them, it's useful to keep in mind the ultimate purpose of each program. If a particular program focuses primarily on reducing CO₂ emissions within California, is it necessary to preserve it? The Energy Innovation Act would motivate emission reductions throughout California's economy. The drop in cap and trade revenue that threatens the program in question would signify that the Energy Innovation Act is doing its job — emissions are falling, reducing demand for cap and trade permits and lowering their market price, or even perhaps preventing all permits from being sold. This is exactly the greenhouse gas outcome that California's leaders have aimed for. Perhaps the threatened program could be trimmed or eliminated.

On the other hand, many of the programs supported by cap and trade revenue have goals beyond just reducing CO₂ emissions. Some of these goals fall outside the scope of the Energy Innovation Act — for example:

- Limiting agricultural methane emissions
- Reducing local air pollution, particularly near vulnerable communities
- Providing healthy transportation options
- Providing affordable housing
- Supporting research into low-emission technologies
- Conserving water
- Helping communities adapt to the effects of climate change
- Training workers for green jobs

State leaders will face a challenge if cap and trade revenues no longer suffice to meet these goals.

**Conclusion**

Enacting the Energy Innovation Act would bring many benefits to California. It would forcefully address the climate crisis by sharply reducing greenhouse gas emissions from the entire US, as well as from the rest of the world as its border adjustment rules motivate other countries to follow suit. Its dividend to all American households would stimulate the economy and create over two million new jobs. Californians would enjoy all these positive outcomes just as other Americans would.

But California's existing climate programs, strong and well-established, do create some special opportunities and challenges. Outside of cap and trade, most of California's programs should align well with the new incentives the Energy Innovation Act would bring. Programs that seemed arbitrary or costly

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28 [https://lao.ca.gov/Publications/Report/3911](https://lao.ca.gov/Publications/Report/3911)
29 [http://www.caclimatelnvestments.ca.gov/energy-efficiency-clean-energy](http://www.caclimatelnvestments.ca.gov/energy-efficiency-clean-energy) under "Programs"
to some Californians in the past might start to seem like good fiscal sense under the national policy. People in other states might envy Californians’ ability to bypass much of the carbon fee that others are saddled with, and might ask their own leaders to follow California’s model.

Cap and trade is trickier to integrate with the Energy Innovation Act. Both place a price on carbon. Without further adjustments, businesses would be subject to two carbon prices, which some might call unfair. Leaders could alleviate this concern by clearly distinguishing the general cost of using fossil fuel in the US from the unique additional cost faced only in California. All American businesses would face a rising cost for fossil fuels, and most would thrive despite the cost, due to the Energy Innovation Act’s economic stimulus. The unique California cost could pose more of a problem for businesses since it upsets the competitive landscape — but enacting the national program would make the unique cost lower rather than higher, which could end up helping California businesses in the long run.

State policymakers would face an interesting challenge in adjusting California’s climate programs to best fit with the Energy Innovation Act. Those who worry about how California can practically reach its ambitious climate goals might be relieved to have the national program’s assistance — with its strong market signal, little additional policymaking would be needed. On the other hand, businesses might worry about increased costs, while environmentalists might worry about decreased cap and trade revenue to fund valued programs. The balance of climate regulations, cap and trade revenue, and climate investments might be disturbed. State leaders would have to find a way to address these concerns. They might find it easier to do so if they remind all stakeholders of the ways in which the Energy Innovation Act addresses their needs, simultaneously fighting climate change and strengthening the economy.
About the authors

Harry Chomsky is a freelance software developer and violinist. He is on the media committee for CCL’s Alameda County chapter.

Jennifer Wood is a soil scientist. Jennifer is a CCL Northern CA State Coordinator for the Central Valley and Sierra Nevada chapters.

Mary Selkirk is a retired public policy mediator. She serves on CCL’s Governing Board. She has been active with CCL’s Alameda County chapter since 2013.
Attachment

Item 4
New coalition organizes to stop tar sands in the Bay

The recently launched Protect the Bay coalition is organizing against a proposal by the Army Corps of Engineers called the San Francisco to Stockton Navigation Improvement Project. This would involve dredging a deeper channel through 13 miles of the San Francisco Bay and the Carquinez Strait, in order to allow more crude oil and refined products to be transported between several oil refineries and other industries in the Bay Area.

The proposal comes at the same time Phillips 66 wants to expand its San Francisco Refinery to process more Canadian tar sands crude oil. Activists point out that “tar sands, also called diluted bitumen or dilbit, is an extremely toxic, non-floating crude oil that is extremely difficult to clean up in the event of a spill. The dredging proposal could also enable the Port of Stockton to export more U.S. coal to Asia.”

According to Andres Soto, Richmond Community Organizer, Communities for a Better Environment, “At a time when we should be steadily ramping down fossil fuel production, this dredging proposal encourages just the opposite. It gifts four Bay Area oil refineries with a nearly $15 million annual subsidy, pumps up the production of oil products, multiplies the risk of oil spills in our waters, threatens marine life, and increases greenhouse gas emissions and toxic pollution in local refinery communities.”


Notably, despite California’s international reputation for being a climate leader, the state extracts and processes some of the dirtiest and most environmental destructive fossil fuels on the planet.
Attachment

Item 5
PFAS Maps

With the growing interest in PFAS—Per- and polyfluoroalkyl substances: a group of manmade chemicals used in a variety of consumer products, that can have a variety adverse health impacts — we have created new PFAS data resources. Interactive maps show where PFAS has been detected in drinking water, and we have added information where people can learn more about this emerging environmental health concern. Visit the maps and PFAS web pages here.

Tracking California, formerly the California Environmental Health Tracking Program, is a program of the Public Health Institute in partnership with the California Department of Public Health. Tracking California is part of a national initiative coordinated by the National Environmental Public Health Tracking Program.
## Planning Document: SB 673 Track 2 Regulatory Development Milestones (July 22, 2019)

<table>
<thead>
<tr>
<th>Major Milestones</th>
<th>Begin Date</th>
<th>End Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Milestone 1: Draft Regulatory Framework Concepts</strong></td>
<td></td>
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<tr>
<td>Develop and release Draft SB 673 Framework Concepts</td>
<td>3rd Quarter 2018</td>
<td>4th Quarter 2018</td>
<td>Done</td>
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<tr>
<td><strong>Milestone 2: Initial Public Outreach</strong></td>
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<tr>
<td>Conduct initial public outreach including consultation groups, public workshops and working group meetings (community, business and local government)</td>
<td>3rd Quarter 2018</td>
<td>2nd Quarter 2019</td>
<td>Done</td>
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<tr>
<td><strong>Milestone 3: Internal Regulatory Development</strong></td>
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<tr>
<td>Plan and implement DTSC team meetings to support regulatory development including equity, permitting, legal, regulatory, toxicology staff</td>
<td>4th Quarter 2018</td>
<td></td>
<td>Ongoing</td>
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<tr>
<td><strong>Milestone 4: Internal Drafting and Approval (Pre-APA)</strong></td>
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<tr>
<td>Develop language, conduct internal review and finalize revised SB 673 Draft Regulatory Framework (pre-APA version)</td>
<td>2nd Quarter 2019</td>
<td>4th Quarter 2019</td>
<td>Under Development</td>
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<tr>
<td><strong>Milestone 5: Public Release of Revised Pre-APA Draft</strong></td>
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<tr>
<td>Release Draft SB 673 Regulatory Framework (pre-APA version)</td>
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<td><strong>Milestone 6: Public Review Process (Pre-APA)</strong></td>
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<td>Plan and conduct additional public outreach on revised regulatory (pre-APA) framework including webinar, workshops, working groups and outreach to residents near facilities</td>
<td>4th Quarter 2019</td>
<td>2nd Quarter 2020</td>
<td></td>
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<td><strong>Milestone 7: Internal Drafting and Approval (APA)</strong></td>
<td></td>
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<tr>
<td>Develop language, conduct internal review and finalize APA regulatory package including Initial Statement of Reasons (ISOR) and supplemental materials</td>
<td>2nd Quarter 2020</td>
<td>4th Quarter 2020</td>
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<tr>
<td><strong>Milestone 8: Initiate APA Process</strong></td>
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<tr>
<td>Submit APA regulatory package to OAL (including ISOR and supplemental materials); begin comment period</td>
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<td>4th Quarter 2020</td>
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<tr>
<td><strong>Milestone 9: Public Review Process (APA)</strong></td>
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<tr>
<td>Conduct APA public review process including public hearing; develop regulatory text and Final Statement of Reasons (FSOR) including response to comments</td>
<td>4th Quarter 2020</td>
<td>4th Quarter 2021</td>
<td></td>
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<tr>
<td><strong>Milestone 10: OAL Review and Approval</strong></td>
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<td>Submit final regulatory package to OAL for approval</td>
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<td>4th Quarter 2021</td>
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Note: Projected dates are subject to change
Message to Stakeholders: July 23, 2019

Greetings – I am reaching out to everyone that has participated in meetings, provided input or expressed interest in DTSC's Senate Bill (SB) 673 Permit Protections for Vulnerable Communities effort. Thank you for your engagement with DTSC’s ongoing process to implement SB 673, a key milestone to ensure greater protections for public health and the environment in communities near permitted hazardous waste facilities. One key focus over the past year has been the development of a regulatory framework to address cumulative impacts and community vulnerability in the permitting process. Your participation and valuable feedback on the developing regulatory framework at consultation meetings, community workshops, workgroup meetings and in written comments has been very important to us. We are still considering all the input we have received and using it to refine our proposal.

Since the initial public outreach period ended this April, DTSC has made important progress on the development of the revised framework to address cumulative impacts and community vulnerability. DTSC has also been discussing how this framework will be incorporated into the existing hazardous waste facility permitting process and other criteria required by SB 673. We are sharing some information about our progress below as well as a timeline for next steps in the regulatory process (see attached).

- **CalEnviroScreen (CES) data** - The SB 673 process to assess cumulative impacts and community vulnerability around permitted hazardous waste facilities will use CES as a primary screening tool. An overall CES score will be used as an initial screen to identify facilities that are located in impacted and vulnerable communities. DTSC is also evaluating supplemental information that may be considered in some cases.

- **Designation of pathways** - Facilities identified as located in impacted and vulnerable communities will be assigned to one of three pathways based on a second screening that considers facility, community vulnerability and cumulative impacts criteria to be specified in the next draft. Each pathway will require a different level of facility actions.

- **Scaling of pathways** - The facility pathways will be scaled to require the highest level of actions from the largest, most complex facilities located in impacted and vulnerable communities.

- **Facility-specific plans** - Facility specific plans to reduce facility impacts and enhance community protections may be required to be submitted at the same time a permit application is submitted, with department review and action to approve or require a revised plan during the permit application review process.

- **Facility actions** - Community and facility characteristics will be considered in deciding on priority actions to reduce facility impacts and enhance public health protections in the community around a facility. DTSC will provide further clarification in the revised draft regulatory framework on the types of actions and level of actions to be required for the different pathways. The actions may include, but are not limited to:
  - Improvements to facility activities and operations
  - Environmental improvements related to facility operations
  - Community or facility monitoring
  - Public engagement and outreach

- **Permit decisions** - Community vulnerability, cumulative impacts and setback distances will be integrated into DTSC's review of permit applications and permit decision-making along with other factors specified in SB 673.
We are refining and adding detail to the draft regulatory framework to address these and other key components and going through an internal review process. We plan to release the next revision in late fall 2019. We will host a second set of workgroup and community meetings in early 2020 to review the revised framework and seek additional input. The Sacramento State University—Consensus and Collaboration Program facilitation team (Orit Kalman and Sophie Carrillo-Mandel) will continue to support this engagement effort and will reach out to you with updates and information about upcoming meetings.

If you have additional questions or comments, you can find background information on DTSC’s SB 673 webpage or contact Bonnie Holmes-Gen at permits_HWM@dtsc.ca.gov. Please note that all public comments regarding the SB 673 Track 2 regulatory process have been posted on our public webpage, and we will continue to post any additional public comments we receive.

Thank you for your ongoing participation in our process.

Bonnie Holmes-Gen

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