



ICARP

INTEGRATED CLIMATE ADAPTATION & RESILIENCY PROGRAM

Technical Advisory Council

Item 7: Community Economic Resilience Fund

June 30, 2023

Overview

The Community Economic Resilience Fund (CERF) was established by [Senate Bill 162 \(2021\)](#) and further refined in [Assembly Bill 2342 \(2022\)](#). CERF aims to build an equitable and sustainable economy across California's diverse regions and foster long-term economic resilience¹ during the transition to a carbon-neutral economy. A single roadmap for California's economic future is not the right approach given California's size and complexity. Rather, a regional approach, which will account for dynamics like shifting industries and talent pools, better suits the state. Moreover, given systemic inequities highlighted by the COVID-19 pandemic, an inclusive planning process is needed to ensure an equitable approach to economic planning. CERF Program objectives include promoting a regions up approach to economic resiliency, supporting inclusive economic planning, and aligning and leveraging private and public funding opportunities.

The \$600 million program establishes and provides financial support to the 13 High Road Transition Collaboratives (HRTCs) in designing region and industry-specific economic recovery and transition strategies that help diversify regional economies and develop or expand environmentally sustainable industries that create high-quality, broadly accessible jobs. Each regional planning process includes a variety of stakeholders and region-specific collaborative governance and decision-making structures.

Planning Phase

In Phase I, also referred to as the Planning Phase, the CERF program will provide [\\$5 million dollar planning grants to each region](#) to support one High Road Transition Collaborative per region. The Planning Phase officially started in Spring 2023, with final strategies due in Summer/Autumn 2024. Plans must include anticipated climate impacts and factors that contribute to the region's vulnerability to those impacts. Current considerations for the planning phase include the best available means to extend the social infrastructure beyond this period, and how to link regions with aligned efforts. The Planning Phase Regions were developed to prioritize recovery and transition strategies and to be consistent with existing

¹Economic Resilience: The ability to avoid, withstand, and recover from economic shocks. This includes foreseeing, adapting to, and leveraging changing conditions to a region's economic advantage.

economic development efforts, as well as other state definitions of regional economic and labor markets.

Economic Development Pilot

The Economic Development Pilot was released in January 2023, intended for projects that have already emerged from existing regional processes or plans and are ready for implementation. \$39 million was awarded across 8 projects that aligned with CERF values and were ready-to-go. Lessons learned from the Pilot, including a low volume of projects ready to be funded, informed the development of a “Predevelopment Fund.”

Tribal Funding Opportunity

\$25 million will be awarded to a Tribal intermediary to develop and manage the CERF Tribal Funding Opportunity, with the application period opening early June 2023. The Intermediary will work with the State to develop guidelines for the Opportunity, conduct outreach to California Native American tribes and tribal communities, provide technical assistance to prospective applicants, and develop a scoring process to recommend projects for funding. The decision to work with an intermediary comes after extensive engagement with Tribal Leaders to mitigate barriers affiliated with State grants, such as administrative red tape and waiver of sovereign immunity. The guidelines will ensure maximum flexibility in using the funds to support tribe-led economic development. Funds will be available to support both planning and implementation projects.

Predevelopment Fund

Currently under development and established to bridge the gap between creating plans and implementing projects. This program would prepare regions to maximize investment opportunities, while reserving Implementation funds for one-time, ready to go projects. Historically, state, federal, private, and philanthropic funds are targeted for the last mile of a project rather than the early investments needed to prepare the projects. Many communities across California lack the resources to prepare projects to become eligible for future funding opportunities. Disinvested communities have suffered the most from this dynamic, while their better-resourced neighbors have been able to allocate capital to developing projects that are ready for implementation. Predevelopment would fund disinvested communities across California to develop projects that align with the vision of the HRTC and position them to access additional federal, state, and private funds.

Implementation Fund

Anticipated after July 2024 and currently under development, the fund will be adapted from the Economic Development Pilot Program. Projects will be awarded based on criteria such as demonstrated community support, alignment with state climate goals, and demonstration of labor standards and job quality.

Discussion Questions

- What are good examples or best practices you've seen of plans for economic development that effectively incorporate climate resilience?
- What can the State and partners do to most impactfully invest and align capital to meet aligned goals of economic and climate resilience?
 - What types of support are needed to make climate resilience projects funder-ready?