





California Energy Commission

#### **STAFF REPORT**

# **Localized Health Impacts Report**

For Selected Projects Awarded Funding Through the Clean Transportation Program Under Solicitation GFO-18-605 Zero-Emission Vehicle and Zero-Emission Vehicle Infrastructure Manufacturing

Gavin Newsom, Governor May 2019 | CEC-600-2019-018

## **California Energy Commission**

Jonathan Bobadilla **Primary Author** 

Larry Rillera **Project Manager** 

Charles Smith
Office Manager
TRANSPORTATION POLICY AND ANALYSIS OFFICE

Kevin Barker

Deputy Director

FUELS AND TRANSPORTATION DIVISION

Drew Bohan **Executive Director** 

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#### **ABSTRACT**

Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007) created the Clean Transportation Program (formerly known as Alternative and Renewable Fuel and Vehicle Technology Program). This statute, amended by Assembly Bill 109 (Núñez, Chapter 313, Statutes of 2008), authorizes the California Energy Commission to "develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies." Assembly Bill 8 (Perea, Chapter 401, Statutes of 2013) reauthorizes the Clean Transportation Program through January 1, 2024.

AB 118 also directs the California Air Resources Board (CARB) to develop guidelines to ensure air quality improvements. The CARB's Air Quality Improvement Program (AQIP) Guidelines, approved in 2008, are published in the *California Code of Regulations, Title 13, Motor Vehicles, Chapter 8.1, AB 118 Air Quality Guidelines for the Clean Transportation Program.* The guidelines require the California Energy Commission, as the funding agency, to analyze the localized health impacts of Clean Transportation Program-funded projects that require a permit (CCR § 2343).

This Localized Health Impacts Report analyzes and reports on the potential health impacts to communities from projects seeking California Energy Commission funding. Information submitted by project funding applicant(s) is used in this report to help identify communities at a higher risk of adverse health effects from pollution. As provided by CCR § 2343, this Localized Health Impacts Report is available for public comment for 30 days prior to the approval of projects at a publicly noted business meeting.

**Keywords:** air pollution, air quality improvement program (AQIP), California Air Resources Board (CARB), Assembly Bill (AB) 118, California Environmental Quality Act (CEQA), environmental justice indicators (EJ), electric vehicle (EV), Environmental Justice Screening Method (EJSM), localized health impacts (LHI), manufacturing, zero-emission vehicle (ZEV)

Please use the following citation for this report:

Bobadilla, Jonathan. 2019. Localized Health Impacts Report Under Solicitation GFO-18-605 ZEV and ZEV Infrastructure Manufacturing. California Energy Commission. Publication Number: CEC-600-2019-018.

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#### **EXECUTIVE SUMMARY**

Under the *California Code of Regulations Title 13, (CCR § 2343)*, this Localized Health Impacts report describes the zero-emission vehicle (ZEV) and ZEV infrastructure manufacturing projects proposed for Clean Transportation Program funding that may require a conditional or discretionary permit or environmental review such as conditional use permits, air quality permits, wastewater permits, hazardous waste disposal permits, and other land-use entitlements. Since ministerial-level permits do not assess public health-related pollutants, California Energy Commission staff does not assess projects requiring only ministerial-level permits in this report

The California Energy Commission is required to assess the local health impacts of projects proposed for Clean Transportation Program funding. This LHI report focuses on the potential health impacts to communities from project-related emissions or pollution. Project locations where communities potentially have a higher risk of adverse health impacts from pollution are identified as high-risk community project locations. High-risk communities are identified using demographic data with environmental data for air quality from the California Air Resources Board.

Environmental justice communities, low-income communities, and minority communities are considered the most impacted by any project that could result in increased criteria and toxic air pollutants within an area. Preventing or minimizing health-risks from pollution is vital in any community, but it is especially important for communities already considered to be at high risk due to preexisting poor air quality and other prevalent factors.

Energy Commission staff is proposing six projects for Clean Transportation Program grant funding awards. Localized health impact information submitted by the project awardees are analyzed by staff. Based on the project site information provided by the awardees, the proposed project location in the city of Escondido is a high-risk community project location. Community members near the proposed project site location may be at a higher risk to adverse health impacts from pollution. Energy Commission staff does not anticipate a net increase in the pollution burden for the communities where the project is located. On a statewide basis, projects funded under GFO-18-605 will help accelerate the deployment of ZEVs and ZEV Infrastructure that reduces GHG emissions, improves air quality, and stimulates economic and business development.

# **CHAPTER 1:** Projects Proposed For Funding

#### **Background**

On December 19, 2018, the California Energy Commission (CEC) released a competitive grant solicitation titled "Zero-Emission Vehicle and Zero-Emission Vehicle Infrastructure Manufacturing" (GFO-18-605). GFO-18-605 offered Clean Transportation Program grant funding for projects that will support supply chains manufacturing zero-emission vehicles (ZEV) and ZEV infrastructure technologies in California. As required by CCR § 2343, this Localized Health Impacts Report (LHI report) analyzes the potential community health impacts near Clean Transportation Program funded projects 30 days prior to their approval in a publicly noticed meeting

#### **Projects Selected**

On April 11, 2019, the CEC posted a notice of proposed award (NOPA)¹ identifying the projects selected by CEC staff (staff) for Clean Transportation Program grant funding awards. This LHI report assesses the project locations chosen by each of the six GFO-18-605 applicants (awardees) identified in the NOPA. Table 1 lists the awardees along with the title of their project, proposed location, and the environmental justice (EJ) indicators corresponding to the proposed location.² EJ indicator definitions are in Appendix A of this LHI report.

<sup>1</sup> See <u>notice of proposed award</u>, https://www.energy.ca.gov/sites/default/files/2019-09/GFO-18-605\_NOPA\_Revised.pdf

<sup>2 &</sup>lt;u>EJ indicators</u> developed by the United States Environmental Protection Agency (U.S. EPA), Office of Policy. Available at https://www.epa.gov/ejscreen/environmental-justice-indexes-ejscreen. See Appendix A for staff definitions.

Table 1: Project Details Along With EJ Indicators

Proposed Awardee	Project Title	Proposed Location	EJ Indicator(s)
ChargePoint, Inc.	California ZEV Fast-Charging Infrastructure Manufacturing Expansion Project	480 Vandell Way Campbell, CA 95008	None
Enel X North America, Inc.	Next-Generation EV Charging Manufacturing	360 Industrial Road San Carlos, CA 94070	None
FreeWire Technologies, Inc.	FreeWire Rapid Access Charging for E-Mobility (California RACE) Project	1933 Davis Street San Leandro, CA, 94577	Minority
Proterra, Inc.	Scaling Zero-Emission Vehicle Manufacturing in California Project	383 Cheryl Lane City of Industry, CA 91789	Minority
Transportation	Zero-Emission Vehicle	2415 Auto Park Way Escondido, CA 92029	Poverty and
Power, Inc.	Industrialization (ZEVI)	2057 Aldergrove Ave Escondido, CA 92029	Minority
Zero Motorcycles Inc.	Electric Motorcycles and Electric Vehicle Powertrains	225-380 El Pueblo Road Scotts Valley, CA 95066	Unemployment

Source: California Energy Commission staff

Funding for projects resulting from this solicitation is contingent upon approval at a publicly noticed CEC Business Meeting and execution of a grant agreement.

#### **Public Comment**

As provided by Title 13 CCR Section 2343 of the California Code of Regulations, a 30-day public review period applies to this LHI report from the date it is posted on the CEC website. The <u>original posting date for this report</u> is listed at <a href="https://ww2.energy.ca.gov/altfuels/documents/">https://ww2.energy.ca.gov/altfuels/documents/</a>.

The CEC encourages comments by email. Please include your name or organization's name in the name of the file. Send comments in either Microsoft® Word format (.doc) or Adobe® Acrobat® format (.pdf) to <a href="https://example.co.gov">FTD@energy.ca.gov</a>.

The public can email comments to <a href="FTD@energy.ca.gov">FTD@energy.ca.gov</a> or send them to:

California Energy Commission Fuels and Transportation Division 1516 Ninth Street, MS-44 Sacramento, CA 95814-5512

All written comments will become part of the public record and may be posted to the Internet.

News media should direct inquiries to the Media and Public Communications Office at (916) 654-4989 or by email at <a href="mediaoffice@energy.ca.gov">mediaoffice@energy.ca.gov</a>.

# **CHAPTER 2: Project Description**

As part of the GFO-18-601 process for selecting projects, applicants must provide LHI information for their proposed project and its location. This chapter summarizes the LHI information submitted by the awardees regarding their projects expected impact on local communities and the outreach efforts they've made to engage disadvantaged communities (DAC)<sup>3</sup> or other local communities. DAC's are identified by the awardees using the CalEnviroScreen<sup>4</sup> screening tool developed by the Office of Environmental Health Hazard Assessment (OEHHA) to identify communities facing multiple burdens of pollution and socioeconomic disadvantage. Projects are listed below in the order shown in Table 1.

#### ChargePoint, Inc.

ChargePoint, Inc.'s (ChargePoint) proposed *California ZEV Fast-Charging Infrastructure Manufacturing Expansion Project* will establish new manufacturing lines for their electric vehicle (EV) charging equipment at an existing ChargePoint owned manufacturing plant in Campbell. The ChargePoint project will upgrade an existing buildings manufacturing capabilities and implement new equipment testing procedures. Since upgrades are to an existing industrial use building, ChargePoint does not expect any significant project-generated emissions or adverse community health impacts.

#### **ChargePoint Outreach Efforts**

The ChargePoint project will also benefit local economic development by creating 51 new jobs at the manufacturing plant in Campbell. The project would also benefit DAC's near Campbell by providing well-paying manufacturing jobs within commuting distance, and by increasing spending to DAC based supply chains in California. ChargePoint also does targeted educational outreach by working with local *Clean Cities*<sup>5</sup> organizations to increase electric vehicle (EV) awareness.

#### **Enel X North America, Inc.**

Enel X North America, Inc.'s (Enel X) proposed *Next-Generation EV Charging Manufacturing* project will establish new EV supply equipment manufacturing lines at an existing building suitable for manufacturing in the city of San Carlos. The Enel X project will require installing new manufacturing equipment, tools, staffing, and developing workforce training. Since

<sup>3</sup> Disadvantaged communities are identified using the CalEnviroScreen tool, which ranks U.S. Census tracts based on geographic, socioeconomic, public health and environmental hazard criteria.

<sup>4</sup> See Office of Environmental Health Hazard Assessment website, https://oehha.ca.gov/calenviroscreen.

<sup>5</sup> An organization created by the Department of Energy to provide informational, technical, and financial resources to local and regional transportation markets. See <u>Clean Cities website</u>, https://cleancities.energy.gov/about/

upgrades are to an existing industrial use building, Enel X does not expect any significant project-generated emissions or adverse community health impacts.

#### **Enel X Outreach Efforts**

If awarded project funding, Enel X estimates that 26 new jobs will be created as a result of this project. A targeted job recruiting strategy will be implemented by Enel X within DAC's. They will also partner with local career centers and participate in career fairs based in DAC designated areas.

#### FreeWire Technologies, Inc.

FreeWire Technologies, Inc.'s (FreeWire) proposed *FreeWire Rapid Access Charging for E-Mobility Project* will design, build, and install new EV charging equipment production lines at an existing manufacturing plant in the city of San Leandro. FreeWire will develop three contract manufacturing lines and one new production line. Installation of the new production line will be in San Leandro, while the locations of the three contract manufacturing lines are to be determined. Since upgrades are to an existing industrial use building, FreeWire does not expect any significant project-generated emissions or adverse community health impacts.

#### **FreeWire Outreach Efforts**

If awarded project funding, FreeWire will give priority hiring to DAC's within commuting distance to the FreeWire project manufacturing plant. During the manufacturing line contract procurement phase, FreeWire will award preferential scores to businesses owned by members of underrepresented groups, certified small businesses, and Disabled Veteran Business Enterprises.

#### Proterra, Inc.

Proterra, Inc.'s (Proterra) proposed *Scaling Zero-Emission Vehicle Manufacturing in California Project* will upgrade ZEV production capabilities at an existing Proterra owned manufacturing building in the City of Industry. The Proterra project will deploy new manufacturing equipment to accelerate the production of their zero-emission buses, improve quality control and safety standards, and lower production costs. Since upgrades are to an existing industrial use building, Proterra does not expect any significant project-generated emissions or adverse community health impacts.

#### **Proterra Outreach Efforts**

If awarded project funding, Proterra estimates 70 new positions will be created as a result of Proterra projects. They also actively recruit and train workers into skilled manufacturing jobs and are currently working with multiple agencies such as the Los Angeles County Workforce Development Agency, Goodwill, America's Job Center of California, and Rio Hondo College, Mt. San Antonio College, and Chafee College.

#### **Transportation Power, Inc.**

Transportation Power, Inc.'s (TransPower) proposed *Zero-Emission Vehicle Industrialization* (*ZEVI*) project will upgrade EV component manufacturing capabilities at two existing TransPower owned manufacturing buildings in Escondido. The goals of the ZEVI project are to

drive down the production costs of key components required to enable medium- and heavy-duty trucks, tractors, and buses to operate on battery-electric power, while also helping to implement new quality control processes that assure their long-term reliability. Since upgrades are to an existing industrial use building, TransPower does not expect any significant project-generated emissions or adverse community health impacts.

#### **TransPower Outreach Efforts**

TransPower currently engages with their local community for job recruitment and works with the California State University (CSU) San Marcos in developing job training programs. They also identified DAC benefits by providing ZEVs (made with TransPower component) to ports, where higher than average concentrations of criteria and toxic air emissions are typically found.

#### Zero Motorcycles, Inc.

Zero Motorcycles, Inc.'s (Zero Motorcycles) proposed *Electric Motorcycles and Electric Vehicle Powertrains* project will establish new ZEV production lines and upgrade the manufacturing capacity at existing Zero Motorcycles' owned manufacturing buildings in Scotts Valley. The project will bring manufacturing of key ZEV powertrain components from its current global supply chain back to California and also establish a new zero-emission motorcycle production line. Since upgrades are to an existing industrial use building, Zero Motorcycles does not expect any significant project-generated emissions or adverse community health impacts.

#### **Zero Motorcycles Outreach Efforts**

Zero Motorcycles recruits throughout the region for both technical and manufacturing personnel from local Cabrillo College and UC Santa Cruz. Implementing the Zero project will allow them to expand and accelerate worker recruitment programs to other colleges such as Hartnell College, Evergreen Valley College, Gavilan College, and CSU Monterey Bay.

# **CHAPTER 3: Location Analysis**

Under the *California Code of Regulations Title 13, (CCR § 2343),* this LHI report describes project proposed for Clean Transportation Program funding that may require a conditional use permit, discretionary permit, or California Environmental Quality Act (CEQA) review. The CEC interprets "permits" to suggest discretionary and conditional use permits because they require a review of potential impacts to communities and the environment before issuance. Since ministerial-level permits do not assess public health-related pollutants, CEC staff does not assess projects requiring only ministerial-level permits in this report.

This LHI report analyzes the project location by applying staff's application of the Environmental Justice Screening Method (EJSM).<sup>6</sup> A proposed project location must meet a two-part environmental and demographic standard for staff to identify it as a high-risk community project location. The environmental standard uses California Air Resources Board (CARB) air quality monitoring data on nonattainment<sup>7</sup> status for areas with a high concentration of air pollutants. The demographic standard uses data from the Employment Development Department's *Monthly Labor Force Data*<sup>8</sup> and U.S. Census Bureau's *American Community Survey*<sup>9</sup> data on age, poverty, race, and unemployment.

#### **Environmental Standard**

Based on CARB air quality monitoring data, <sup>10</sup> all six project locations are within nonattainment zones for either ozone, particulate matter <sup>11</sup> 2.5 microns in diameter or less (PM<sub>2.5</sub>), or

9 U.S. Census Bureau <u>American Community Survey</u>, https://factfinder.census.gov/faces/nav/jsf/pages/community\_facts.xhtml.

10 See CARB air quality monitoring data, https://ww3.arb.ca.gov/desig/adm/adm.htm.

11 *Particulate matter* is unburned fuel particles that form smoke or soot and stick to lung tissue when inhaled. The number following "PM" represents particle size in micrometers.

<sup>6</sup> California Air Resources Board, *Air Pollution and Environmental Justice, Integrating Indicators of Cumulative Impact and Socio-Economic Vulnerability Into Regulatory Decision-Making*, 2010. (Sacramento, California) Contract authors: Manuel Pastor Jr., Ph.D., Rachel Morello-Frosch, Ph.D., and James Sadd, Ph.D.

<sup>7</sup> Nonattainment area is a geographic area identified by the United States Environmental Protection Agency or California Air Resources Board or both as not meeting either National Ambient Air Quality Standards (NAAQS) or California Ambient Air Quality Standards CAAQS standards for a given pollutant. See https://ww3.arb.ca.gov/desig/adm/adm.htm.

<sup>8</sup> Employment Development Department <u>Labor Force Data</u>, https://www.labormarketinfo.edd.ca.gov/file/lfmonth/countyur-400c.pdf.

particulate matter 10 microns in diameter ( $PM_{10}$ ). This indicates that there may be existing poor air quality where the proposed projects are located.

#### **Demographic Standard**

The city name and demographic information of the proposed project locations (shown in Table 1) are listed in alphabetical order in Table 2. If a project located within a nonattainment zone has more than one EJ indicator, staff will identify it as a high-risk community project location. High-risk community project location will also have their city name in Table 2 shown in red font, and the percentage values of the EJ indicator thresholds exceeded highlighted yellow. For example, the city of Escondido shown in red font is a high-risk community project location due to being within a nonattainment zone and exceeding more than one EJ indicator threshold. More details on the EJSM and EJ indicator criteria used are in Appendix A of this LHI report.

Table 2: EJ Indicators by Project Location City Demographic

	Below Poverty (2017)	Black or African American (2017)	American Indian and Alaska Native (2017)	Asian and Native Hawaiian and Pacific Islander (2017)	Hispanic or Latino Race (2017)	Person s Under 5 Years of Age (2017)	Person s Over 65 Years of Age (2017)	Unemploymen t (February 2019)
California	11.1%	5.8%	0.7%	14.5%	38.8%	6.4%	13.2%	4.4%
EJ Indicator Threshold	>11.1%	>30%	>30%	>30%	>30%	≥26.4%	≥33.2%	>4.4%
Campbell	3.7%	3.0%	0.5%	18.5%	20.2%	5.9%	12.0%	2.7%
City of Industry	9.4%	0.6%	0.0%	13.5%	63.5%	11.7%	9.6%	4.2%
Escondido	12.8%	2.5%	0.9%	7.3%	<mark>51.3%</mark>	8.1%	10.8%	3.5%
San Carlos	4.4%	0.6%	0.1%	15.1%	10.2%	6.5%	14.9%	2.3%
San Leandro	8.1%	11.6%	1.0%	34.3%	27.6%	5.4%	14.9%	3.1%
Scotts Valley	1.4%	0.2%	0.5%	6.2%	12.1%	7.0%	15.8%	<mark>6.7%</mark>

Sources: California Energy Commission staff, Employment Development Department, and U.S. Census Bureau. \*The city/county names in red indicate a high-risk community, while the yellow highlighted percentages indicate which categories exceed the EJ indicator threshold

#### Summary

Based on EJSM standards, staff has identified the project in Escondido as a high-risk community project location. This indicates that the communities near the proposed project location are at a higher risk of adverse health effects from pollution. Staff does not anticipate an increase in local pollutants since no major construction that would generate criteria or toxic emission or pollutants was identified by the project awardee. Staff's analysis found no

indication that there would be adverse community health impacts associated with the projects identified in this LHI report as selected for Clean Transportation Program grant funding.

#### **GLOSSARY**

AIR QUALITY IMPROVEMENT PROGRAM - Established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118, Statutes of 2007, Chapter 750), is a voluntary incentive program administered by CARB to fund clean vehicle and equipment projects, research of biofuels production.

CALIFORNIA CODE OF REGULATIONS - The official compilation and publication of the regulations adopted, amended or repealed by state agencies pursuant to the Administrative Procedure Act (APA). Properly adopted regulations that have been filed with the Secretary of State have the force of law.

CALIFORNIA ENVIRONMENTAL QUALITY ACT - A statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

CALENVIROSCREEN - A screening tool that evaluates and ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors and prevalence of certain health conditions.

CRITERIA AIR POLLUTANT – An air pollutant for which acceptable levels of exposure can be determined and for which the U.S. Environmental Protection Agency has set an ambient air quality standard. Examples include ozone  $(O_3)$ , carbon monoxide (CO), nitrogen oxides  $(NO_X)$ , sulfur oxides  $(SO_X)$ , and particulate matter  $(PM_{10} \text{ and } PM_{2.5})$ .

DISADVANTAGED COMMUNITIES – A designation by the California Environmental Protection Agency used to identify areas disproportionately affected by environmental pollution or hazards due to geographic, socioeconomic, public health, and environmental hazard present.

ENVIRONMENTAL JUSTICE - The fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

ENVIRONMENTAL JUSTICE SCREENING METHOD – A screening approach for combining environmental and demographic indicators to inform agency outreach and engagement practices regarding environmental justice.

ELECTRIC VEHICLE – A vehicle that uses an electric propulsion system. Examples include battery-electric vehicles, hybrid electric vehicles, and fuel cell electric vehicles.

GRANT FUNDING OPPORTUNITY – Where the California Energy Commission offers applicants an opportunity to receive grant funding for projects meeting the solicitation requirements.

LOCALIZED HEALTH IMPACTS – Potential health impacts to communities.

PARTICULATE MATTER - Any material besides pure water that exists in a solid or liquid state in the atmosphere. The size of particulate matter can vary from coarse, wind-blown dust particles to fine particle combustion products.

ZERO-EMISSION VEHICLE – A vehicle that produces no pollutant emissions from the onboard source of power.

#### LIST OF ACRONYMS

AB Assembly Bill

AQIP Air Quality Improvement Program

CalEPA California Environmental Protection Agency

CARB California Air Resources Board
CCR California Code of Regulations
CEQA California Environmental Quality Act

DAC disadvantaged community

EV electric vehicle

EJ environmental justice

EJSM Environmental Justice Screening Method

GFO grant funding opportunity NOPA notice of proposed award

OEHHA Office of Environmental Health Hazard Assessment PM<sub>2.5</sub> particulate matter; 2.5 microns or smaller in diameter

PM<sub>10</sub> particulate matter; 10 microns in diameter

SB Senate Bill

U.S. EPA United States Environmental Protection Agency

ZEV zero-emission vehicle

ZEVI zero-emission vehicle industrialization

#### **APPENDIX A:**

### **Localized Health Impacts Report Method**

This LHI report assesses the potential health impacts on communities from projects proposed to receive Clean Transportation Program funding. This LHI report is prepared under the *California Code of Regulations, Title 13, Motor Vehicles, Chapter 8.1 (CCR § 2343)*:

- "(6) Localized health impacts must be considered when selecting projects for funding. The funding agency must consider EJ consistent with state law and complete the following:
- (A) For each fiscal year, the funding agency must publish a staff report for review and comment by the public at least 30 calendar days prior to the approval of projects. The report must analyze the aggregate locations of the funded projects, analyze the impacts in communities with the most significant exposure to air contaminants or localized air contaminants, or both, including, but not limited to, communities of minority populations or low-income populations, and identify agency outreach to community groups and other affected stakeholders.
- (B) Projects must be selected and approved for funding in a publicly noticed meeting."

This LHI report is not intended to be a detailed pollution analysis of proposed projects nor is it intended to substitute for the environmental review conducted during CEQA. This LHI report includes staff's application of the EJSM developed by the U.S. EPA to help identify projects in areas where social vulnerability indicators, high exposure to pollution, and greater health-risks are present.

CEC staff identifies high-risk community project locations using data from CARB, the U.S. Census Bureau, and other public agencies. Staff analyzes these data to assign EJ indicators for each project location specified in the LHI report. The proposed project location must meet a two-part standard as follows:

#### Part 1 – Environmental Standard:

Communities located within an air quality nonattainment zone for ozone, PM
 2.5, or PM 10, as designated by the California Air Resources Board for criteria pollutants.

#### **Part 2 – Demographic Standard:**

- Communities having more than one of the following EJ indicators for (1) minority, (2) poverty, (3) unemployment, and (4) age. The EJ indicator thresholds is defined by staff as:
  - 1) A minority subset represents more than 30 percent of a given city's population.
  - 2) A city's poverty level exceeds the state average poverty level.

3) The city (or county if city data is unavailable) unemployment rate exceeds the state average unemployment rate.

The percentage of people living in a city who are younger than 5 years of age or older than 65 years of age is 20 percent higher than the state average for persons under 5 years of age or over 65 years of age.