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COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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October 18, 2023

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TO: Each Supervisor

FROM: Mark Pestrella, P.E.
Director of Public Works

BOARD MOTION OF APRIL 18, 2023, AGENDA ITEM 7 BUILDING CLIMATE READY COMMUNITIES AND INFRASTRUCTURE IN LOS ANGELES COUNTY PROGRESS REPORT – OCTOBER 2023

On April 18, 2023, the Board instructed Public Works to lead a countywide initiative to build resilience for people, communities, and infrastructure vulnerable to climate risks, while advancing equity and environmental justice. Extreme heat, wildfire, drought, inland flooding, and coastal flooding hazards are on the rise in Los Angeles County. Climate Ready Communities is about moving to action to address these five climate hazards in the unincorporated areas of the County. Public Works and the Chief Sustainability Office are co-leading this effort and have convened key County partners who are critical to reducing risk where climate vulnerabilities are highest.

The Board also directed Public Works to report back every 6 months on the progress. Attached is the first progress report summarizing accomplishments of the initiative to date. The next report will be provided in April 2024.

If you have any questions, please contact me or Assistant Director Miki Esposito at (626) 458-4019 or mesposito@pw.lacounty.gov.

ME:abc

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Attach.

cc: Chief Executive Office (Fesia Davenport, Kevin McGowan)
Chief Sustainability Office (Kampalath)
Executive Office
Department of Parks and Recreation (Garcia)
Department of Public Health (Ferrer)
Department of Regional Planning (Bodek)

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EXECUTIVE SUMMARY

Los Angeles County is experiencing more extreme and severe weather patterns due to climate change. While climate change is a global issue, it is felt on a local scale. In fact, FEMA rated Los Angeles County as the most susceptible county in the United States to natural disasters.¹ The County is on the frontline of the climate crisis and plays an important role in helping individuals, businesses, and neighborhoods understand their risks and build resilience.

The road to resilience requires an investment in preparing communities for evolving threats in order to emerge stronger. Climate Ready Communities (CRC) is an initiative to increase resiliency for people, communities, and infrastructure vulnerable to climate risk, while advancing equity and environmental justice. This work is about moving to action to tackle **five key climate hazards** in the unincorporated areas of the County - **extreme heat, wildfire, drought, inland flooding, and coastal flooding**. CRC is also aligned with and leverages existing County policies such as, the OurCounty Sustainability Plan, the Los Angeles County Climate Action Plan, and the County's Climate Vulnerability Assessment (CVA).

As we approach this work, we know that climate change impacts are not distributed equally. Certain communities and individuals are more vulnerable than others, including low-income populations, children, the elderly, communities of color, the unhoused and unsheltered, tribes and indigenous people, to name a few. Los Angeles County has over 100 geographically and socio-economically diverse unincorporated areas that have unique needs, challenges, opportunities, and risks. While we have a better understanding of how climate change shows up in LA County, we must also seek to understand how climate threats impact our most vulnerable residents. CRC aims to understand these communities more deeply and engage and help prepare them with the goal of co-creating a more equitable, just, and resilient future.

On April 18, 2023, the Board of Supervisors unanimously adopted the CRC motion and directed PW and CSO to lead a countywide initiative that builds resilience and adaptive capacity for people, communities, and infrastructure vulnerable to climate risks, with a focus on advancing equity and environmental justice. The motion adopted seven directives which are:

- 1) Form a working group to identify opportunities and investments that build resilience where vulnerabilities are highest, based on findings from the County's Climate Vulnerability Assessment.
- 2) Utilize the Climate Vulnerability Assessment Mapping Tool to identify and prioritize vulnerable populations and communities most susceptible to the five key climate hazards.
- 3) Identify key decision points in the infrastructure planning, design, and construction process where climate vulnerability can inform investment decisions.

¹ <https://hazards.fema.gov/nri/>

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- 4) Establish and work with existing community coalitions through public engagement efforts that seek to integrate input and feedback from climate-vulnerable communities and populations. Maintain transparency on the efforts being made by developing a public-facing dashboard to serve as a repository for resiliency data and information.
- 5) Identify specific infrastructure solutions and adaptation strategies to accelerate adaptive capacity, including preparing residents for community-specific risks by identifying specific opportunities to improve early warning and public information systems regarding climate hazards, focused specifically on vulnerable communities (i.e. non-English speakers, the unhoused) through both official channels and collaboration with the media and community stakeholders to minimize climate vulnerability and quickly recover from climate disasters;
- 6) Identify and secure local, state, and federal funding opportunities to support infrastructure investments that increase resiliency in climate vulnerable communities; and
- 7) Provide written reports every six months with updates on progress made and projects identified by the working group.

To launch the effort, Public Works (PW) and the Chief Sustainability Office (CSO) convened key County departments who are critical to reducing risk where climate vulnerabilities are highest. Together, we have formed the **CRC Executive Steering Committee (ESC)** comprised of Department Heads from PW, CSO, Public Health, Regional Planning, Parks and Recreation, and the Office of Emergency Management. The ESC developed an organizational framework for the initiative and commissioned a **CRC Working Group** made up of various departmental representatives who are charged with developing community-oriented action for the unincorporated areas based on specific climate vulnerabilities.

This report serves as the first of the initiative and summarizes the accomplishments of the CRC effort to date.

CRC ORGANIZATIONAL FRAMEWORK

The Executive Steering Committee (ESC) was formed and consists of the following County Department Heads:

Co-Leads: Mark Pestrella, Public Works
Rita Kampalath, Chief Sustainability Office

Members: Barbara Ferrer, Public Health
Amy Bodek, Regional Planning
Norma Garcia, Parks, and Recreation
Kevin McGowan, Office of Emergency Management

Together, the ESC developed an organizational framework and commissioned a CRC Working Group made up of various departmental representatives who are charged with

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developing community-oriented action for the unincorporated areas based on specific climate vulnerabilities. As a start, the CRC Working Group was organized by focus areas from each directive in the Board motion and a specific charge was developed for each Working Group area. (Figure 1)



Figure 1 - Climate Ready Communities Framework

The focus for each Working Group is summarized as follows:

- Group 1: Equity and Environmental Justice – focused on advancing equity and environmental justice to build resilience where vulnerability is highest.
- Group 2: Mapping – consists of technology and GIS expertise and will leverage mapping tools to inform the work of the initiative.
- Group 3: Infrastructure – will identify key decision points in the infrastructure planning, design, and construction process where climate risks can inform investment decisions as well as seek out specific infrastructure solutions and adaptation strategies to accelerate adaptive capacity.
- Group 4: Community Engagement – will establish and work with existing community coalitions through public engagement efforts that seek to integrate input and feedback from climate-vulnerable communities and populations. Also charged with communicating risks and maintaining transparency on the efforts being made by developing a public-facing dashboard to serve as a repository for resiliency data and information.
- Group 5: Hazard Mitigation, Response and Recovery – will identify specific solutions and strategies currently deployed to prepare for, mitigate, respond to, and quickly recover from climate hazards, as well as specify early warning and public information systems for climate hazards.
- Group 6: Funding – charged with seeking local, state, and federal funding opportunities to support CRC.

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Both the ESC and CRC Working Group are meeting on a regular basis to further scope, prioritize and sequence the work. Meetings are facilitated by the Working Group Leader with the support of a Project Manager. Schedules and collaboration meetings among each group have been established to keep the effort on track. Moreover, each Group is responsible for providing updates for their assigned directive which have been incorporated into this semi-annual Progress Report. The attached Progress Report forms summarize the progress made to date. As you will see, collaboration between Group 1 – Equity and Environmental Justice and Group 2 – Mapping, has occurred naturally and will be referred to as the Equity Group in the documents below.

ACCOMPLISHMENTS

The Equity Group updated the 13 social sensitivity indicators in the CVA and evaluated over 10 additional sets of data to ensure that the prioritized list of UA communities is where social and climate vulnerability is highest. It is critical that the CRC initiative intentionally focus action on where people are most at risk for climate threats. This Group is on track to finalize the list by the end of 2023.

The Infrastructure Group recently secured an \$8 million grant from the Inflation Reduction Act to plant trees in disadvantaged unincorporated area (UA) communities to address extreme heat. The list of prioritized CRC communities for extreme heat will be used to inform where trees are planted. The Infrastructure Group also initiated a groundbreaking, comprehensive sustainability On-Call Consultant Services Agreement that is expected to be awarded by the end of the year. The selected consultant team will help accelerate the work of the CRC initiative. Additionally, a CivicSparks Fellow has been placed with Public Works to assist with CRC efforts and will serve as a member of the Infrastructure Group.

The Community Engagement Group submitted a \$1 million Environmental Protection Agency (EPA) grant to implement a CRC community engagement plan. If awarded, the ESC and CRC Working Group will utilize the grant to collaborate with community-based organizations, cities, and other key stakeholders when completing outreach to the CRC prioritized communities.

Finally, the Funding Group completed a Climate Resilience Districts White Paper to inform the County of the potential use of this funding mechanism. The White Paper is attached as an appendix to this report and will be expanded upon to evaluate specific applicability in each of the prioritized communities. In collaboration and close coordination with InfrastructureLA, the County has also submitted \$93 million in grant applications for climate resiliency related projects. While \$9 million in grant funding has already been awarded for climate resiliency related efforts, we look forward to hearing more grant announcements in the coming months.

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NEXT STEPS

The entire CRC team will continue to collaborate and advance the priorities of CRC, with further efforts summarized below for each Working Group. Progress on these efforts will be shared with the Board in the next 6-month report back. As stated, the Equity Group will finalize the prioritized UA communities list with their associated climate risks. The Infrastructure Group will execute the On-Call Consultant Services Agreement, initiate the development of the Climate Ready Capital Improvement Plan, and launch the development an Infrastructure Action Roadmap to integrate climate resilience in infrastructure planning, design, and construction. The Community Engagement Group will initiate the development of a community engagement work plan while awaiting results of a potential grant opportunity to fund the community engagement efforts. The Hazard Mitigation, Response, and Recovery Group will continue incorporating a climate resiliency lens in their current strategies, plans, and response efforts. Finally, the Funding Group will identify new funding opportunities, research innovative financing strategies, and apply for climate resiliency grants.

The next Progress Report will be provided in April 2024.

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Equity

CHARGE:

- Focus on advancing equity and environmental justice to build resilience where climate vulnerabilities are highest.
- Leverage mapping tools to prioritize vulnerable populations and communities.

OBJECTIVES:

- Establish a prioritized list of unincorporated area (UA) communities based on climate vulnerability.
- Maintain transparency on the efforts being made by developing a public-facing dashboard and mapping tool.

TEAM:

Team Lead: TJ Moon, Public Works

Team Members: Ali Frazzini, Chief Sustainability Office
Christine De Rosa, Public Health
Nicole Quick, Public Health
Jill Sourial, Parks and Recreation
Shannon Julius, Internal Services
Thuy Hua, Regional Planning
Richard Gomez, Public Works
Susan Herman, Public Works
Mark Greninger, Public Works

OUTCOMES:

The Equity Group reviewed the CVA and agreed to build upon the prioritization process identified in the CVA. The CVA did include a prioritized list of cities including UA communities but did not separate UA communities alone. The process outlined below was recreated to focus on and prioritize UA communities².

Social Vulnerability

Social vulnerability is composed of two inputs: social sensitivity index and hazard exposure. In this approach, both input layers are broken into low, moderate, and high categories and then aligned in a three-by-three matrix. The result is that each community within the County falls into one overall relative risk category per climate risk. Social vulnerability varies by climate risk; therefore, each community's social vulnerability may vary based on the climate risk.

² LA County Climate Vulnerability Assessment – Technical Methodologies and Resources (October 2021)

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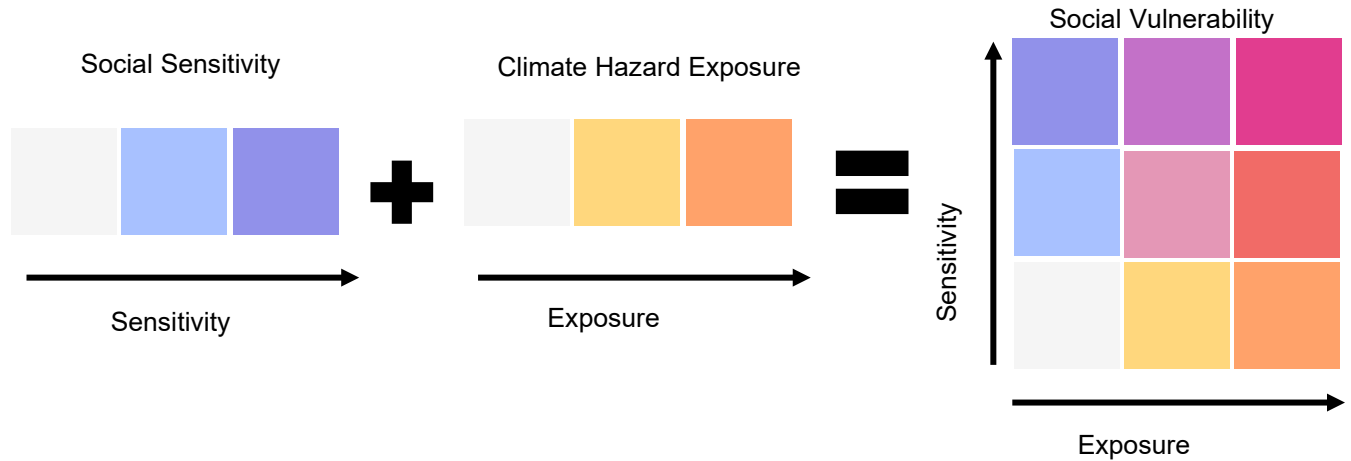


Figure 2 - Climate Vulnerability Assessment: Social Vulnerability Matrix

For example, a UA community that has high sensitivity due to their social sensitivity index but medium climate hazard exposure would be considered “moderate vulnerability.” Only areas with high social sensitivity and high exposure would be considered “high vulnerability.”



Figure 3 - Climate Vulnerability Assessment: Examples of Vulnerability

Social Sensitivity Index

The social sensitivity index starts with indicators in each of the following broader demographic categories: income/wealth, age, housing, mobility, health, race/ethnicity, education, community, and occupation. The CVA initially started with 29 indicators, and the indicators were consolidated to minimize potential redundancies or user biases and to prioritize indicators with geographical inequities. As a result of this process, 13 indicators were selected and grouped into six factors to measure social sensitivity.

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Factor	Indicator
Factor 1	Renters
	Households without vehicle access
	Poverty
	No internet subscription
	Voter turnout rate
	Median income
Factor 2	Foreign born
	Limited English
Factor 3	Cardiovascular
	Asthma
Factor 4	Outdoor workers
Factor 5	Older adults living alone
Factor 6	Children

Table 1 - Climate Vulnerability Assessment: Social Vulnerability Indicators

Exposure Risk

Climate risk exposure is measured through existing or modeled data. For example, Extreme Heat is measured with modeled data (the 95th percentile maximum temperature) based on Representative Concentration Pathway (RCP) 8.5 which is considered a worst-case scenario for greenhouse gas emissions for mid-century or 2050. For flooding, existing or baseline data was used to measure exposure. Finally, since drought is a regional issue, it was equally applied to all communities.

Layers	Measure	Time frames
Extreme Heat	95 th percentile daily maximum temperature	RCP 8.5 Mid-Century
Wildfire	Annual hectares burned	RCP 8.5 Mid-Century
Inland Flooding	FEMA floodplain hazard designations	Baseline
Coastal Flooding	2.5-foot level, 100- year storm event	RCP 8.5 Mid-Century
Drought	Regional Hazard	

Table 2 - Climate Vulnerability Assessment: Exposure Indicator

Based on the existing CVA data, draft example maps were generated for UA communities as shown below for extreme heat and wildfires. These maps serve only as example maps and are preliminary, as the data has not been updated. Maps for all five risks will be provided in the April 2024 report.

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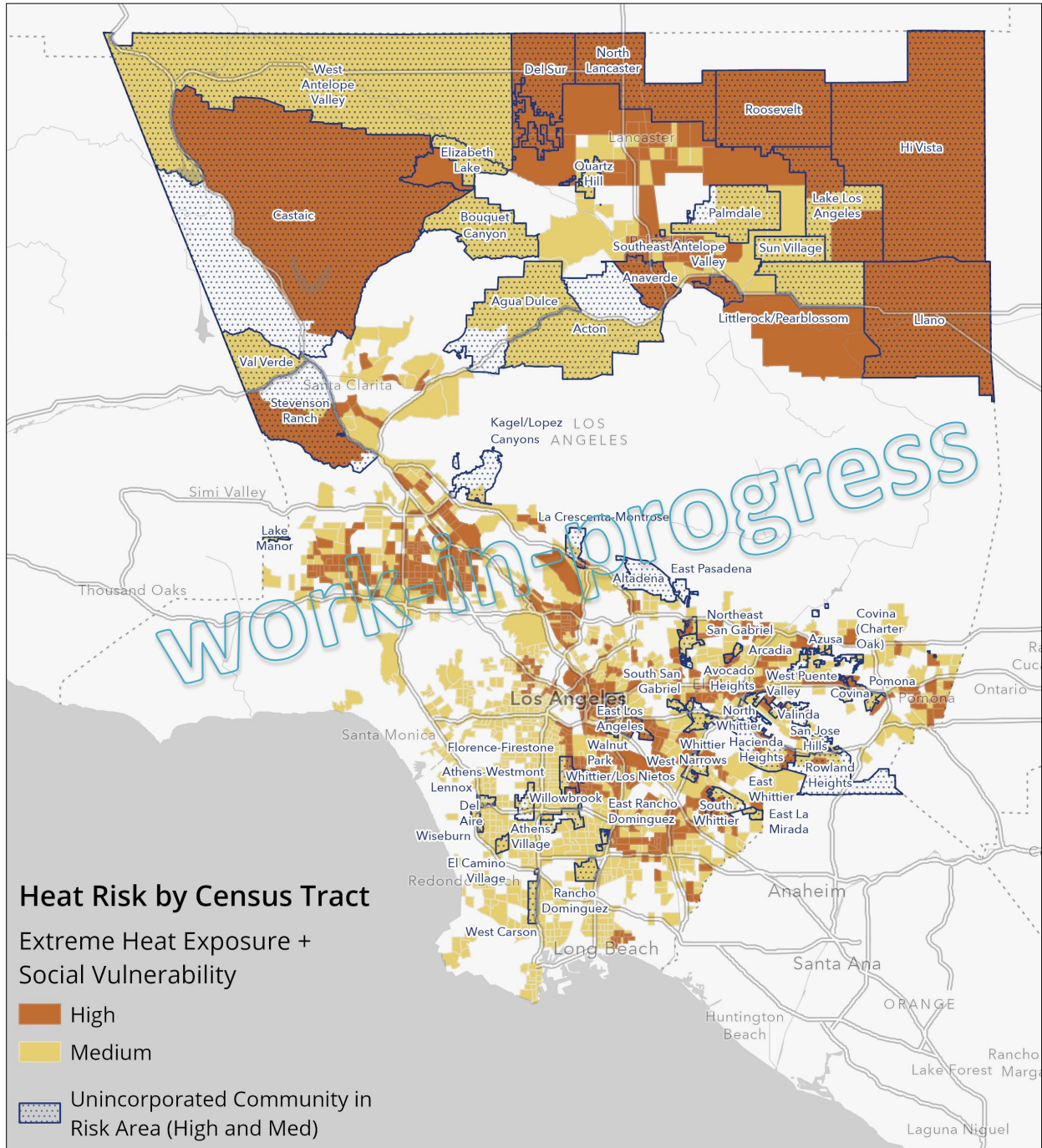
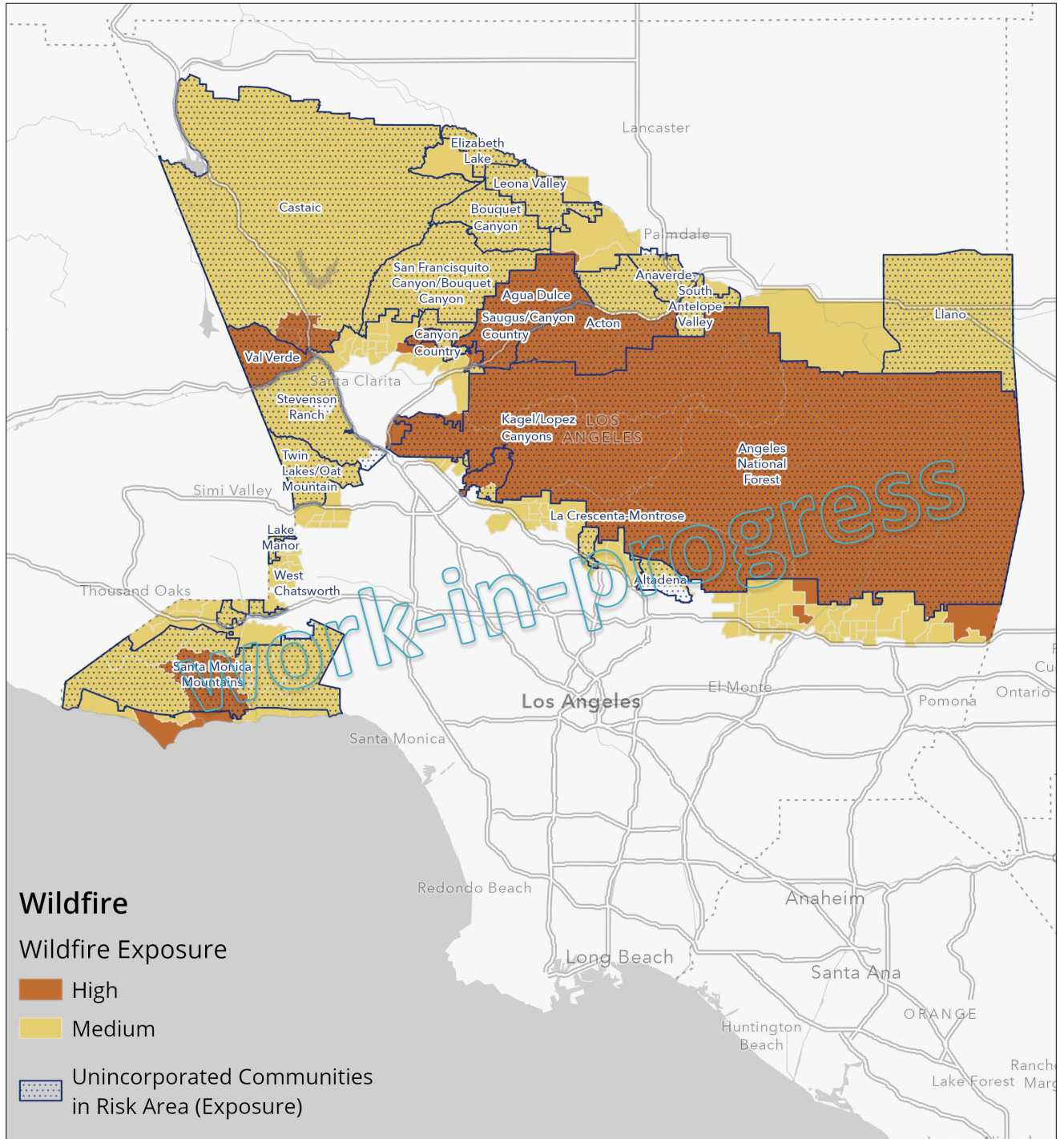


Figure 4 - Climate Vulnerability Index: Extreme Heat

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NEXT STEPS:

The Equity Group members all agreed that they should build upon the CVA process. However, the members indicated that since the original development of the CVA, new and updated data that may provide additional insight has become available. Some of the examples are listed below:

- Unhoused Data³
- Parks Needs Assessment (PNA)⁴ and PNA Plus Data⁵
- Emergency Room Visits due to Extreme Heat⁶
- Climate & Economic Justice Screening Tool⁷
 - Projected flooding and wildfire data
 - Additional disease data including diabetes
- Anti-Racism Discrimination and Inclusion Data (ARDI)⁸
- Equity Indicators (Regional Planning)⁹
- Center for Disease Control Social Vulnerability Index¹⁰

The Equity Group will be assessing the quality of each data source and analyzing potential updates to the CVA method for identifying vulnerable communities. The Group will re-run the consolidation of the index with the updated data and any new variable to inform the social vulnerability component of the analysis. The Equity Group plan to provide a prioritization list of the most vulnerable unincorporated communities for all five climate risks by the next Board Report (April 2024).

³ <https://www.lahsa.org/documents?id=6543-hc22-data-by-census-tract-split>

⁴ https://egis-lacounty.hub.arcgis.com/datasets/e1a371a76e4f4016b17a018a6177bf56_0/about

⁵ <https://lacountyparkneeds.org/pnaplus-home/>

⁶ <https://sites.google.com/g.ucla.edu/uclaheatmaps/map?authuser=0>

⁷ <https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5>

⁸ <https://experience.arcgis.com/experience/9d7a43397ea84ab98a534be5b5376fba/page/Page-1/>

⁹ <https://lacounty.maps.arcgis.com/apps/webappviewer/index.html?id=c3567118a1384e2c90ea221f9abcdf37>

¹⁰ <https://www.atsdr.cdc.gov/placeandhealth/eji/index.html>

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Infrastructure

CHARGE:

- Identify opportunities and investments that build resilience.
- Identify key decision points in the infrastructure planning, design, and construction process where climate vulnerability can inform investment decisions.
- Identify specific infrastructure solutions and adaption strategies to accelerate adaptive capacity.

OBJECTIVES:

- Develop a Capital Improvement Plan that prioritizes climate infrastructure projects across all County Departments.
- Develop an Infrastructure Action Roadmap that will provide guidelines to incorporate sustainability and resilience elements in infrastructure planning and implementation.

OUTCOMES:

The Infrastructure Planning Group is currently developing a scope of work for a consultant contract to assist with Infrastructure Planning which will include the development of a Capital Improvement Plan (CIP) and Infrastructure Action Roadmap (Roadmap).

Capital Improvement Plan

The CIP will summarize all efforts that County Departments are undertaking to address the various climate risks. The CIP will also look for collaboration and multi-benefit project opportunities to minimize the impact to our communities while maximizing benefit. The CIP will be the result of evaluating the current projects in comparison with the UA prioritization list. The hope is that the CIP will identify the top projects for the top communities in risk. In addition, the CIP will identify a suite of solutions for each prioritized community so that community members will be aware of the potential solutions that would be implemented.

For example, the County (Parks and Recreation, Public Works, CSO, Department of Economic Opportunity, and Public Health) was awarded \$8 million by the U.S. Department of Agriculture's Urban and Community Forestry Grant Program. This funding will assist the County to plant trees in disadvantaged UA communities to help communities become more resilient to climate change and help combat extreme heat with the cooling effects of increased urban tree canopy. The tree locations will also be aligned with the results of the CVA to maximize extreme heat benefits. This project will be a high priority to implement to address extreme heat and will be one of many projects identified in the CIP. This project is also a great example of collaboration opportunities that may be identified through the CIP process.

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Infrastructure Action Roadmap

The CRC will analyze current infrastructure planning and development processes and look for ways to incorporate sustainability and resilience elements which will be summarized in the Roadmap. The Roadmap could include the following:

- Through tools like the Institute for Sustainable Infrastructure's Envision Sustainability Rating framework, identify key decision points in the infrastructure planning, design, and construction process where climate vulnerability can inform our investment decisions.
- Public Works is investing in their workforce to be trained in Envision as an essential investment in future infrastructure development. As of September 2023, 328 of Public Works employees have been Envision credentialed.
- Ensure sustainability and resiliency are incorporated into all of infrastructure planning, design, operations, maintenance, and procedures.

Consultant Support

Public Works administered an On-Call Consultant Services Agreement to serve as a contracting mechanism for this and other sustainability and resiliency initiatives across the County. The contract is expected to be finalized in late 2023.

CivicSpark Fellow

PW has partnered with CivicWell to host one CivicSpark Fellow to support CRC. The Fellow will assist in identifying and understanding existing infrastructure sustainability policies, practices, initiatives, and projects, along with researching on industry best practices. They will also help identify areas of improvement in infrastructure planning with regards to climate change. The Fellow will also perform research in support of the compendium of best practices to understand what other jurisdictions are doing to address community climate vulnerability and help identify the gaps in infrastructure services and initiatives. The service term for the Fellow will be from October 2023 to September 2024.

NEXT STEPS:

- Execute On-Call Consultant Services Agreement (Late 2023)
- Develop CIP
- Develop Roadmap

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Community Engagement

CHARGE:

- Establish and work with existing community coalitions through public engagement efforts that seek to integrate input and feedback from climate vulnerable communities.
- Prepare residents for community-specific risks (collaboration with Hazard Mitigation, Response, and Recovery Group).
- Maintain transparency on the efforts being made by developing a public-facing dashboard to serve as a repository for resiliency data and information.

OBJECTIVE

- Conduct public outreach to build resilience and adaptive capacity for the people, communities, and infrastructure that are vulnerable to climate risk.

OUTCOMES:

The overall goal of the community engagement effort is to work with existing community coalitions to seek input and integrate feedback from the prioritized communities about their associated climate risk, the infrastructure mitigation measures in development, and additional considerations as we develop infrastructure development policies.

To support this effort, Public Works partnered with ReDesignLA on a joint application for the EPA's Environmental Justice Government-to-Government (EJG2G) grant program, which helps connect government agencies with Community Based Organizations (CBO) and support community engagement related to climate resiliency. The total grant request was \$1 million. ReDesignLA is a coalition of organizations, including Council for Watershed Health, Day One, Nature for All, River in Action, ActiveSGV, Promesa Boyle Heights, East Yard Communities for Environmental Justice, Fernandefio Tataviam Band of Mission Indians, and Tataviam Land Conservancy. The joint effort will focus on ground truthing existing data to confirm the communities' lived experiences are consistent with the data. In addition, community engagement will help identify the priorities and preferred solutions of each community in developing infrastructure projects. The community engagement efforts will also inform the development of the CIP and Roadmap.

In addition, the On-Call Consultant Services Agreement mentioned in Infrastructure Planning also includes a community engagement component. Public Works will coordinate with a consultant to develop a community engagement work plan.

NEXT STEPS

- Awaiting EJG2G Grant award
- Secure a consultant to support development of a community engagement work plan

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Hazard Mitigation, Response, and Recovery Group

CHARGE:

- Identify specific solutions and strategies currently deployed to prepare for, respond to, recover from, and mitigate climate hazards.
- Identify and improve early warning and public information systems for climate hazards, focused on vulnerable communities (e.g., non-English speaking, unhoused) through both official channels and collaboration with the media and the community.

TEAM:

Lead: Kevin McGowan, Office of Emergency Management (OEM)

Members: Ali Frazzini, Chief Sustainability Office
Nicolas Vaquero, OEM
Nemat Hamidzada, OEM
Cung Nguyen, Public Works
Loni Eazell, Public Works
Nichole Quick, Public Health
Stella Fogleman, Public Health
Dee Ann Bagwell, Public Health

OBJECTIVE

- Build climate resilient communities to minimize impacts from climate hazards impacting Los Angeles County.

OUTCOME:

Building communities resilient to hazards is a multi-layered approach that begins with identifying the hazards impacting a geographic area. Hazards are then categorized as natural, technological or human-caused hazards. Once identified, communities create resiliency by preparing for, responding to, recovering from, and mitigating hazards. Climate change adds another layer of complexity to hazard response and needs to be accounted for within the basic tenets of emergency management.

Climate Hazard Preparedness and Response Strategies

Below are some actions that can be taken to address climate change in hazard preparedness and response strategies:

- Review current preparedness and response strategies through the lens of climate hazards, such as extreme heat, wildfires, and flooding.
- Incorporate climate hazards into the County Hazard Mitigation Plan.
- Review practices and protocols into the existing and extensive all-hazards emergency management planning document to determine if practices and protocols should be augmented or developed based on climate hazards.
- Review current awareness campaigns and ensure they include adequate

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education to support the public prepare for and mitigate extreme climate hazards.

- Focus awareness campaigns in communities where known hazards exist to educate them about the extreme nature of climate related risks and recommend adaptive preparedness and response actions to effectively protect life, property, and the environment.
- Ensure current County programs, such as Ready LA County; Emergency Survival Guide; 5-Step Action Kit; and Ready, Set, Go Program, maintain their effectiveness by including climate hazard information.

Early Warning and Information Systems

Below are various methods where the County can communicate with the public to inform them of climate hazards. All Departments should review effectiveness of these systems and incorporate climate hazards.

- The County maintains and employs various culturally and linguistically competent Alert and Warning systems, including Alert LA County, Wireless Emergency Alerts, the Emergency Alert System, and Weather Radio Alerts. Additionally, the County uses local media, social media, and countywide partners to provide emergency information.
- The County maintains extensive emergency management one voice messaging capabilities, including emergency and recovery websites, inter- and intra-agency coordination systems and processes, and joint information systems and processes.

Climate Hazard Recovery and Mitigation Strategies

The County can begin preparation for the next hazard by investing in climate recovery and mitigation strategies.

- Review recovery operations to ensure measures adequately address climate hazards.
- Identify if updates are needed to building codes to protect life and property from future hazards.
- Develop climate related hazard mitigation strategies to lessen the impacts to the community from extreme hazards.
- Provide examples and scenarios of climate hazard mitigation efforts. Examples include:
 - New flood control facilities due to increase in severe rain events
 - Slope stabilizations to prevent mudslides (especially in burn scar areas)
 - Bioswales to mitigate against road flooding
- Defensible space programs to educate communities on mitigating private property fire damage.

NEXT STEPS:

- Incorporate suggestions above.

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Funding

CHARGE:

Identify and secure local, state, and federal funding opportunities to support infrastructure investments that increase resiliency in climate vulnerable communities.

OBJECTIVES:

- Evaluate innovative funding strategies, such as Climate Resilience Districts, to fund CRC implementation efforts
- Identify list of potential grant programs

OUTCOMES:

The Funding Group is investigating current and innovate funding strategies to fund various climate infrastructure efforts. Below is an update of the Group’s progress, including a summary of a Climate Resilience District White Paper (see Appendix A), Federal Emergency Management Agency (FEMA) news, and grant funding updates.

Climate Resilience Districts (CRD)

Public Works developed a white paper related to CRD to support the work of CRC (see Appendix A). The white paper describes the elements of CRDs and considers the tool’s applicability for unincorporated areas within LA County. In addition, this white paper compares CRDs with existing California financing mechanisms such as Enhanced Infrastructure Financing Districts (EIFDs) and Community Facilities Districts, considers the potential role and application of CRDs within the LA County context, and explores opportunities and challenges identified through research and interviews with regional practitioners.

A CRD is a new type of financing district, established through Senate Bill 852 (S.B. 852), that is available to local governments and special districts across California. The governance structure of CRDs is modeled after EIFDs. CRDs can only be used for projects that address climate resilience, adaptation, or mitigation issues such as sea-level rise, extreme heat, extreme cold, risk of wildfire, drought, and risk of flooding. CRDs have authority to implement a wide variety of funding and financing mechanisms that already existed under California law prior to the passage of S.B. 852. These mechanisms include tax increment financing (TIF), special taxes, benefit assessment districts, community facilities districts, property-related fees, and user fees. While any city, county, or special district already had the authority to use these mechanisms independently, S.B. 852 gives local governments that choose to work together as a CRD the authority to leverage the mechanisms to collectively address climate risks. CRDs must follow the same statutory and constitutional requirements as existing jurisdictions when seeking funding authority, including meeting voter approval requirements for new taxes or assessments.

CRDs offer access to many of the same funding and financing mechanisms that LA County was authorized to implement before the passage of S.B. 852. However, a CRD offers the benefit of a dedicated district focused on finding solutions and implementing

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projects to address climate related hazards, including the risks identified in LA County's CVA. Unlike some other financing districts, CRDs can fund ongoing operations and maintenance in addition to capital construction projects. CRDs also have the authority to hire staff. These authorities could enable LA County to systematically identify, fund, and implement climate resilience projects in affected communities across LA County. Many of the climate hazards identified in the CVA disproportionately affect disadvantaged or socially vulnerable communities. Climate resilience projects funded by CRDs could reduce risk and improve the quality of life in these communities, if implemented with equity considerations in mind.

Additionally, CRD boundaries can be flexible and include any combination of counties, cities, and special districts that agree to participate. The provision for flexible boundaries encourages cross-jurisdictional partnerships to address climate hazards, such as flooding or extreme heat, that affect disparate areas of LA County. A CRD is most likely appropriate in a situation where LA County has the following available:

- Clear benefit for affected property owners and voters. Establishing a CRD requires a formal approval process by the LA County Board of Supervisors, including a public hearing. In addition, voter approval is required for many of the financing mechanisms that could be used to fund the district. Districts should be formed in areas with high climate risks where the planned investments will have significant local benefits and there is broad public support.
- Potential to leverage multiple funding sources. Climate resilience projects often require significant upfront capital investment as well as ongoing support for operations and maintenance, requiring multiple funding sources. For example, EIFD bond proceeds and grant funds could be used to pay for capital projects such as levee construction, while a benefit assessment district or fees could support ongoing operations and maintenance costs.
- Potential to support significant new development. EIFDs require new development within a district to provide sustainable funding through TIF. CRDs that rely on TIF to fund projects should include areas of planned future development within the district boundaries. TIF can also raise more funding if multiple jurisdictions agree to participate and contribute a portion of tax increment.

Climate Resiliency Zones

The FEMA has several grant programs available for pre and post emergency or disaster related projects. These funds can support critical recovery initiatives, innovative research, and many other programs. Grants are the principal funding mechanism that FEMA uses to commit and award federal funding to eligible agencies. The CRC will aim to identify the top communities and infrastructure projects that would be competitive for FEMA grant funds.

Related to FEMA grant funds, FEMA has recently designated 483 census tracts

October 18, 2023

BUILDING CLIMATE READY COMMUNITIES AND INFRASTRUCTURE PROGRESS REPORT

as Community Disaster Resilience Zones that can receive more federal dollars and technical assistance to reduce the impacts of extreme weather. The new designations are the result of the bipartisan Community Disaster Resilience Zones Act that Congress passed in 2022 to build resilience in areas most at risk for climate disasters. The UA communities that intersect with the FEMA Climate Resiliency Zones are shown below:

- Rosewood/East Gardena (SD2)
- Bandini Islands (SD4)
- South Whittier (SD4)
- Avocado Heights (SD1)

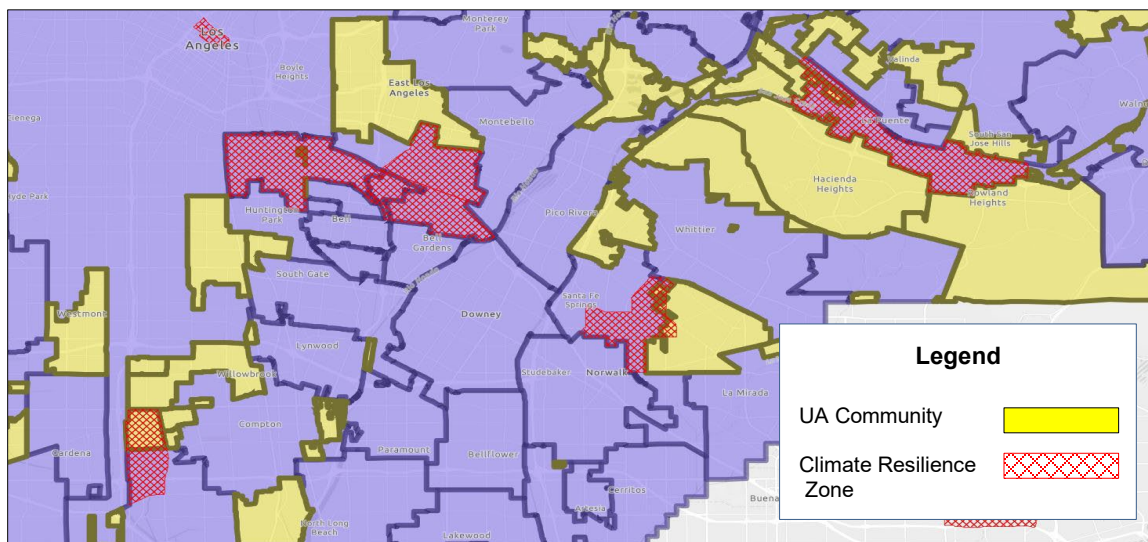


Figure 6 - FEMA Climate Resiliency Zones

Projects in these areas may be more competitive for FEMA grant programs such as Hazard Mitigation Grant Program, Building Resilient Infrastructure & Communities (BRIC) grant program, and No-Cost Direct Technical Assistance Program.

**BUILDING CLIMATE READY COMMUNITIES AND INFRASTRUCTURE
PROGRESS REPORT**

Grant Summary

Below is a list of grant opportunities related to climate resiliency that the County has applied for or was awarded in the past six months.

Program Name	Project	Climate Risk	Supervisory District	Status	Amount Requested /Awarded
US Dept. of Agriculture Urban Community Forestry Grant Program	Urban Forest Management Plan – Pilot Project	Extreme Heat	1, 2, 4, 5	Awarded	\$8 M
Climate Pollution Reduction Grant	Climate Action Plan	All	All	Awarded	\$1 M
EPA Environmental Justice Government-to-Government Program	Climate Ready Communities – Public Outreach	All	All	Pending	\$1 M
Dept. of Transportation – Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT)	Lake Hughes Climate Resiliency Planning Project	Flooding Wildfire	5	Pending	\$3 M
FEMA – Hazard Mitigation Assistance Grant					\$3 M
NOAA – Climate Resiliency Regional Challenge	Deploying Hybrid Living Shoreline Adaptations to Save L.A. County Beaches for All	Sea Level Rise	2, 3	Pending	\$75 M
Dept. of Transportation – PROTECT	Interstate 5 – Coordinated Evacuation Route	Wildfire	5	Pending	\$5 M
Caltrans’ Local Transportation Climate Adaptation Program					\$5 M
Adaptation Planning Grant	Cool Capital Stack	All	All	Awarded	\$556 K
Bay Area Council Foundation – CA Resilience Challenge	School Cooling Technical Assistance	Extreme Heat	All	Pending	\$152 K

Table 3 - LA County Climate Resiliency Grants

NEXT STEPS:

- Continue to identify funding opportunities and apply for grant opportunities



Public Works
LOS ANGELES COUNTY

Climate Resilience Districts

Overview and Approach
for Los Angeles County

OCTOBER 2023



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Los Angeles County Public Works Headquarters
Alhambra, CA

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Executive Summary

Overview

Climate-related events, such as flooding and wildfires, are increasing in both frequency and severity in Los Angeles County (LA County), California. These events put vulnerable communities at risk, stifle regional economic development, and require significant capital investments and ongoing operations and maintenance to improve local resilience. Climate Resilience Districts (CRDs) were established by Senate Bill (S.B.) 852 during the California State Legislature's 2021–2022 legislative session as a tool for local governments throughout California to address growing climate risks.¹

The CRD legislation is intended to empower cities, counties, and special districts to prioritize and fund local climate initiatives that may cross jurisdictional boundaries. For LA County, CRDs represent an opportunity to advance adaptation strategies identified in the 2021 Climate Vulnerability Assessment (CVA), the 2019 OurCounty Sustainability Plan, the 2022 update to the County's General Plan Safety Element, and other priorities identified by LA County's Climate Ready Communities working group.²

LA County Public Works commissioned this white paper to support the work of the Climate Ready Communities working group. This white paper describes the elements of CRDs and considers the tool's applicability for unincorporated areas within LA County, but many of its findings are applicable countywide. In addition, this white paper compares CRDs with existing California financing mechanisms (such as Enhanced Infrastructure Financing Districts [EIFDs] and Community Facilities Districts [CFDs]), considers the potential role and application of CRDs within the LA County context, and explores opportunities and challenges identified through research and interviews with regional practitioners.

Defining Enhanced Infrastructure Financing District (EIFD)

What is an Enhanced Infrastructure Financing District?

An EIFD is a district that utilizes tax increment financing (TIF) to capture the incremental growth in property tax revenues resulting from new development within a specified geographic district. These revenues are typically used to issue tax increment bonds. Bond proceeds may fund capital improvement projects that benefit the district.

Per California law, local governments can use EIFDs to fund a wide range of capital projects that support economic development. Projects funded by EIFD bond proceeds must have an estimated useful life of 15 years or longer (California Government Code Section 53398.52). In LA County, EIFDs must comply with the Board of Supervisors' EIFD Policy, which among other provisions requires that an EIFD create a positive fiscal impact for the county.

EIFDs utilizing tax increment financing are discussed in more detail in Section 3, Challenge #2 of this white paper (Page 20).

EIFD

A California-specific tax increment financing district

TIF

Captures incremental growth in property tax revenues

15+ Years

Estimated useful life of EIFD projects

¹ See Appendix for a copy of the CRD enacting legislation, S.B. 852 (2022).

² This working group was established by the Building Climate Ready Communities motion, adopted by the LA County Board of Supervisors in April 2023.

Defining Climate Resilience District (CRD)

What is a Climate Resilience District?

A CRD is a new type of financing district that is available to local governments and special districts across California. The governance structure of CRDs is modeled after EIFDs. CRDs can only be used for projects that address climate resilience, adaptation, or mitigation issues such as sea-level rise, extreme heat, extreme cold, risk of wildfire, drought, and risk of flooding. CRDs have authority to implement a wide variety of funding and financing mechanisms that already existed under California law prior to the passage of S.B. 852. These mechanisms include tax increment financing, special taxes, benefit assessment districts, community facilities districts, property-related fees, and user fees. While any city, county, or special district already had the authority to use these mechanisms independently, S.B. 852 gives local governments that choose to work together as a CRD the authority to leverage the mechanisms to collectively address climate risks. CRDs must follow the same statutory and constitutional requirements as existing jurisdictions when seeking funding authority, including meeting voter approval requirements for new taxes or assessments.

Applicability of CRD

How are CRDs Applicable to LA County?

CRDs offer access to many of the same funding and financing mechanisms that LA County was authorized to implement before the passage of S.B. 852. Local governments across California are already using these funding mechanisms to pay for climate resilience initiatives (see Table 2 on page 11 for examples). However, a CRD offers the benefit of a dedicated district focused on finding solutions and implementing projects to address climate related hazards including the risks identified in LA County's CVA. Unlike some other financing districts, CRDs can fund ongoing operations and maintenance in addition to capital construction projects. CRDs also have the authority to hire staff. These authorities could enable LA County to systematically identify, fund, and implement climate resilience projects in affected communities across LA County. Many of the climate hazards identified in the CVA disproportionately affect disadvantaged or socially vulnerable communities or communities located in unincorporated areas of LA County. Climate resilience projects funded by CRDs could reduce risk and improve the quality of life in these communities, if implemented with equity considerations in mind.

Additionally, CRD boundaries can be flexible and include any combination of counties, cities, and special districts that agree to participate. The provision for flexible boundaries encourages cross-jurisdictional partnerships.

CRD legislation is intended to empower cities, counties, and special districts to prioritize and fund local climate initiatives that may cross jurisdictional boundaries.

Key Findings



CRDs offer LA County the option to establish a dedicated district to prioritize and fund climate resilience measures in unincorporated areas, or in partnership with cities in the County.

As a district dedicated to climate resilience, a CRD offers the public, potential funders, and bond buyers the assurance that revenues will be spent on planning and implementing priority resilience projects.



In certain cases, it may be more efficient for LA County to use traditional funding mechanisms without establishing a CRD.

Establishing a CRD is administratively burdensome. In addition, once a CRD is established, it must separately establish each funding mechanism and adhere to all existing statutory and constitutional requirements (such as voter approval requirements).



Sonoma County Regional Climate Protection Authority (SCRCPA) represents the only CRD in the State of California.

S.B. 852 included provisions which directly established SCRCPA as a CRD. However, SCRCPA has not yet been able to establish a sustainable funding source. To date, no other jurisdictions have passed a resolution of intent to establish a CRD.



CRDs should be implemented with careful consideration of potential impacts on socially vulnerable communities.

CRDs present an opportunity to increase investment in disadvantaged communities. However, to the extent that they encourage new development, CRDs that utilize the EIFD model as a funding mechanism may also increase the risk of displacement. To mitigate this risk, LA County could consider implementing CRDs in coordination with targeted anti-displacement policies and affordable housing investments.

A CRD is most likely appropriate in a situation where LA County has the following available:



Clear benefit for affected property owners and voters.

Establishing a CRD requires a formal approval process by the LA County Board of Supervisors, including a public hearing. In addition, voter approval is required for many of the funding mechanisms that could be used to pay for projects in the district. Districts should be formed in areas with high climate risks where the planned investments will have significant local benefits and there is broad public support.



Potential to leverage multiple funding sources.

Climate resilience projects often require significant upfront capital investment as well as ongoing support for operations and maintenance, requiring multiple funding sources. For example, EIFD bond proceeds and grant funds could be used to pay for capital projects such as levee construction, while a benefit assessment district or fees could support ongoing operations and maintenance costs.



Potential to support significant new development.

EIFDs require new real estate development within a district to provide sustainable funding through tax increment financing. CRDs that rely on EIFDs to fund projects should include areas of planned future development within the district boundaries. EIFDs can also raise more funding if multiple jurisdictions agree to participate and contribute a portion of tax increment.

Climate Hazards and Resilience Projects in LA County



Dominguez Gap Wetlands located adjacent to the Los Angeles River provides flood protection, water conservation, and public recreational amenities



East Los Angeles Sustainable Median Stormwater Capture Project located in the unincorporated area of East Los Angeles



The Fire Department preparing sandbags for community members



Oxford Basin Enhancement Project in the unincorporated community of Marina Del Rey



Road closures due to extreme weather conditions in the unincorporated area of Palmdale



Damages to Lake Hughes Road as a result of the heavy storm event in January 2023



Construction photo of the underground infiltration systems at Franklin D. Roosevelt Park Regional Stormwater Capture Project located in the unincorporated community of Florence-Firestone



Road flooding at Big Tujunga Canyon Road and Oro Vista Avenue in Sunland, CA

01

Introduction



High Prismatic, Pearl Hsiung
Bunker Hill Station, Regional Connector

Bunker Hill Station, Regional Connector

101

Climate Resilience Districts were established by California S.B. 852 during the 2021–2022 legislative session. CRDs are a new tool for local governments to address the ongoing effects of a changing climate. Modeled after Enhanced Infrastructure Financing Districts, CRDs are intended to provide a sustainable funding source for local governments to pay for capital projects and ongoing operations and maintenance to adapt, mitigate, and build resilience to climate change.

CRDs provide local governments with an opportunity to address the negative impacts of climate change within their communities. To be eligible for CRD funding, projects must address climate change mitigation, adaptation, or resilience including (but not limited to) sea-level rise, extreme heat, extreme cold, risk of wildfire, drought, or risk of flooding. The funding mechanisms available to CRDs are broad and include EIFDs, benefit assessments, special taxes, other dedicated revenue, grants, fees, and issuing revenue or general obligation debt.

In April 2023, the LA County Board of Supervisors adopted the Climate Ready Communities motion, which aims to build climate resilience and adaptive capacity across the LA County unincorporated areas. The Climate Ready Communities Working Group identified CRDs as a potential funding mechanism to advance climate resilience and commissioned this white paper to investigate the effectiveness of CRDs and possible applications.

Key questions include:

What is a CRD, and how does it compare to other funding mechanisms?

How might CRDs advance LA County’s resilience needs and goals?

What are the challenges and opportunities of using a CRD to fund climate resilience projects?

How might LA County implement CRDs equitably to reduce impacts of climate hazards on socially vulnerable populations?

CRDs are intended to provide a sustainable funding source for local governments to pay for capital projects and ongoing operations and maintenance to adapt, mitigate, and build resilience to climate change.

1.1

Purpose and Authority of CRDs

S.B. 852 empowers local governments across the state to create CRDs. An established CRD may utilize an array of funding sources for capital improvements, operations, and maintenance projects that advance climate resilience within the CRD boundary. CRDs may also issue bonds.

Table 1. Key Features of CRDs (as Authorized by S.B. 852)

Feature	Description
Eligible Entities	Any combination of city, county, or city and county. A special district may join a district initiated by a city and/or county.
Eligible Projects	Capital and operations projects designed to address climate mitigation, adaptation, or resilience including, but not limited to, six key areas: 1) sea-level rise, 2) extreme heat, 3) extreme cold or precipitation, 4) risk of wildfire, 5) drought, and 6) risk of flooding.
Example Projects	Building levees; groundwater storage; flood easements or bypasses; deploying cool building surface materials; modifying facilities to address extreme cold, rain, or snow events; structure hardening; structure elevation and relocation; prescribed burns; and vegetation control, among others.
Funding and Financing Mechanisms Available	EIFDs, benefit assessment districts, special taxes, other dedicated revenue sources allocated by participating jurisdictions ³ , property/service fees, grants, gifts, revenue bonds, general obligation bonds.

Source: California Gov. Code Section (§) 62300-62311.

In addition to making CRDs available to local governments statewide, S.B. 852 also established California's first CRD, Sonoma County Regional Climate Protection Authority (SCRCPA).⁴ SCRCPA was initially created in 2009 to coordinate countywide climate protection efforts, but it did not have funding authority. S.B. 852 provided SCRCPA with the authority to pursue sustainable funding sources to support the district. To date, SCRCPA has not been able to secure funding, even with the additional authority provided through CRDs (see the text box on page 21 for additional details).

1.2

CRD Establishment and Governance

CRDs must establish the same governance structure as an EIFD, regardless of whether or not the district decides to use tax increment financing to raise revenue. CRDs are also subject to a similar establishment procedure as EIFDs.⁵

Under S.B. 852, CRDs must have the following governance features:

- All participating member jurisdictions must adopt a resolution of intent with a public hearing that defines needs, goals, and types of eligible projects to be supported.
- A five-member governing board known as a public financing authority must oversee a CRD and consist of three members of the legislative body of the participating member jurisdiction(s) and two members of the public.
- A CRD must have defined boundaries, which can be the same boundaries, as within, or across two or more cities or counties forming the district. CRD boundaries do not need to be contiguous.⁶
- All existing statutory and constitutional requirements must be followed when implementing mechanisms to fund district activities.

Once established, CRDs have expanded administrative powers when compared to an EIFD, such as the ability to hire staff and provide a schedule of compensation, as well as use interim or temporary staff provided by local agencies that are members of the district. Additionally, the district can sue and be sued and engage counsel or other professional services. Each district is required to prepare an annual expenditure plan and adopt an annual operating budget and capital improvement budget. This annual expenditure plan is in addition to the infrastructure financing plan required if the CRD chooses to issue tax increment bonds.⁷

³ CRDs are eligible to receive and manage a dedicated revenue source allocated from a participating member's taxing authority.

⁴ California Gov. Code § 62303.

⁵ California Gov. Code § 62304 (b).

⁶ California Gov. Code § 53395.55.

⁷ California Gov. Code § 62304 (b).

Funding Mechanisms Available to CRDs

S.B. 852 allows CRDs to implement several funding mechanisms that previously existed in California statute. LA County already has the authority to raise revenue through each of these mechanisms without establishing a CRD. CRDs are required to follow the same statutory and constitutional voter approval requirements for establishing a funding or financing measure as any other jurisdiction. The CRD simply allows this authority to be applied to the boundaries of the CRD. The table below lists the primary funding and financing mechanisms available to CRDs, their establishment requirements, and examples of how these tools were already being used to address climate resilience in communities in LA County, without the establishment of a CRD.

In addition to the funding mechanisms described below, a CRD can also levy a property-related or user fee; apply for and receive grants from federal and state agencies; solicit and accept gifts, fees, grants, and allocations from public and private entities; incur general obligation debt; and receive and manage a dedicated revenue source from another entity. CRDs may also enter into a joint powers authority.⁸

Table 2. Funding and Financing Mechanisms Available to CRDs and Establishment Requirements

District/Mechanism	Key Features	Establishment Requirements	Example of Jurisdiction Using Mechanism for Climate Resilience
Enhanced Infrastructure Financing District (EIFD)	An EIFD is a form of tax increment financing district that captures the incremental growth in property tax revenues above an established base revenue prior to improvements. The revenues associated with an EIFD are used to pay debt service for bonds issued to fund capital improvements within the district. ⁹ In California, taxing entities must choose to participate in an EIFD. Property taxes that flow to school districts and community college districts are not eligible revenue sources.	Public hearing and protest process Subject to LA County Board of Supervisors' EIFD Policy requiring a finding of a positive fiscal impact for LA County	LA County/Redondo Beach EIFD In 2019, both LA County and the City of Redondo Beach, adopted resolutions of intent to partner in the formation of an EIFD. The planned purpose for this financing district is to revert a closed power plant to open space, park, and private development. ¹⁰
Benefit Assessment	Assessment on a defined group of parcels that pays for public improvements or services that specially benefit the parcels. The assessment must be proportional to the special benefit that each parcel receives from the public improvement or service. ¹¹	Approval by a weighted majority of affected property owners ¹² Public hearing and protest process Engineer's report to assess and apportion value of special benefit	City of Malibu Geologic Hazard Abatement District (GHAD) In Malibu, the Broad Beach GHAD provides funding for sand nourishment, dune restoration, and other measures to prevent shoreline erosion from threatening nearby homes. ¹³

⁸ California Gov. Code § 62307.

⁹ Strategic Economics, "Report on the Use of Tax Increment Financing" (Governor's Office of Planning and Research, December 29, 2020), https://opr.ca.gov/docs/20210203-TIF_Tools_Final_Report.pdf.

¹⁰ Southern California Association of Governments, "City of Redondo Beach Enhanced Infrastructure Financing District (EIFD)," Southern California Association of Governments, January 11, 2021, <https://scag.ca.gov/funding-and-financing-tools-and-strategy/city-redondo-beach-enhanced-infrastructure-financing>.

¹¹ Samantha Lui, "Assessing the Benefits of Benefit Assessments: A Guide to Benefit Assessments in California" (Sacramento, California: California State Legislature Senate Governance and Finance Committee, September 2011),

<https://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/Assessing%20the%20Benefits%20of%20Benefit%20Assessments%20801-S.pdf>.

¹² Ballots for the establishment of benefit assessment districts are weighted in proportion to the amount of benefit each property receives from the benefit assessment, which is equivalent to the amount each property owner will pay. Therefore, property owners that will be required to pay more of the assessment and receive more of the benefit receive a more heavily weighted vote.

¹³ "Broad Beach Geological Hazard Abatement District," accessed September 7, 2023, <http://www.bbghad.com/about-the-project/#:~:text=In%20response%20to%20decades%20of,its%20historical%20proportions%20and%20splendor>.

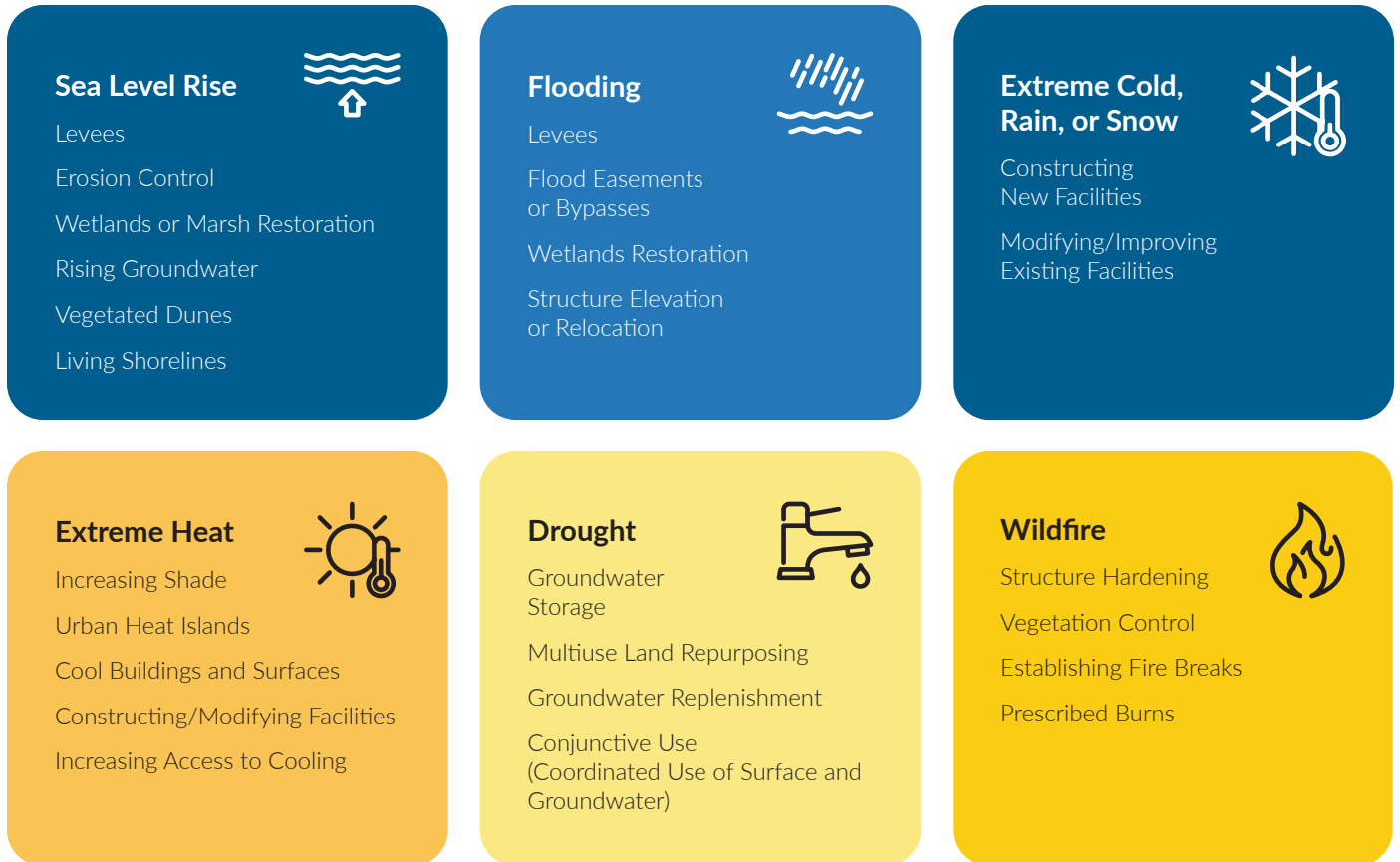
Table 2. Continuation

District/Mechanism	Key Features	Establishment Requirements	Example of Jurisdiction Using Mechanism for Climate Resilience
Special Tax	A special tax is a tax imposed for a specific purpose, often imposed as a parcel tax at the local government level. The special tax does not need to be directly proportional to the benefit received. Taxes cannot be based on property value. ¹⁴	Two-thirds voter approval	<p>Los Angeles County Flood Control District Safe Clean Water Program (SCWP) Measure W</p> <p>In 2018, property owners within the LA County Flood Control District adopted the ballot initiative Measure W. This initiative created a program that invests approximately \$280 million annually into multi-benefit stormwater capture projects and programs. The program is funded by a special parcel tax of 2.5 cents per square foot of impermeable area levied on more than 2.1 million parcels within the district.¹⁵</p>
Community Facilities Districts (CFD)	A CFD, also known as a Mello-Roos district, is a type of special tax district formed within a limited geographic area. The district is most commonly established for the purpose of using the revenues from the tax to issue bonds to pay for infrastructure improvements. CFDs can also be levied for the provision of services. CFDs provide significant flexibility in establishing tax rates and methods of apportionment. For example, this allows for tax rates to account for exposure to risk. ¹⁶ However, the tax cannot be based on property value. ¹⁷	<p>Two-thirds vote of property owners within the district if there are no greater than 12 registered voters living within the proposed district</p> <p>Two-thirds vote of all registered voters when there are more than 12 registered voters in the district</p>	<p>City of Los Angeles, Mountains Recreation and Conservation Authority (MRCA) Measure GG and HH</p> <p>Registered voters in the Santa Monica Mountains and Hollywood Hills areas passed measure GG and HH to create a CFD to provide funding to protect and maintain local open space, wildlife corridors and parklands, and to increase fire prevention, ranger safety patrols, and clean water within the designated local areas.¹⁸</p>
Issue Revenue Bonds	Revenue bonds are backed by a specific revenue stream (such as toll or utilities revenues). These bonds are issued by a public enterprise for infrastructure improvements. Unlike general obligation bonds, revenue bonds are not guaranteed and are backed by funds generated by the project or issuing entity. ¹⁹	Does not require voter approval so long as obligations are not paid for by the local government's general fund ²⁰	<p>Los Angeles County Green Bonds</p> <p>LA County Public Works Financing Authority periodically issues green bonds for projects that advance environmental sustainability and climate-related goals. In 2020, the authority issued \$363 million in green bonds to finance the reconstruction of an exhibit building for the LA County Museum of Art. The project pursued a LEED Gold Certification for incorporating elements of environmental sustainability into construction.²¹</p>

Examples of Eligible Projects

CRDs are eligible to fund climate adaptation, mitigation, and resilience projects within six broad categories. The graphic below provides examples of the climate hazards that CRDs can be used to address:

Figure 1. Examples of CRD Eligible Projects



Source: California Gov. Code Section (§) 62300-62311.

¹⁴ Senate Local Government Committee, "What's So Special About Special Districts? A Citizen's Guide to Special Districts in California" (Sacramento, California: Senate Local Government Committee, October 2010), https://www.ca-ilg.org/sites/main/files/file-attachments/resources_2010WSSASD4edition.pdf.

¹⁵ "Los Angeles County Safe Clean Water Program," accessed September 25, 2023, <https://safecleanwaterla.org/about/faq/>.

¹⁶ AECOM, "Paying for Climate Adaptation in California: A Primer for Practitioners" (Sacramento, California: Resources Legacy Fund, October 2018), <https://resourceslegacyfund.org/wp-content/uploads/2018/11/Paying-for-Climate-Adaptation-in-California.pdf>.

¹⁷ "Mello-Roos Community Facilities District," Southern California Association of Governments, November 19, 2020, <https://scag.ca.gov/post/mello-roos-community-facilities-district>.

¹⁸ "MRCA Community Facilities District No. 1 (Open Space and Fire Prevention)," MRCA, accessed September 7, 2023, <https://mrca.ca.gov/mrca-community-facilities-district-no-1-open-space-and-fire-prevention/>.

¹⁹ AECOM, "Paying for Climate Adaptation in California: A Primer for Practitioners." ²⁰ Ibid.

²¹ "Los Angeles County Public Works Financing Authority, Lease Revenue Bonds, 2020 Series A," n.d., <https://tfc.lacounty.gov/wp-content/uploads/2020/11/CALosAngeles20a-FIN.pdf>.

02

LA County Resilience Needs and Goals

Antelope Valley California Poppy Reserve
Antelope Valley, CA

In 2019, the LA County Board of Supervisors adopted the OurCounty Sustainability Plan, demonstrating a commitment to a more sustainable future. OurCounty includes 12 goals that aim to address LA County’s environmental challenges and equity considerations.²² As an implementation step for one of the goals in this plan, LA County published the Climate Vulnerability Assessment (CVA) in 2021. This plan evaluates how people and infrastructure are becoming more vulnerable to climate hazards. The CVA identifies five climate hazards that will continue to pose a challenge to local communities in LA County as climate change amplifies. The five hazards include extreme heat, wildfire, inland flooding and extreme precipitation, coastal flooding, and drought. These hazards closely align with the six eligible project categories for CRDs. The analysis and data gathered in the CVA could be used to help prioritize specific areas of LA County for CRD establishment. Table 3 summarizes the critical risks posed by climate hazards, and examples of relevant project types that could be eligible for CRD funding.

LA County’s CVA evaluates climate vulnerability by analyzing the parameters of exposure, sensitivity, and adaptive capacity for each climate hazard. While climate hazards pose a risk to all LA County residents, additional factors can make specific areas more susceptible to risk than others. The CVA includes a social vulnerability assessment that evaluates specific communities within LA County area that are disproportionately affected by climate hazards. Factors that make some communities particularly vulnerable to climate hazards include disparities in infrastructure and access to resources such as shade or air conditioning; demographic differences in health, age, and ability; institutionalized bias; and living conditions. The CVA notes that future climate adaptation investments and planning projects should incorporate the analysis of social vulnerability to holistically address equity considerations.²³

Table 3. Climate Vulnerability Assessment—Identified Hazards and Example CRD Projects

Climate Hazard Description	Example of Potential CRD Projects
<p>Extreme Heat</p> <p>Period of high heat and humidity with temperatures above 90 degrees Fahrenheit for at least 2 to 3 days</p>	<ul style="list-style-type: none"> • Increasing shade • Increasing access to cooling
<p>Wildfire</p> <p>Unplanned, uncontrolled, and unpredictable fire in an area of combustible vegetation</p>	<ul style="list-style-type: none"> • Vegetation control • Prescribed burns • Fire breaks • Structure hardening
<p>Inland Flooding and Extreme Precipitation</p> <p>Significant increase of rainfall volumes in a short period of time</p>	<ul style="list-style-type: none"> • Levees • Flood bypasses or easements • Wetlands restoration
<p>Coastal Flooding</p> <p>Occurs when dry and low-lying land is submerged (flooded) by seawater</p>	<ul style="list-style-type: none"> • Levees • Erosion control • Wetlands or marsh restoration
<p>Drought</p> <p>A deficiency of precipitation over an extended period of time (usually a season or more), resulting in water shortage</p>	<ul style="list-style-type: none"> • Groundwater storage • Multiuse land repurposing • Groundwater replenishment

Source: California Gov. Code § 62302.

²² Los Angeles County, “OurCounty: Los Angeles Countywide Sustainability Plan,” August 2019, <https://ourcountyla.lacounty.gov/wp-content/uploads/2019/07/OurCounty-Final-Plan.pdf>.

²³ LA County Chief Sustainability Office, “LA County Climate Vulnerability Assessment” (Los Angeles, California: LA County, October 2021), <https://ceo.lacounty.gov/wp-content/uploads/2021/10/LA-County-Climate-Vulnerability-Assessment-1.pdf>.

03

Opportunities and Challenges

for CRD Implementation

Santa Monica Mountains
Western LA County



Opportunities

Opportunities Overview

1. **Dedicated District for Climate Resilience**
2. **Authority to Fund Operations and Hire Staff**
3. **Ability to Pursue Multiple Funding Mechanisms**
4. **Flexible District Boundaries**
5. **Encouragement of Development and Insurability**

1

Dedicated District for Climate Resilience

CRDs are narrowly focused to fund projects and actions that address climate change mitigation, adaptation, or resilience with a focus on six key areas: sea-level rise, extreme heat, extreme cold, wildfire, drought, or flooding. Additionally, the required five-member governing board creates a stable leadership structure that provides for ongoing project identification, implementation, and management of the district.

The focused nature of CRDs could have the following benefits:

- Contribute to public confidence that revenues raised by the CRD will be used to fund projects that will improve climate resilience in the defined geographic district.
- Indicate to potential funders (e.g., state and federal grantors, philanthropic organizations) that the sole focus of the district is on climate resilience measures and actions.
- Attract investors interested in green or sustainable investments to potential future bond sales associated with the CRD.

2

Authority to Fund Operations and Hire Staff

In addition to capital expenditures, CRDs can fund ongoing operations costs for eligible projects, which can be particularly beneficial for certain climate resilience measures such as erosion control, vegetation control, or prescribed burns, among others. In addition to funding project operating costs, CRDs are authorized to hire staff, which could provide capacity and stability over time, allowing a district to potentially manage multiple projects and revenue sources at once.²⁴

As a caveat and potential challenge for jurisdictions forming a district, CRDs do not have the authority to fund operations expenditures with revenues from tax increment financing. According to S.B. 852, 95% of the proceeds from the tax increment bonds must be used for eligible capital expenditures, while no more than 5% can be reserved for administration.²⁵ This allotment is consistent with existing EIFD law.²⁶ CRDs may fund operating expenses and staff with other funding, such as funding from benefit assessments, special taxes, a dedicated portion of revenue, or grants and loans as allowed by the funding mechanism.

3

Ability to Pursue Multiple Funding Mechanisms

CRDs can take advantage of multiple funding mechanisms to fund eligible climate resilience projects. As an illustrative example, consider a single CRD dedicated to protecting against sea-level rise. It could pursue three different funding mechanisms to fund different elements of its project. The district could adopt an infrastructure financing plan and leverage EIFD funding to issue tax increment financing and fund a long-term infrastructure investment, such as a levee. In addition, the district could apply for a state or federal grant to supplement levee capital construction costs and use EIFD revenues or bond proceeds to provide local matching funds. Finally, the district could place a special tax on the ballot for voter approval to fund operations staff to install and maintain vegetated dunes as well as the levee. Similar to a county government, the CRD has broad access to a variety of funding mechanisms, for a defined and narrow project purpose.

²⁴ California Gov. Code § 62303.

²⁵ California Gov. Code § 62306.

²⁶ California Gov. Code § 53398.52.

4

Flexible District Boundaries

CRDs provide the opportunity for cities, counties, and special districts to work collectively to mitigate climate risks and build resilience. District boundaries can be cross-jurisdictional and non-contiguous, providing flexibility to address similar climate risks in various areas across the county.²⁷

Additionally, CRDs leveraging an EIFD can fund projects outside of the district boundaries, if the work completed has a tangible connection to the district.²⁸ Flexible district boundaries create an opportunity to address climate risk in socially vulnerable communities across LA County. For example, Santa Clarita and areas of the San Fernando Valley (Reseda, Winnetka, and Pacoima) are identified in the CVA as areas facing extreme heat. A CRD boundary could theoretically be drawn to include these areas and nearby areas expecting new development in order to leverage an EIFD to fund cooling projects.

It is important to consider how the district boundaries are drawn and which financing mechanisms are pursued so that the CRD does not place additional financial burden on socially vulnerable or disadvantaged communities. EIFDs could be an attractive tool for funding climate resilience projects in socially vulnerable communities because EIFDs do not create a new tax, but instead leverage the revenue stream from increasing property values. However, EIFDs rely on new development to generate revenues.

²⁷ California Gov. Code § 53395.55.

²⁸ California Gov. Code § 53398.52.

²⁹ Michael Blood, "California Insurance Market Rattled by Withdrawal of Major Companies," AP News, June 5, 2023, <https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f>.

³⁰ Climate Insurance Working Group, "Protecting Communities, Preserving Nature, and Building Resiliency: How First-of-Its-Kind Climate Insurance Will Help Combat the Costs of Wildfires, Extreme Heat, and Floods" (California Department of Insurance, July 2021), <https://www.insurance.ca.gov/cci/docs/climate-insurance-report.pdf>.

5

Encouragement of Development and Insurability

As the frequency and severity of weather events increase, property insurance in California is becoming less affordable or available. In 2022 and early 2023, two large insurers, Allstate and State Farm, announced that they were no longer accepting applications for homeowner, personal, and commercial insurance policies.²⁹ Across the state, insurance premiums are rising for existing policies, making it less affordable across all communities, and placing an additional burden on socially vulnerable and disadvantaged communities that overlap with areas of high climate risk.

S.B. 852 was jointly sponsored by the California Insurance Commissioner. The creation of a special district to empower local communities to address climate resilience was one of the recommendations from the California Climate Insurance Working Group.³⁰

Dedicated local funding for climate resilience projects will help to reduce the risk and impact of catastrophic weather events in affected communities. This risk reduction could improve the insurability of facilities, reduce the cost of insurance premiums, and encourage new development.

Dedicated local funding for climate resilience projects will help to reduce the risk and impact of catastrophic weather events in affected communities.

Challenges

Challenges Overview

1. CRD Establishment Procedure
2. EIFDs Establishment Considerations
3. Requirements for Pursuing Other Funding Sources
4. Challenge of Cooperation Across Multiple Jurisdictions
5. Displacement and Tax Burden Considerations

1

CRD Establishment Procedure

Whether or not CRDs choose to use tax increment financing, the district must follow the same establishment procedures as an EIFD. This procedure includes adopting a resolution of intent by all participating member jurisdictions, establishing a five-member governing board, defining district boundaries, and describing the need, goals, and statement of projects to be supported.³¹ The CRD must then begin a separate process to establish a sustainable revenue source. This additional procedural step can be administratively burdensome, and the CRD legislation does not provide for funding to establish CRD operations.³²

2

EIFDs Establishment Considerations

An EIFD is an attractive potential revenue source for CRDs because EIFDs do not represent a new tax or fee for residents of the district. In addition, establishing an EIFD does not require a ballot measure, and EIFDs can provide a sustainable funding source for the life of the project. However, because EIFDs redirect a portion of future tax increment away from general government operations, there are several provisions in place to limit the use of EIFDs and their potential applications. These provisions include the EIFD establishment procedures and LA County Board of Supervisors' EIFD Policy requirements. In addition, EIFDs need to capture adequate tax increment to reliably fund projects.

These considerations and challenges are explored below.

EIFD establishment procedures

In addition to the requirements for establishing a CRD, the establishment of an EIFD requires the following steps as detailed in California statutes:

- A resolution of intent to establish an EIFD and providing for the division of taxes;
- The creation of an infrastructure financing plan which includes the list of proposed projects, the maximum incremental tax revenue provided by each district, a projection of the tax revenues expected to be received by the district for the life of the project, a project financing plan, and an analysis of the projected fiscal impact of the district on each affected taxing entity;
- A public hearing and protest process requiring three public hearings; and
- A resolution adopting the infrastructure financing plan and establishing the district.³³

Interaction of LA County Board of Supervisors EIFD Policy

The LA County Board of Supervisors established an EIFD Policy in 2017 which requires additional steps for establishing an EIFD, beyond those required by California law. The Policy is intended to protect LA County's property tax revenue base, specifically in the case where a city approaches LA County to establish an EIFD. Key requirements include:

- A fiscal analysis of the proposed EIFD performed by the Chief Executive Office that demonstrates a positive net fiscal impact to the County General Fund;
- Alignment with Board priorities;
- A project feasibility analysis that includes a "but for" review that evaluates whether the contribution of the LA County property tax increment is a necessary pre-condition for the project;
- A funding plan;
- Reference to opportunities for affordable housing, even if not included in the recommended plan for the proposed project area; and
- A schedule of bond issuance.³⁴

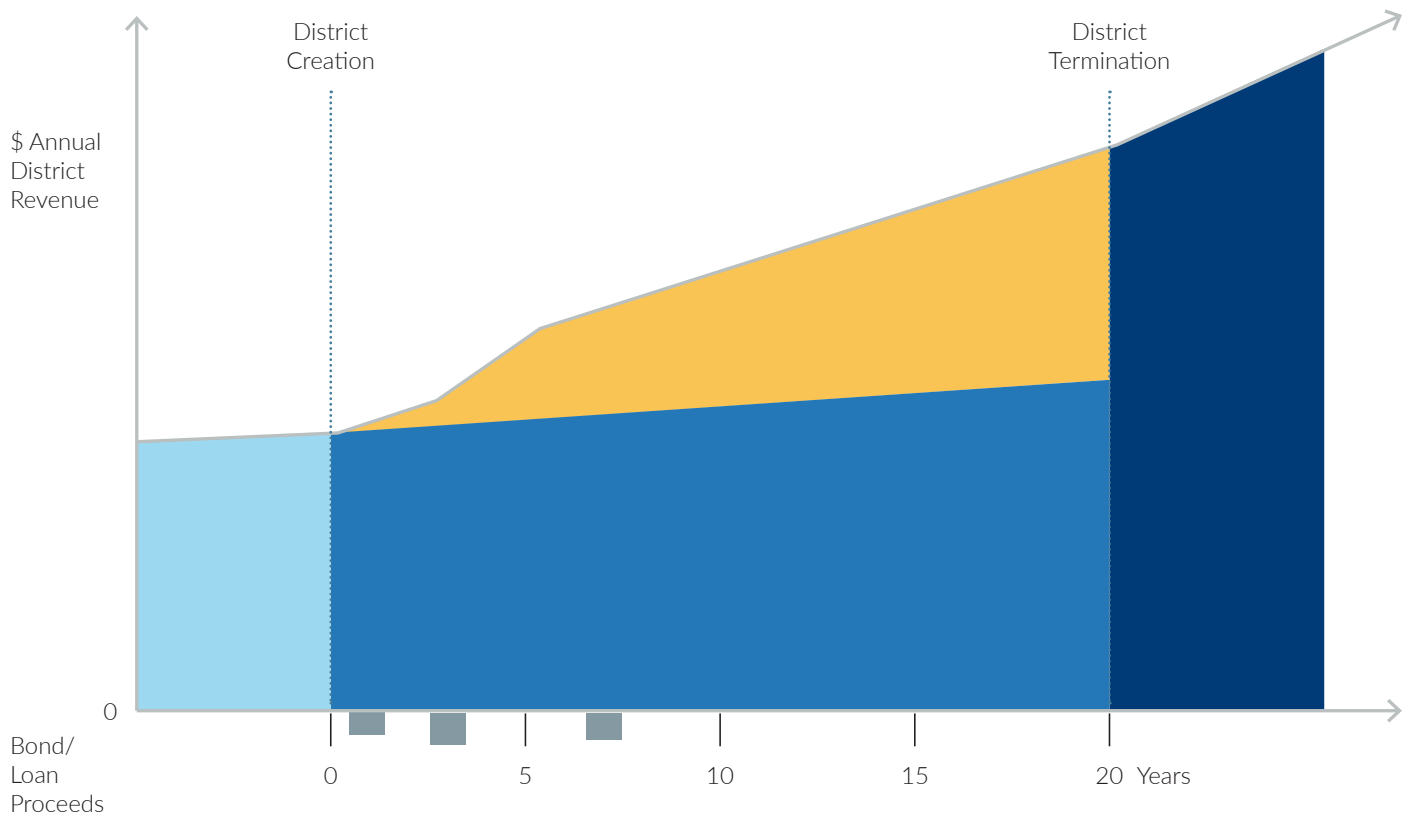
³¹ California Gov. Code § 62304.

³² Section 62306 of the CRD code provides that 5% of allocated revenues from tax increment bonds may be used for administration. However, this provision only applies to CRDs that develop an EIFD and does not apply to a CRD that does not issue tax increment bonds to finance the district.

³³ California Gov. Code § 53398.59 to 53389.74, inclusive.

³⁴ "LA County Board of Supervisors, "Enhanced Infrastructure Financing District Policy" (Los Angeles, California, August 1, 2017), <https://file.lacounty.gov/SDSInter/bos/supdocs/115680.pdf>."

Figure 2. Illustration of Tax Increment Financing



Key

- Incremental District Revenue (Funds Projects)
- Pre-Program Revenue
- Base Year District Revenue (Retained by Authorities)
- New Revenue Base (Reverts to Authorities)
- Capital Investments in Key District Improvements

Source: AECOM

Capturing adequate tax increment

A challenge of using EIFDs is organizing the district so that it will capture sufficient tax increment to fund the desired capital improvements. EIFDs capture the incremental growth in property tax revenues above and beyond an established base-year revenue (Figure 2). This revenue is used to pay for capital expenditures or pay debt service for bonds issued to finance improvements during the value capture period.^{35, 36} In California, Proposition 13 limits property reassessments and property tax increases, so that a tax increment financing district can raise substantial revenue only if significant new real estate development occurs within the district.³⁷

In order to raise significant revenue from an EIFD, CRD boundaries will need to be drawn to include areas that are not only subject to identified climate risks, but also where new real estate development is planned. It is important to note that S.B. 852 states that facilities financed with CRD/EIFD funds are “not required to be physically located within the boundaries of the district. However, any facilities financed outside of a district shall have a tangible connection to the work of the district.”³⁸

³⁵ The resolution that establishes an EIFD in a jurisdiction includes the date on which the district will cease to exist and all tax allocation to the district will end. The date shall not exceed 45 years from the date on which the issuance of the bonds or loan is approved. California Gov. Code § 53398.63.

³⁶ Strategic Economics, “Report on the Use of Tax Increment Financing.”

³⁷ Proposition 13 limits increases in assessed valuation to 2% annually, except in the case of new development or substantial redevelopment. AECOM, “Paying for Climate Adaptation in California: A Primer for Practitioners.”

³⁸ California Gov. Code § 53398.52.

3

Requirements for Pursuing Other Funding Sources

In the case that a CRD does not decide to pursue an EIFD due to lack of political feasibility or other constraints, the district may pursue a number of other funding options including a benefit assessment, special tax, community facilities district, user or property-related fee, or a portion of a dedicated revenue source.

Each of these funding mechanisms includes its own establishment requirements. Examples of some of these requirements are detailed in the table below:

Table 4. Funding Mechanisms and Requirement for Establishment

Funding Mechanism	Requirement for Establishment
Benefit Assessment	Requires engineer's report, approval by a weighted majority of affected property owners ³⁹
Special Tax	Requires two-thirds voter approval ⁴⁰
Community Facilities District	Requires two-thirds voter approval ⁴¹
Property-Related Fee	Requires a nexus study, may be subject to protest process or voter approval ⁴²
User Fee	Requires the amount is no more than necessary to reasonably cover the cost of governmental activity ⁴³

Currently, SCRCPA, California's first CRD, is navigating the challenge of seeking voter approval to establish a sustainable funding source. See the case study on the right for additional detail.

³⁹ Lui, "Assessing the Benefits of Benefit Assessments: A Guide to Benefit Assessments in California."

⁴⁰ Senate Local Government Committee, "What's So Special About Special Districts? A Citizen's Guide to Special Districts in California."

⁴¹ "Mello-Roos Community Facilities District."

⁴² California Gov. Code § 66001.

⁴³ California Constitution, Article XII C, Section 1.

CASE STUDY



Sonoma County Regional Climate Protection Authority—California's First Climate Resilience District

S.B. 852 specifically designates SCRCPA as a CRD. SCRCPA was established in 2009 – 13 years before S.B. 852 was passed—to coordinate climate protection efforts among the county, local governments, and other regional, state, and federal agencies. However, when SCRCPA was established, it did not have any legal authority to raise funding. S.B. 852 specifically designated SCRCPA as a CRD and authorizes the authority to pursue funding and financing mechanisms to assist with the implementation of climate resilience projects identified in its Climate Mobilization Strategy.

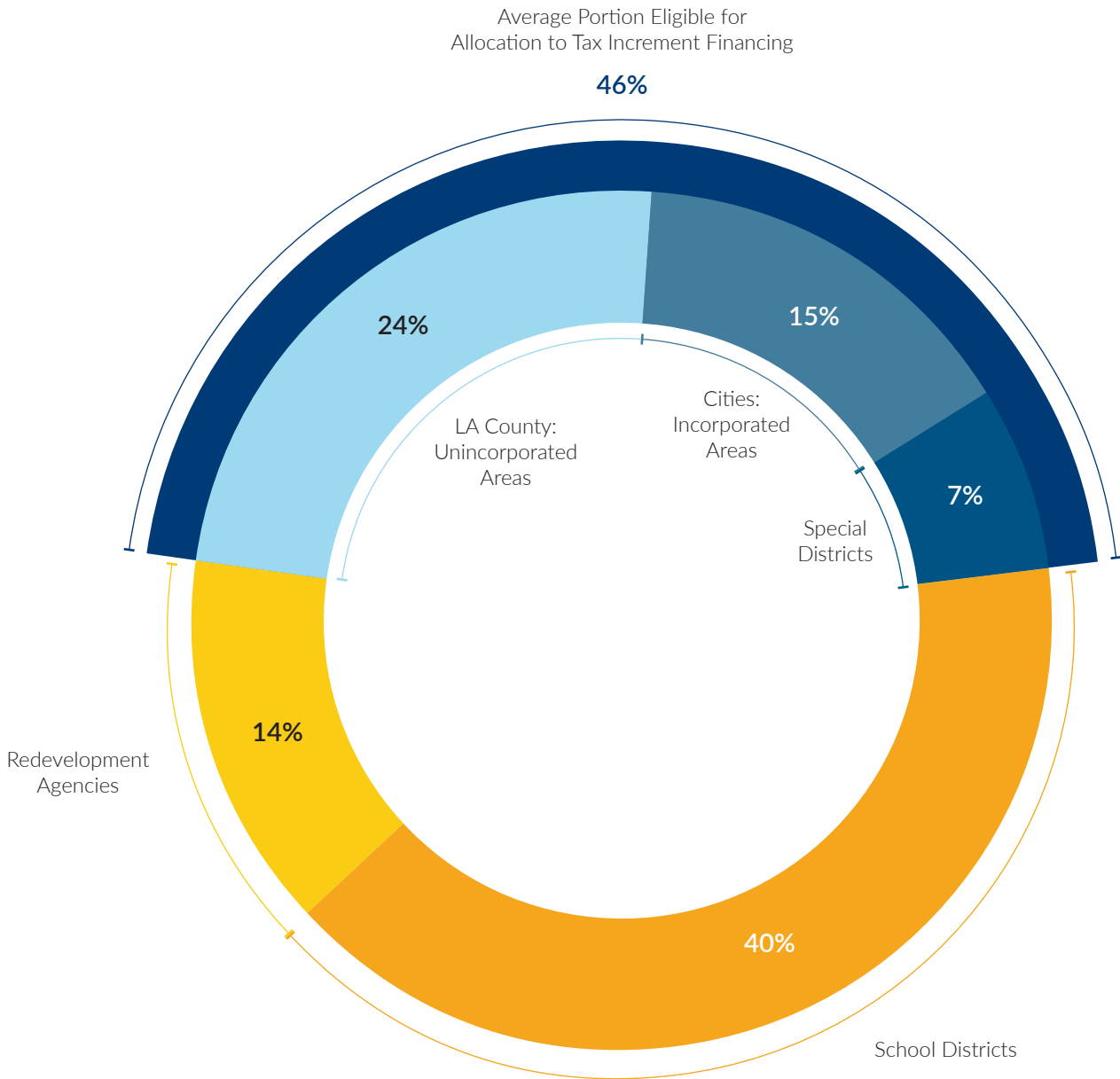
Since the passage of S.B. 852, the Authority began the process of drafting a CRD expenditure plan and evaluating options for funding the district. SCRCPA's leadership has determined that establishing an EIFD is not politically viable within Sonoma County at this time. As an alternative to tax increment financing, SCRCPA conducted polling to gauge voter support for a climate resilience tax measure. Possible funding options include a sales tax, parcel tax, or other special taxes, any of which would require approval by two-thirds of voters under the California Constitution. In July 2023, polling results showed insufficient support for a tax measure to support climate resilience projects in Sonoma County. Support for a tax came in at just over 50%, but well below the two-thirds threshold required for approval.

Sonoma County has decided not to pursue a 2024 ballot measure and has returned to evaluating options to fund the new CRD.

This example highlights that, with or without a CRD, jurisdictions still face many of the same challenges to establish a sustainable funding source for climate resilience projects.

Sources: Shift Sonoma County. (n.d.). Regional Climate Protection Authority. Retrieved September 8, 2023, from <https://rcpa.ca.gov/what-we-do/shift-sonoma-county/>; EMC Research. (2023). Survey of Sonoma County Likely Voters Conducted June 2023. <https://srp-prod-public-pdfs.s3-us-west-2.amazonaws.com/Xf4JZLKrLJwLMz6zC3dniKaYhE.pdf>

Figure 3. General Property Tax Revenue in Los Angeles County by Jurisdiction FY 2022-23⁴⁴



⁴⁴ Figure reflects average receipt of FY 2022-23 1% property tax revenues within LA County. The actual tax rates and allocations vary across unincorporated and incorporated areas throughout the county and may not reflect the averages shown in this pie chart. Redevelopment Agencies were dissolved in 2012. The figure reflects the average share of the 1% property tax revenue dedicated to pay the former agencies' debts and obligations. Property tax allocations from School Districts and Redevelopment Agencies are not eligible for participation in tax increment financing districts.

Source: LA County Auditor-Controller, 2023.

4

Challenge of Cooperation Across Multiple Jurisdictions

A 2020 report required by S.B. 961 (2018) reviewed the effectiveness of tax increment financing in California, finding that the limited revenue potential of tax increment financing tools limits their effectiveness.⁴⁵ In California, property tax revenues are allocated to the county, cities, school and community college districts, and special districts within a county. Actual allocations vary by location within the County. Overall, however, LA County received just 24% of the total 1% property tax revenues in Fiscal Year 2022-23. Cities within LA County received 15% of property tax revenues, and special districts received 7%. School and community college districts received most of the remaining property tax revenues, but these districts are prohibited from contributing revenues to a tax increment financing district. The allocation of property tax revenue therefore limits the amount of property tax increment available for tax increment financing revenues unless multiple jurisdictions partner and voluntarily contribute a share of their increment.⁴⁶

CRDs provide an opportunity for collaborating on cross-jurisdictional climate initiatives and leveraging funds from multiple participating jurisdictions. However, participating districts must grapple with the challenge of limited control in directing their share of property tax increment to priority projects. Under S.B. 852, the CRD shall be governed by a five-member public financing authority.⁴⁷ The membership of the public financing authority is determined by the number of participating jurisdictions. For example, if there is only one participating member, then three of the governing board members shall be members of the legislative body of the participating entity and two shall be from the public. For a district with two participating members, two of the governing board members shall be members of the legislative body from one of the participating entities, one from the legislative body of the other participating entity, and two from the public. As each additional jurisdiction joins the CRD, the establishing jurisdiction gives up more control of the governance of the CRD.

⁴⁵ Strategic Economics, 2020.

⁴⁶ "Revenue Allocation Summary – Auditor-Controller," accessed September 7, 2023, <https://auditor.lacounty.gov/revenue-allocation-summary/>.

⁴⁷ California Gov. Code § 62304 and § 53398.51.1

5

Displacement and Tax Burden Considerations

The application of CRDs carries potential displacement risks. For example:

- When a CRD leverages an EIFD to fund climate resilience projects, the district relies on new development to generate significant revenues. Unchecked new development within a disadvantaged community raises concerns about displacement and gentrification.
- CRDs that use alternative revenue-raising measures to fund a district, such as a benefit assessment, special tax, or property/user fee, risk placing additional tax burden on the socially vulnerable communities within the district that they are seeking to assist.

Consideration should be given to the type of funding mechanism used to fund a CRD and the impact it may have on residents across a variety of socioeconomic backgrounds in a community. In the case where a tax increment financing mechanism is used to finance a CRD, this tool should be paired with funding for affordable housing, anti-displacement policies, and other measures to ensure that all communities are able to share in the benefits of reducing climate risks.

CRDs provide an opportunity for collaborating on cross-jurisdictional climate initiatives and leveraging funds from multiple participating jurisdictions.

04

Conclusion



Oxford Basin
Marina del Rey, CA

CRDs represent a new tool for local governments to address the frequency and severity of climate-related events across the state. Climate change is generating adverse impacts for local communities (particularly for socially vulnerable communities), creating challenges for insurability, and stifling new development. To date, no jurisdiction has gone through the establishment process to form a CRD, and the only CRD in the state (SCRCPA) was created through the CRD enacting legislation.

While in many respects, CRDs do not represent a novel funding mechanism for local governments to address climate resilience, they offer some opportunities for LA County in advancing its climate resilience and adaptive capacity goals.

These opportunities include:

- CRDs offer LA County the option to establish a dedicated district to prioritize and fund climate resilience measures. As a district dedicated to climate resilience, a CRD offers the public, potential funders, and bond buyers the assurance that revenues will be spent on planning and implementing priority resilience projects.
- CRDs have the ability to fund operations projects and hire staff, which provides the opportunity to build capacity and address climate risks that do not have capital construction solutions.
- CRDs have the potential to pursue cross-jurisdictional solutions to climate risks, by including multiple member jurisdictions and establishing boundaries that correspond to the locations of highest risk or other considerations.

CRDs offer LA County the option to establish a dedicated district to prioritize and fund climate resilience measures.

CRDs are authorized to pursue a variety of existing California financing mechanisms and generally are subject to the same administrative challenges that local governments already experience using these mechanisms to fund projects.

Challenges for CRD implementation include:

- The administrative burden of establishing a CRD and the current statutory and constitutional barriers to pursuing a sustainable funding source (e.g., voter approval requirements, nexus studies, engineering reports, environmental reviews, etc.);
- The barriers to accessing substantial tax increment when using an EIFD, including the challenges of cooperation across multiple jurisdictions and the need for new development to ensure adequate tax increment to sustainably fund projects; and
- Existing tax burden and displacement concerns when seeking to fund projects that improve the quality of life in disadvantaged communities.

Overall, a CRD is most likely to be appropriate and successful in a situation where establishing the district clearly benefits affected property owners and voters, there is potential to leverage multiple funding sources, new development is planned within the district, and careful consideration is given to impacts on socially vulnerable communities.

APPENDIX

Climate Resilience District Enacting Legislation



Lake Hughes
Northern LA County



Senate Bill No. 852

CHAPTER 266

An act to add Division 6 (commencing with Section 62300) to Title 6 of the Government Code, relating to climate resilience districts.

[Approved by Governor September 9, 2022. Filed with Secretary of State September 9, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 852, Dodd. Climate resilience districts: formation: funding mechanisms.

Existing law authorizes certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Existing law provides for the financing of these activities by, among other things, the issuance of bonds serviced by property tax increment revenues, and requires the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities.

Existing law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance, including projects that enable communities to adapt to the impacts of climate change. Existing law also requires the legislative body to establish a public financing authority, defined as the governing board of the enhanced infrastructure financing district, prior to the adoption of a resolution to form an enhanced infrastructure district and adopt an infrastructure financing plan.

This bill would authorize a city, county, city and county, special district, or a combination of any of those entities to form a climate resilience district, as defined, for the purposes of raising and allocating funding for eligible projects and the operating expenses of eligible projects. The bill would deem each district to be an enhanced infrastructure financing district and would require each district to comply with existing law concerning enhanced infrastructure financing districts, except as specified. The bill would require a district to finance only specified projects that meet the definition of an eligible project. The bill would define "eligible project" to mean projects that address sea level rise, extreme heat, extreme cold, the risk of wildfire, drought, and the risk of flooding, as specified. The bill would establish project priorities and would authorize districts to establish additional priorities.

This bill would impose certain requirements on a project undertaken or financed by a district. In this regard, the bill would require a district to obtain an enforceable commitment from the developer that contractors and subcontractors performing the work use a skilled and trained workforce, in accordance with specified provisions. These certifications would expand the crime of perjury, thereby imposing a state-mandated local program.

This bill would authorize specified local entities to adopt a resolution allocating tax revenues to the district, subject to certain requirements. The bill would provide for the financing of the activities of the district by, among other things, levying a benefit assessment, special tax, property-related fee, or other service charge or fee consistent with the requirements of the California Constitution. The bill would require each district to prepare an annual expenditure plan, an operating budget, and capital improvement budget, and would require this material to be adopted by the governing body of the district and subject to review and revision at least annually. By imposing duties on counties in the administration of tax revenues and elections of a climate resilience district, the bill would impose a state-mandated local program.

Existing law creates the Sonoma County Regional Climate Protection Authority, requires the authority to be governed by the same board as that governing the Sonoma County Transportation Authority, and imposes certain duties on the authority. Existing law authorizes the authority to apply for and to receive grants of funds to carry out its functions.

This bill would deem the Sonoma County Regional Climate Protection Authority a climate resilience district and grant the authority all of the powers available to such a district, except that the authority may not use any tax increment revenue unless it complies with the requirements for receiving and using tax increment revenue applicable to a new climate resilience district.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. Division 6 (commencing with Section 62300) is added to Title 6 of the Government Code, to read:

DIVISION 6. CLIMATE RESILIENCE DISTRICTS

62300. This division shall be known, and may be cited, as the Climate Resilience Districts Act.

62301. It is the intent of the Legislature in enacting this division to provide the ability for local governments to create districts for the purpose of addressing climate change effects and impacts through activities and actions that include mitigation and adaptation, as necessary and appropriate, to achieve all of the following:

- (a) Providing a sustained and certain level and source of funding at the local level.
- (b) Allowing activities and actions on an appropriate geographic basis.
- (c) Facilitating the receipt and use of federal, state, local, and private funds.

62302. For purposes of this division:

(a) “District” means a climate resilience district formed pursuant to this division.

(b) (1) “Eligible project” means a project, including a capital project, that is designed and implemented to address climate change mitigation, adaptation, or resilience, including, but not limited to, all of the following:

(A) A project that addresses river, bay, or sea level rise, or rising groundwater, including wetlands or marsh restoration, vegetated dunes, living shorelines, erosion control, or levees.

(B) A project that addresses extreme heat or the urban heat island effect, including increasing shade, deploying cool building and surface materials, using cool pavements; constructing, improving, or modifying new or existing facilities; or increasing access to cooling opportunities.

(C) A project that addresses extreme cold, rain, or snow, including constructing, improving, or modifying new or existing facilities.

(D) A project that addresses the risk of wildfire, including establishing fire breaks, prescribed burning, structure hardening, or vegetation control.

(E) A project that addresses drought, including multiuse land repurposing, groundwater replenishment, groundwater storage, or conjunctive use.

(F) A project that addresses the risk of flooding, including structure elevation or relocation, wetlands restoration, flood easements or bypasses, or levees.

(2) At a minimum, a district shall give priority to a project that does any of the following:

(A) Utilizes natural infrastructure, as defined in paragraph (3) of subdivision (c) of Section 71154 of the Public Resources Code, to address climate change adaptation or resilience based upon the best available science.

(B) Addresses the needs of under-resourced communities, as defined in subdivision (g) of Section 71130 of the Public Resources Code, or vulnerable communities, as defined in subdivision (d) of Section 71340 of the Public Resources Code.

(3) A district may adopt additional priorities for projects.

(4) A district shall seek the input of the communities specified in subparagraph (B) of paragraph (2) in the planning, development, and implementation of projects.

(c) “Participating entity” means a city, county, or special district that meets both of the following:

(1) The city, county, or special district is an affected taxing entity within the climate resilience district.

(2) The city, county, or special district adopts a resolution pursuant to subdivision (b) of Section 62304 that is applicable to its territory located within the climate resilience district.

(d) “Participating member city or county” means a city or county that does not adopt a resolution to be a participating entity, as described in subdivision (c), and alternatively adopts a resolution at a noticed public hearing stating that it agrees to participate in, and have its territory subject to, the jurisdiction, powers, and authority of the district conditioned upon the city or county also being represented on the governing body of the district pursuant to Section 62305.

(e) (1) “Property tax increment” means that portion of the ad valorem taxes, as defined under subdivision (a) of Section 1 of Article XIII A of the California Constitution, excluding any ad valorem taxes or assessments levied pursuant to subdivision (b) of Section 1 of Article XIII A of the California Constitution, divided pursuant to Section 53398.75.

(2) Except as otherwise specified in this division, a district formed pursuant to this division is hereby deemed to also be an enhanced infrastructure financing district pursuant to Chapter 2.99 (commencing with Section 53398.50) of Part 1 of Division 2 of Title 5 and shall be subject to statutory provisions for enhanced infrastructure financing districts.

62303. (a) (1) A city, county, city and county, or a combination of any of those entities may form a climate resilience district pursuant to this division.

(2) The boundaries of the district shall be one of the following:

(A) Coterminous with the city, county, or city and county forming the district.

(B) Within a city, county, or city and county forming the district.

(C) Across two or more cities, counties, or cities and counties that are forming the district.

(D) A special district may join a district initiated by a city, county, city and county, or a combination of cities and counties.

(b) (1) A district shall be formed for the purpose of raising and allocating funding for eligible projects and the operating expenses of eligible projects.

(2) Operating expenses may include any of the following:

(A) The expenses of operating the district.

(B) The planning of eligible projects.

(C) The operational expenses of any eligible project.

(3) A district shall finance only projects described in subdivision (b) of Section 53398.52 if the project meets the definition of an eligible project.

(4) A district shall use the proceeds of bonds issued by a district to finance only eligible projects that meet the requirements of subdivision (a) of Section 53398.52.

(c) A district shall be deemed to be an “agency” described in subdivision (b) of Section 16 of Article XVI of the California Constitution only for purposes of receiving property tax increment revenues.

62303.5. (a) Notwithstanding the procedures for establishing a district under this division, the authority shall be deemed a climate resilience district and is hereby granted all of the powers described in Section 62307, except as provided in subdivision (c).

(b) Notwithstanding subdivision (a) of Section 62305, the legislative body of the district formed pursuant to this section shall be the legislative body of the authority.

(c) This section shall not grant the district the power to use any tax increment revenues unless it complies with the requirements for receiving and using tax increment revenue pursuant to subdivision (b) of Section 62304.

(d) For purposes of this section, “authority” means the Sonoma County Regional Climate Protection Authority created pursuant to Division 19.1 (commencing with Section 181000) of the Public Utilities Code.

62304. (a) Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(1) State that a district is proposed to be established pursuant to this division and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city or in the office of the recorder of the county, as applicable.

(2) State the type of eligible projects proposed to be financed or assisted by the district.

(3) State the need for the district and the goals the district proposes to achieve.

(b) The city, county, or city and county, shall enact a resolution providing for the division of taxes of any participating entity pursuant to the procedures for the preparation and adoption of an infrastructure financing plan described in Sections 53398.59 to 53398.74, inclusive. A district that completes these procedures shall follow the procedures for the division of taxes and issuance of tax increment bonds described in Sections 53398.75 to 53398.88, inclusive.

62305. (a) A district shall be governed by a board that has the same membership as a public financing authority as described in Section 53398.51.1. The board shall have the same powers and requirements as a public financing authority, unless otherwise specified.

(b) The legislative body shall ensure the district board is established at the same time that it adopts a resolution of intention pursuant to Section 62304.

62306. (a) A minimum of 95 percent of the allocated tax increment revenues pursuant to subdivision (b) of Section 62304 shall be used to fund eligible projects.

(b) Not more than 5 percent of allocated revenues may be used for administration.

62307. In addition to the powers granted to an enhanced infrastructure financing district pursuant to Chapter 2.99 (commencing with Section 53398.50) of Part 1 of Division 2 of Title 5, a district has the power to do all of the following within the territorial jurisdiction of a city, county, or city and county that is a participating entity, or a participating member city or county, pursuant to this division and is represented on the governing board in accordance with Section 62305:

(a) (1) Levy a benefit assessment, special tax levied pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, or property-related fee or other service charge or fee consistent with the requirements of Articles XIII A, XIII C, and XIII D of the California Constitution, including, but not limited to, a benefit assessment levied pursuant to paragraph (2).

(2) The district may levy a benefit assessment for any of the purposes authorized by this division pursuant to any of the following:

(A) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(B) The Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(C) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(D) The Landscaping and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code), notwithstanding Section 22501 of the Streets and Highways Code.

(E) Any other statutory authorization.

(b) Apply for and receive grants from federal and state agencies.

(c) Solicit and accept gifts, fees, grants, and allocations from public and private entities.

(d) Issue revenue bonds for any of the purposes authorized by this division pursuant to the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5), subject to any applicable constitutional requirements.

(e) Incur general obligation bonded indebtedness for the acquisition or improvement of real property or for funding or refunding of any outstanding indebtedness, subject to any applicable constitutional requirements.

(f) Receive and manage a dedicated revenue source.

(g) Deposit or invest moneys of the district in banks or financial institutions in the state in accordance with state law.

(h) Sue and be sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

(i) Engage counsel and other professional services.

(j) Enter into and perform all necessary contracts.

(k) Enter into joint powers agreements pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1).

(l) Hire staff, define their qualifications and duties, and provide a schedule of compensation for the performance of their duties.

(m) Use interim or temporary staff provided by local agencies that are members of the district. A person who performs duties as interim or temporary staff shall not be considered an employee of the district.

62308. (a) If a district proposes a measure that will generate revenues for the district that requires voter approval pursuant to the California Constitution, the board of supervisors of the county or counties in which the district has determined to place the measure on the ballot shall call a special election on the measure. The special election shall be consolidated with the next regularly scheduled statewide election and the measure shall be submitted to the voters in the appropriate counties, consistent with the requirements of Articles XIII A, XIII C, and XIII D, or Article XVI of, the California Constitution, as applicable.

(b) A district shall be deemed a district for purposes of Section 317 of the Elections Code. A measure proposed by a district that requires voter approval shall be submitted to the voters within the boundaries of the district in accordance with the provisions of the Elections Code applicable to districts, including the provisions of Chapter 4 (commencing with Section 9300) of Division 9 of the Elections Code.

(c) The district shall file with the board of supervisors of each county in which the measure shall appear on the ballot a resolution of the district requesting consolidation, and setting forth the exact form of the ballot question, in accordance with Section 10403 of the Elections Code.

(d) The legal counsel for the district shall prepare an impartial analysis of the measure. The impartial analysis prepared by the legal counsel for the district shall be subject to review and revision by the county counsel of the county that contains the largest population, as determined by the most recent federal decennial census, among those counties in which the measure will be submitted to the voters.

(e) Each county included in the measure shall use the exact ballot question, impartial analysis, and ballot language provided by the district. If two or more counties included in the measure are required to prepare a translation of ballot materials into the same language other than English, the county that contains the largest population, as determined by the most recent federal decennial census, among those counties that are required to prepare a translation of ballot materials into the same language other than English shall prepare the translation and that translation shall be used by the other county or counties, as applicable.

(f) Notwithstanding Section 13116 of the Elections Code, if a measure proposed by a district pursuant to this division is submitted to the voters of the district in two or more counties, the elections officials of those counties shall mutually agree to use the same letter designation for the measure.

(g) The county clerk of each county shall report the results of the special election to the authority. If two-thirds of all voters voting on the question at the special election vote affirmatively, or a different approval threshold required by the California Constitution at the time the election is achieved, the measure shall take effect in the counties in which the measure appeared on the ballot within the timeframe specified in the measure.

(h) The county clerk of each county shall report the results of the special election to the district.

62309. (a) Each district shall prepare an annual expenditure plan that identifies and describes the operations and eligible projects undertaken by the district. The expenditure plan shall be, after public review and hearing, adopted by the governing body of the district and subject to review and revision at least annually.

(b) Each district shall also prepare and adopt an annual operating budget and capital improvement budget. The annual operating budget and capital improvement budget shall be, after public review and hearing, adopted by the governing body of the district and subject to review and revision at least annually.

62310. (a) A district shall provide for regular audits of its accounts and records, maintain accounting records, and report accounting transactions in accordance with generally accepted accounting principles adopted by the Governmental Accounting Standards Board of the Financial Accounting Foundation for both public reporting purposes and for reporting of activities to the Controller.

(b) A district shall provide for annual financial reports and make copies of the annual financial reports available to the public.

(c) Commencing in the calendar year in which a district has allocated a cumulative total of more than one million dollars (\$1,000,000) in property tax increment revenues under this division or other revenues pursuant to subdivision (b) of Section 62253, including any proceeds of a debt issuance, and each year thereafter, the district shall contract for an independent audit conducted in accordance with generally accepted governmental auditing standards.

62311. (a) All meetings of the district shall be subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

(b) All records prepared, owned, used, or retained by the district are public records for purposes of the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

62312. (a) The following requirements shall apply to a project that is undertaken or financed by a district:

(1) Construction, alteration, demolition, installation, and repair work on the project shall be deemed a public work for which prevailing wages must be paid for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(2) The district shall obtain an enforceable commitment from the developer or general contractor that the developer or general contractor and

all its contractors and subcontractors at every tier will individually use a skilled and trained workforce, in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code, to perform all work on the project that falls within an apprenticeable occupation in the building and construction trades.

(3) Paragraph (2) shall not apply if all contractors and subcontractors at every tier performing the work will be bound by a project labor agreement that requires the use of a skilled and trained workforce and provides for enforcement of that obligation through an arbitration procedure.

(b) For purposes of this section:

(1) “Project labor agreement” has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(2) “Skilled and trained workforce” has the same meaning as set forth in subdivision (d) of Section 2601 of the Public Contract Code.

SEC. 2. The Legislature finds and declares that the allocation of revenues derived from a sales and use tax or a transactions and use tax to a climate resilience district pursuant to Division 6 (commencing with Section 62300) of Title 6 to the Government Code, as added by this act, is not subject to Section 29 of Article XIII of the California Constitution because a district is not a city, county, or city and county within the meaning of that provision, but is rather a separate political entity as described in subdivision (c) of Section 62303 of the Government Code, as added by this act.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

REVISED MOTION BY SUPERVISORS JANICE HAHN
AND LINDSEY HORVATH

April 18, 2023

Building Climate Ready Communities and Infrastructure in Los Angeles County

Los Angeles County is experiencing more extreme and severe weather patterns due to climate change. Natural disasters such as drought, wildfire, mudflows, heat storms, intense rainfall, and flooding events are on the rise, and will predominately affect vulnerable populations and communities of color disproportionately burdened by systemic inequities. Extreme weather events also pose a variety of threats to public infrastructure, which connects and protects the people we serve.

The Board of Supervisors (Board) has taken action to respond to the dangers presented by climate change. In August 2019, the Board unanimously adopted the “OurCounty Sustainability Plan” outlining a bold, inclusive, and regional vision to address the most pressing environmental issues impacting present and future generations. To advance this vision, the Chief Sustainability Office (CSO) prepared a Climate Vulnerability Assessment (CVA) that examines the impacts of climate events on vulnerable communities, populations, and infrastructure. In April 2022, the Board directed the

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Department of Public Health to create the Office of Environmental Justice and Climate Health as a central hub for health focused environmental justice and climate health goals. In addition, the Board recently directed the Department of Public Works, in coordination with the CSO, to assess the County's stormwater infrastructure, prepare a plan to advance equity and climate resiliency in stormwater infrastructure improvements, and prepare communities for increased flood risk due to climate change.

It is important for all residents in Los Angeles County to live in a safe and resilient community. Resilient communities have an ability to adapt and thrive in response to changing conditions or disasters. Accelerating resilience to climate change means taking action now to build "adaptive capacity" within our human and infrastructure systems. The Intergovernmental Panel on Climate Change defines adaptive capacity as, "the capacity of systems, institutions, humans and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences."¹

Growing adaptive capacity is particularly critical in areas of the County where climate vulnerabilities are highest, including low-income communities and communities of color disproportionately burdened by systemic inequities. Certain individuals are also unfairly burdened by both environmental and climate risks, such as children, the elderly, people experiencing homelessness, people with disabilities and preexisting health conditions, individuals with limited English proficiency, and tribal and indigenous people.

With respect to infrastructure, increasing adaptive capacity will require investments that can withstand climate hazards, minimize disruption to essential services, and avoid

¹ MA, 2005: Appendix D: Glossary. In: *Ecosystems and Human Well-being: Current States and Trends. Findings of the Condition and Trends Working Group* [Hassan, R., R. Scholes and N. Ash(eds.)], Millennium Ecosystem Assessment (MA), Island Press, Washington DC, USA, pp. 893-900.

cascading impacts to other dependent infrastructure systems. Resilient infrastructure increases the County's capacity to respond to the climate crisis and maintain continuity of operations and service to the public. Adaptive strategies must also include preparing communities for extreme weather and evolving threats in order to emerge stronger. The County plays a crucial role in helping residents understand their risks, build personal and community preparedness plans, and access resources to help them rebound.

The County's Climate Vulnerability Assessment was an important first step in science-based adaptation planning. By identifying climate vulnerability, we are positioned to build resilience and reduce impacts from climate change. The County must leverage the CVA to develop key adaptation strategies and actions to help prepare communities and infrastructure to be climate-ready. Having an interdepartmental working group within the County will allow departments to collaborate and consider multi-benefit and climate ready projects in our communities.

I WE, THEREFORE, MOVE that the Board of Supervisors instruct the Director of the Department of Public Works, in partnership with the Chief Sustainability Office, to work in collaboration with relevant County departments, including but not limited to, the Department of Public Health, the Department of Regional Planning, the Department of Parks and Recreation, and the Office of Emergency Management:

- 1) To lead a countywide initiative to build resilience and adaptive capacity for people, communities, and infrastructure vulnerable to climate risks, with a focus on advancing equity and environmental justice. A working group will be formed to identify opportunities and investments that build resilience where vulnerabilities are highest, based on findings from the County's Climate

Vulnerability Assessment;

- 2) Utilize the Climate Vulnerability Assessment Mapping Tool to identify and prioritize vulnerable populations and communities most susceptible to the five key climate hazards - - extreme heat, wildfire, extreme precipitation and inland flooding, coastal flooding, and drought;
- 3) Identify key decision points in the infrastructure planning, design, and construction process where climate vulnerability can inform investment decisions;
- 4) Establish and work with existing community coalitions through public engagement efforts that seek to integrate input and feedback from climate-vulnerable communities and populations. Maintain transparency on the efforts being made by developing a public-facing dashboard to serve as a repository for resiliency data and information;
- 5) Identify specific infrastructure solutions and adaptation strategies to accelerate adaptive capacity, including preparing residents for community-specific risks by identifying specific opportunities to improve early warning and public information systems regarding climate hazards, focused specifically on vulnerable communities (i.e. non-English speakers, the unhoused) through both official channels and collaboration with the media and community stakeholders to minimize climate vulnerability and quickly recover from climate disasters;
- 6) Identify and secure local, state, and federal funding opportunities to support infrastructure investments that increase resiliency in climate vulnerable communities; and

7) Provide written reports every six months with updates on progress made and projects identified by the working group.

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