



METROPOLITAN
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COMMISSION

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Dave Cortese, Chair
Santa Clara County

June 16, 2015

Jake Mackenzie, Vice Chair
Sonoma County and Cities

Re: Disadvantaged Communities & Cap and Trade Funds

Alicia C. Aguirre
Cities of San Mateo County

Dear Member of the San Francisco Bay Area Senate & Assembly Delegation,

Tom Azumbrado
U.S. Department of Housing
and Urban Development

Now that the Legislature has passed an on-time FY 2015-16 State Budget, debate can resume over how to invest hundreds of millions of dollars in Cap and Trade funds.

Jason Baker
Cities of Santa Clara County

Tom Bates
Cities of Alameda County

A critical element in that decision will be the proper definition of “disadvantaged community” since state law requires between 25- 50 percent of Cap and Trade Programs funds benefit such communities, depending on the program.

David Campos
City and County of San Francisco

Dorene M. Giacomini
U.S. Department of Transportation

We oppose the use of CalEnviroScreen (CES2.0) as a definition for disadvantaged communities because it ignores lower income communities in all metro regions, as shown in the attached charts.

Federal D. Glover
Contra Costa County

Scott Haggerty
Alameda County

Anne W. Halsted
San Francisco Bay Conservation
and Development Commission

- In the San Francisco Bay Area, only 23% of lower income residents are included in the CES2.0 definition, excluding 180 census tracts, home to 800,000 lower income residents. Overall the Bay Area has only 85 CES2.0 census tracts — 4% of the statewide total even though we have 17% of the state’s households living in poverty. Perversely, 38% of the Bay Area’s census tracts included in CES2.0 are not lower income.
- In Sacramento, only 28% of lower income residents are included in CES2.0, while in San Diego only 13% of lower income residents are included. In these two regions combined, CES2.0 excludes 1.3 million lower income residents.
- Even in Los Angeles County, where CES2.0 corresponds more closely with income, 27% of lower-income census tracts are still excluded — totaling 259 census tracts, home to over 955,000 residents.

Steve Kinsey
Marin County and Cities

Sam Liccardo
San Jose Mayor’s Appointee

Mark Luce
Napa County and Cities

Julie Pierce
Association of Bay Area Governments

Bijan Sartipi
California State
Transportation Agency

Libby Schaaf
Oakland Mayor’s Appointee

James P. Spering
Solano County and Cities

Adrienne J. Tissier
San Mateo County

Scott Wiener
San Francisco Mayor’s Appointee

Amy Rein Worth
Cities of Contra Costa County

Steve Heminger
Executive Director

Alix Bockelman
Deputy Executive Director, Policy

Andrew B. Fremier
Deputy Executive Director, Operations

Statewide, 2,702 census tracts — home to almost 12 million residents — have a median household income less than or equal to 80% statewide median income, hereafter referred to as “lower income”ⁱ. Unfortunately, almost half of these lower income communities — home to 5 million residents — are excluded by CES2.0. To make matters worse, 30% of the census tracts that *do* qualify under CES2.0 — are *not* lower income census tracts at all; a dozen have a median household income of \$90,000 or above. See attached charts for a visual display of these discrepancies and how they play out across the state’s metro regions.

While many of you joined us in requesting the California Environmental Protection Agency to revise its methodology for defining DACs last year, our concerns were ultimately unaddressed.

As the Legislature considers how to spend Cap and Trade funds for FY 2015-16, and in particular, how to provide for their investment in disadvantaged communities, we respectfully request you to:

- Enact legislation to include census tracts with median incomes at or below 80 percent of the statewide median in the state's definition of disadvantage communities for *all Cap and Trade programs*, similar to the approach taken in Assembly Bill 156 (Perea) — a Cap and Trade technical assistance program, currently in the Senate.
- Enact legislation directing the California Environmental Protection Agency to modify CES2.0 so that it has a much stronger correlation with income to ensure that lower income communities across the state are equitably included.

Thank you for your attention to this matter. If we can answer any questions regarding our position on this matter, please contact Rebecca Long, MTC Senior Legislative Analyst at 510-817-5889 or one of our Sacramento representatives — Scott Wetch or Justin Fanslau at 916-446-3413 or Duncan McFetridge at 916-444-1380.

Sincerely,

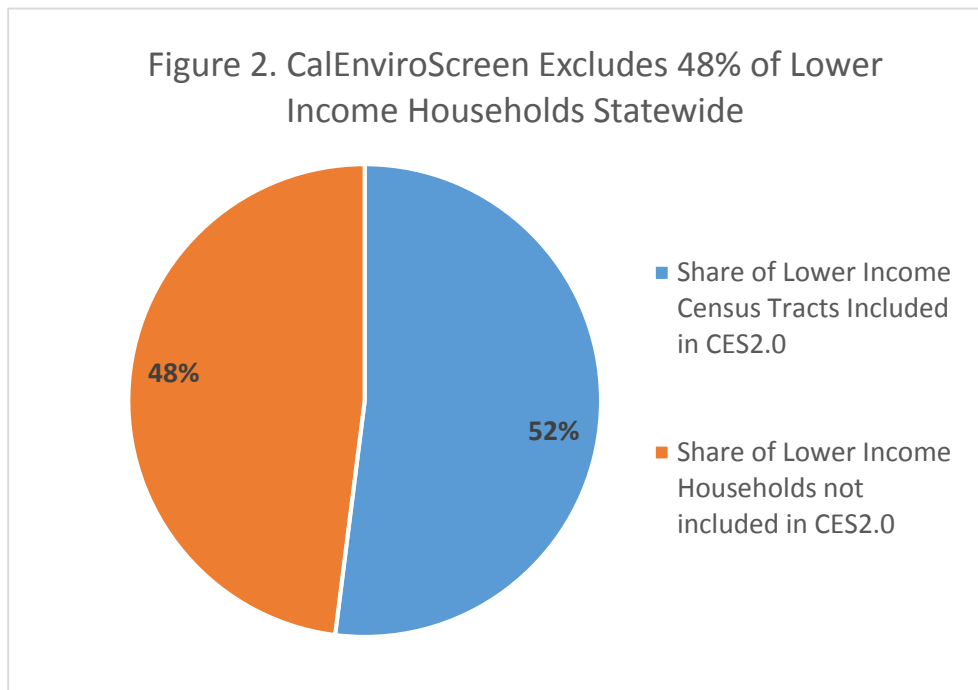
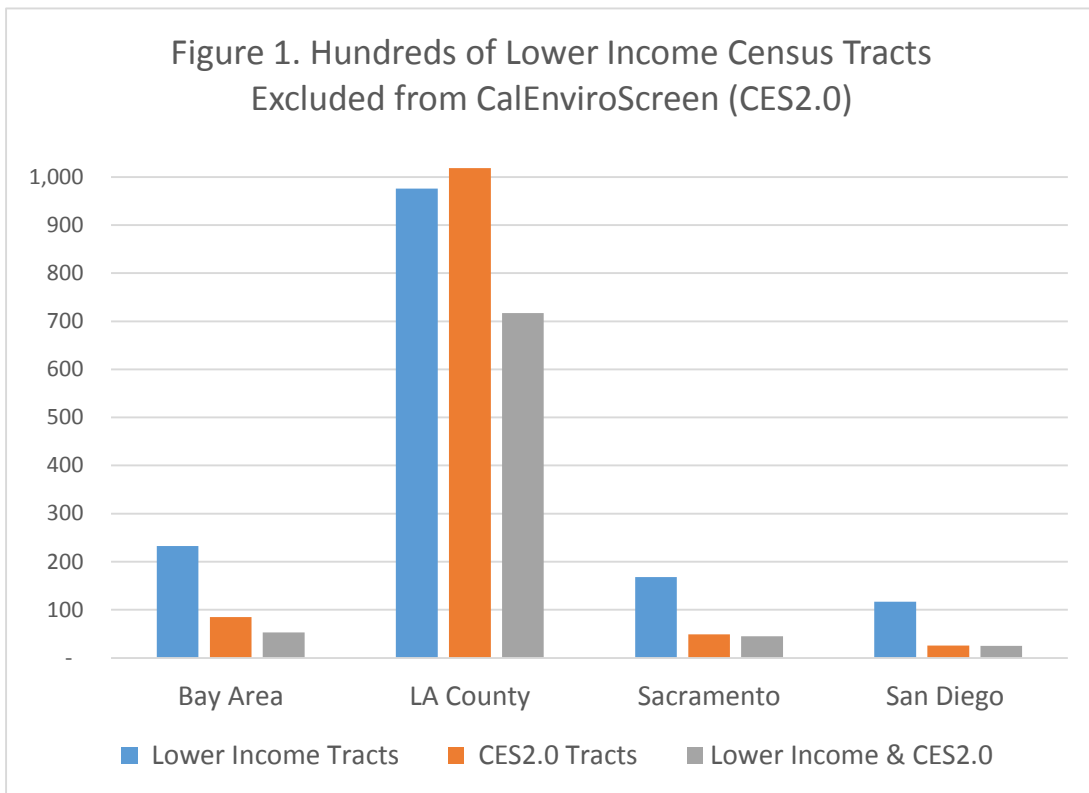


Steve Heminger
Executive Director

cc: The Honorable Senate President Pro Tempore Kevin de León
The Honorable Assembly Speaker Toni Atkins
The Honorable Bob Huff, Senate Minority Leader
The Honorable Kristin Olsen, Assembly Minority Leader
Mr. Brian Kelly, Secretary, California State Transportation Agency
Mr. Matt Rodriguez, Secretary, California Environmental Protection Agency
Ms. Mary D. Nichols, Chairman, California Air Resources Board
Mr. Mike McCoy, Executive Director, Strategic Growth Council

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¹ Based on the 2013 American Community Survey, the California median household income is \$48,500, roughly equivalent to twice the official Federal Poverty Level.



Source: MTC Analysis of CES2.0 data with American Community Survey 2013

Note: “Lower income” defined as census tracts with a household income at or below 80% of the statewide median income.

