Draft Colorado
Just Transition Plan

Submitted to:
Joe Barela, Executive Director, Colorado Department of Labor and Employment
Rick Garcia, Executive Director, Colorado Department of Local Affairs

August 1, 2020

Prepared by the Colorado Just Transition Advisory Committee
Pursuant to House Bill 19-1314
August 1, 2020

Joe Barela
Executive Director
Colorado Department of Labor and Employment

Rick Garcia
Executive Director
Colorado Department of Local Affairs

Dear Director Barela and Director Garcia:

As Chair and Vice Chair of the Colorado Just Transition Advisory Committee, we are pleased to submit to you the Draft Colorado Just Transition Plan.

Colorado House Bill 19-1314 established our advisory committee to “develop and recommend a just transition plan for the State of Colorado.” The bill directed us to present a draft of that plan to you on or before July 1, 2020. Due to challenges resulting from the COVID-19 pandemic, and with the understanding and support of House Speaker Becker, we are submitting this draft plan a month later than originally planned. As you are aware, we submitted a preliminary outline of the plan on July 1. The draft plan we are submitting today is consistent with that outline, though several of the recommendations have been revised. And, of course, this draft provides considerably more detail and context to our recommendations.

In total, we offer eleven recommendations to assist workers and communities impacted by Colorado’s transition away from coal as a fuel for generating electricity. This transition is largely due to long term market forces, but it has been accelerated by Colorado’s policy commitment to reducing greenhouse gas emissions in response to climate change.

HB 19-1314 declares that “a strong and comprehensive policy is . . . needed to invest new financial resources in coal communities that are seeking to diversify and grow their local and regional economies in a manner that is both sustainable and equitable.” It further declares that “Colorado must ensure that the clean energy economy fulfills a moral commitment to assist the workers and communities that have powered Colorado for generations, as well as the disproportionately impacted communities who have borne the costs of coal power pollution for decades, and to thereby support a just and inclusive transition.”

We believe our recommendations fulfill these obligations and provide a roadmap for ensuring a just transition for workers and communities in a cost-effective and fiscally responsible manner.

The Advisory Committee developed these recommendations over nearly a year of work by our members, including many hours of careful deliberation by the full Advisory Committee as well as four subcommittees established to explore specific components of the challenge.

As the draft plan makes clear, a significant amount of work remains to reach a final Just Transition Plan for Colorado. Most notably, we need to better develop funding options that will be viable given Colorado’s constitutional fiscal limits as well as new budget constraints in the wake of the COVID-19 pandemic. We are committed to assisting you as you work to turn this draft into a final plan by December 31, 2020, for consideration by the Governor and the Colorado General Assembly.

We want to thank the wide range of Coloradans who participated in this process and contributed to our understanding of the issue. And we want to thank our colleagues on the Just Transition Advisory Committee for their hard work and commitment to this process. We are honored to work with each of them, and we are proud of the product we submit to you today on their behalf.

Respectfully submitted,

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Chair
CO Just Transition Advisory Committee

Ray Beck
Vice Chair
CO Just Transition Advisory Committee

Draft Colorado Just Transition Plan 2
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Executive Summary

Coal has played an important role in Colorado’s economy since before statehood, from heating homes and powering industry to fueling railroads and generating electricity. Today, coal is mostly used for electricity in Colorado.

Increasing price competition from natural gas and renewables, along with environmental concerns, has led to a significant decline in the use of coal over the last dozen years. In 2019, Colorado set aggressive goals for reducing greenhouse gas emissions that will require major changes in how we fuel our cars, heat our homes, and generate electricity. As a result of these combined factors, the era of coal appears to be coming to an end in Colorado.

The decline of coal has serious implications for the Coloradans who work in the coal industry (mostly in mines and power plants) and the communities where they do this work. Approximately 2,000 coal workers stand to lose their mostly high-paying jobs by 2030, and many communities will lose significant percentages of their local job base and of property tax revenues when mines and power plants close.

Colorado has the opportunity to lead the nation in achieving more constructive outcomes. In 2019, the Colorado General Assembly passed and the Governor signed House Bill 19-1314, which makes a “moral commitment” to a “just transition” for these workers and communities. It established the nation’s first state Office of Just Transition (OJT), and it created a Just Transition Advisory Committee (JTAC) to develop a draft plan for how the state will fulfill this commitment.

This is that draft plan. In it, the JTAC makes eleven major recommendations:

Coal Transition Workers

1. Assist all interested coal transition workers in developing individual transition plans for achieving their financial, career and/or retirement goals while maintaining or achieving economic self-sufficiency.

2. Develop a package of training, job search and relocation support services, similar to the federal Trade Adjustment Assistance program, to help workers achieve their transition goals.

3. Assist worker transitions with temporary income and benefit assistance, including a wage and health differential benefit for most workers, and a wage and health replacement benefit as an option for workers nearing retirement.

4. Establish length-of-service requirements for coal workers to be eligible for the training, job search, and relocation services outlined in Recommendation 2 and the income and benefit assistance outlined in Recommendation 3.
5. Ensure that workers who accept positions with their existing employer at lower pay will qualify for the wage and health differential benefit, and that workers who choose a training program or job do not waive their right to other benefits if those initial choices do not work out for them (subject to established timeframes and eligibility requirements).

**Coal Transition Communities**

6. Assist affected communities with the creation of local transition plans that pivot from resource extraction to new industry sectors that provide living wages and an adequate tax base.

7. Align and coordinate existing State programs to support local transition plans and facilitate the growth of existing businesses while attracting new industries and businesses.

8. Invest in local physical and community infrastructure to maintain and improve quality of life and critical services.

9. Establish a state-wide independent investment intermediary focused on leading and structuring investments in coal transition communities, consistent with their established local transition plans.

10. Establish a state-wide investment fund focused on making investments in coal transition communities, in collaboration with those communities and consistent with their local transition plans. The purpose of the fund is to lower risk for other investors and to provide a mechanism for long-term investments in these communities.

**Fiscal Issues**

11. Review State tax, fiscal, and regulatory policies to continue support for essential services and infrastructure, identify appropriate state and local taxation policies for utility-scale renewable energy projects, and support efforts by utilities to reinvest in coal transition communities.

We are proud of these recommendations and strongly urge their serious consideration. But we also recognize some important work is left to be done. This includes:

- Better understanding the likely costs of these recommendations (to the state and local governments as well as other parties). This is especially critical in the wake of the COVID-19 pandemic, which has drastically reduced the public and private resources available to fund these recommendations, at least for the next few years.
● Evaluating the cost and other implications these recommendations may have for other workers, communities, and industries that experience similar economic disruptions in the future.

● Ensuring the interests of “disproportionately impacted communities” (defined in legislation as communities of color, low-to-middle income communities, and indigenous communities affected now or in the past by “coal pollution”) are represented and reflected in the State's just transition work.

Each of these areas is mentioned explicitly in HB 19-1314 as part of the JTAC's responsibilities.

This draft plan is submitted to the executive directors of the Department of Labor and Employment (CDLE) and of the Department of Local Affairs (DOLA), as directed by the legislation. Based on this draft, and with the approval of these two executive directors, the OJT is required to submit a Final Just Transition Plan for Colorado to the Governor and the General Assembly by December 31, 2020.

Between now and then, at least four things need to happen:

● The OJT, in cooperation with other state agencies, will review, further develop and vet these suggestions in preparation for completing the final plan.

● The OJT will work with other appropriate agencies to assess the capacity of the various coal transition communities to develop and successfully implement their local transition plans, and it will begin to coordinate the State's support for these efforts.

● The JTAC will continue to work on the unfinished business outlined above.

● The OJT will coordinate virtual public engagement efforts to help ensure the voices of all parties affected by this transition have a chance to be heard.

This is just the first step in a long process of ensuring a just transition for Colorado's coal workers and communities. Much work lies ahead, and the JTAC is committed to do what it can to ensure the workers and communities that helped power our state's prosperity in the past can continue to thrive here in the future.
House Bill 19-1314: Just Transition Support for Coal-Related Jobs

Prime Sponsors: Representatives KC Becker and Rochelle Galindo; Senators Faith Winter and Kerry Donovan
Passed by the Colorado General Assembly in the 2019 Regular Session
Signed by Gov. Jared Polis in May, 2019

Summary of Intent:

- Recognizes that coal has played a central role in the generation of electrical power in Colorado, but that the power sector is now moving away from coal to cleaner and less expensive sources of electricity.
- Acknowledges that the transition away from coal could have significant negative effects on Coloradans with coal-related jobs and Colorado communities that rely on the coal industry as a major source of jobs, tax revenues, and economic activity.
- Declares that strong and comprehensive policies are needed so the State can fulfill its “moral commitment to assist the workers and communities that have powered Colorado for generations, as well as the disproportionately impacted communities who have borne the costs of coal power pollution for decades, and ... thereby support a just and inclusive transition.”

Key Definitions:

- A coal transition community is “a municipality, county or region that has been affected in the previous twelve months, or that demonstrates it will be impacted in the next thirty-six months, by the loss of fifty or more jobs in total from a coal-mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”
- A coal transition worker is “a Colorado worker laid off from employment on or after the effective date of this section in a coal-mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”
- A disproportionately impacted community is “any community of color, low-to-middle income community, or indigenous community that is or has been directly impacted by coal pollution.”

Creation of Advisory Committee:

- Creates the “Just Transition Advisory Committee (JTAC) to develop and recommend a just transition plan for the state of Colorado.” Directs the JTAC to submit a draft version of that plan to the executive directors of the Colorado Department of Labor and Employment (CDLE) and the Colorado Department of Local Affairs (DOLA) by July 1, 2020.
- Further directs the JTAC, in the process of developing the draft plan, to consider options that:
  - Align local, state and federal resources and programming, and leverage additional resources and programming, to invest in and support coal transition workers and coal transition communities.
  - Establish benefits for coal transition workers, including consideration of:
    - Benefits similar to those available through provisions of the federal Trade Adjustment Assistance program
    - Creation of new “wage differential benefits” for coal-transition workers.
  - Educate workers on how to apply for just transition benefits.
Establish a grant program and other programmatic support for coal transition communities and organizations that support them.

Further directs the JTAC to identify:
- The costs and benefits of each component of its plan.
- Sources of funding for its plan.
- The potential fiscal, economic, workforce and other implications if the components of its plan are later extended to other sectors and industries affected by similar economic disruptions.
- Which components of the plan may require additional legislative authority to implement.

Outlines membership of the JTAC and sets terms and other conditions of service. Directs that the JTAC’s 19 members will include:
- Representatives of the Governor’s Cabinet and Office, and of the Colorado General Assembly;
- Representatives of coal transition workers;
- Representatives of coal transition communities;
- Representatives of utilities that use coal to generate electricity;
- Persons with professional experience in economic development or workforce retraining;
- Representatives of disproportionately impacted communities.

Directs the JTAC to meet at least once every quarter, and sunsets the JTAC on Sept. 1, 2025.

Creation of Just Transition Office:

Establishes the Just Transition Office in the Colorado Department of Labor and Employment (CDLE) to:
- Administer the Just Transitions program for Colorado.
- “Identify or estimate ... the timing and location of facility closures and job layoffs in coal-related industries” and make recommendations for how to “most effectively respond to these economic dislocations.”
- Appoint members of the Just Transition Advisory Committee, and support the work of that committee.
- Submit to the Governor and General Assembly the final Just Transition Plan by December 31, 2020, based on the draft plan developed by the JTAC and with the approval of the executive directors of CDLE and DOLA.
- Engage in administrative proceedings that are relevant to the purposes of the office, including matters before the Public Utilities Commission and the Air Quality Control Commission.
- Participate in CDLE’s annual SMART Government Act hearings.
- Recommend to the General Assembly and Governor legislative changes that would allow the office to better achieve the purposes of HB 19-1314.

Other Key Provisions:

Creates a Just Transition Cash Fund to fund the work of the Just Transition Office and the Just Transition Advisory Committee, and to help fund implementation of components of the State’s Just Transition Plan. Permits the office to seek, accept and expend gifts, grants and donations form public and private sources to support this work.

Requires certain utilities to submit workforce transition plans to the Just Transition Office and affected communities within a specific number of days after approving the accelerated retirement of an coal-fueled electric generating unit.
Introduction

Coal has been central to Colorado’s growth and economy since before statehood. It has heated our homes, powered our railways, fueled our industries and, ultimately, generated most of our electricity. Along the way it built fortunes, defined communities, and even galvanized the labor movement in Colorado and around the country.

More than 1,700 coal mines have operated in Colorado at one time or another over the last 160 years, from Larimer and Las Animas counties in the east to Moffat and Montezuma counties in the west. And generations of Colorado workers and their families have been proud to make their livings powering our prosperity by mining, transporting and burning coal.¹

Today, coal is mostly used to generate electricity. And for a variety of reasons -- including increased competition from cheaper natural gas and renewable sources and concerns about local air and water pollution as well as global climate impacts -- the use of coal has been declining for more than a decade. That trend is likely to accelerate.

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In 2019, Colorado established statutory targets to reduce greenhouse gas emissions statewide by 90 percent by 2050, with an interim goal of a 50 percent reduction by the end of this decade. This will require a wide range of changes, from how we fuel our cars to how we heat our homes. Reducing and eliminating the burning of coal to generate electricity is also a central strategy for meeting these goals.

Eight coal-fired electrical power generating plants remained in Colorado in 2019. One (in Nucla) closed in September of that year. Four more (in Moffat, El Paso and Larimer counties) are officially scheduled to close between 2023 and 2030. Two of the three generating units of the plant in Pueblo are also scheduled to shut by 2025, and experts expect most of the remaining facilities to announce closures along similar timeframes.

The plans for Colorado’s six remaining coal mines are less clear. But markets are disappearing and they all face uncertain futures. Some may close when the nearby power plants they supply close.

The era of coal in Colorado appears to be ending, and that poses serious challenges to the workers and communities that rely on it. In 2019, the Colorado General Assembly passed and Governor Jared Polis signed legislation (House Bill 19-1314) making a “just transition” for these workers and communities a state priority. Boom and bust cycles have always been a part of Colorado’s energy economy. But for the first time, the state committed to not walk away from the workers and communities that stand to lose the most.

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2 C.R.S. 25-7-102(2)(g)
To keep this commitment, HB 19-1314 established the nation's first state Office of Just Transition (OJT), and it created the Colorado Just Transition Advisory Committee (JTAC) to develop a draft plan for how the state would achieve a just transition.

This is that draft plan.

As members of the JTAC, we have worked over the past year to understand the challenges and explore options for how the state might respond. Our recommendations are intended to ensure the workers and communities that helped power our prosperity in the past can continue to share in our prosperity in the future. We are proud that Colorado will be the first state to have such a plan, and that Colorado has the opportunity to lead the nation in policies that keep faith with these workers and communities.

For coal transition workers, we recommend the State provide a comprehensive set of supports to help them thrive in a future without coal. That includes assistance with career planning, mentorships, and robust and flexible support for workers seeking retraining, searching for new jobs, or starting new businesses. It also includes financial assistance for those who must relocate for new jobs. And, ultimately, it includes several years of income support for those engaged in training programs or whose new jobs do not pay as well or have as good a set of benefits as the coal jobs they lost.

For coal transition communities, we recommend the State help build the capacity for communities to plan their own economic futures, and help with technical assistance and expertise from around the state and nation. We also recommend the State align and coordinate its wide array of economic and community development programs and services to help coal transition communities (and communities throughout rural Colorado) to better compete. And we suggest some new ideas for how to coordinate and fund these efforts, with special attention to reducing the risk for those who choose to invest in communities facing the greatest challenges.
## Operating Coal Mines

**Foidel Creek Mine**  
Twentymile Coal Co.  
Routt County  
Employees (current): 172  
Production (2019): 2.54 million tons

**Trapper Mine**  
Trapper Mining Inc.  
Moffat County  
Employees (current): 148  
Production (2019): 1.95 million tons

**Colowyo Coal Mine**  
Tri-State Generation and Transmission  
Moffat County  
Employees (current): 186  
Production (2019): 1.6 million tons

**Deserado Mine**  
Blue Mountain Energy  
Rio Blanco County  
Employees (current): 157  
Production (2019): 2.72 million tons

**West Elk Mine**  
Mountain Coal Co.  
Gunnison County  
Employees (current): 336  
Production (2019): 4.16 million tons

**King II Mine**  
GCC Energy  
La Plata County  
Employees (current): 93  
Production (2019): 0.66 million tons

## Closed Coal-Fueled Electrical Power Plants

**Nucla Station**  
Tri-State Generation and Transmission  
Montrose County  
Closed September 19, 2019  
Employees: 58

## Operating Coal-Fueled Electrical Power Plants

**Hayden Station**  
Xcel Energy  
Routt County  
Closure:  
- Unit 1: by 2031 (projected)  
- Unit 2: by 2037 (projected)  
Employees: 74  
Property Taxes as Percentage of County Total: 6.89%

**Craig Station**  
Tri-State Generation and Transmission  
Moffat County  
Closure:  
- Unit 1: December 2025 (announced)  
- Unit 2: September 2028 (announced)  
- Unit 3: December 2029 (announced)  
Employees: 253  
Property Taxes as Percentage of County Total: 36.92%

**Comanche Station**  
Xcel Energy  
Pueblo County  
Closure:  
- Unit 1: by 2023 (approved)  
- Unit 2: by 2026 (approved)  
- Unit 3: by 2070 (projected)  
Employees: 150  
Property Taxes as Percentage of County Total: 16.1%

**Ray Nixon Power Plant**  
Colorado Springs Utilities  
El Paso County  
Closure: by 2030 (announced)  
Employees: 166 (combined number with Martin Drake Plant)  
Property Taxes as Percentage of County Total: 0%

**Martin Drake Power Plant**  
Colorado Springs Utilities  
El Paso County  
Closure: by 2023 (announced)  
Employees: 166 (combined number with Ray Nixon Plant)  
Property Taxes as Percentage of County Total: 0%

**Pawnee Station**  
Xcel Energy  
Morgan County  
Closure: by 2042 (projected)  
Employees: 79  
Property Taxes as Percentage of County Total: 24.6%

**Rawhide Energy Station (Unit 1)**  
Platte River Power Authority  
Larimer County  
Closure: by 2030 (announced)  
Employees: 100  
Property Taxes as Percentage of County Total: 0%

### Sources:
- Mine employment and production numbers from regular mining companies’ reports to the Div. of Reclamation, Mining and Safety at the CO Dept. of Natural Resources.
- Power plant closure dates from utility resource plans approved by the CO Public Utilities Commission, public announcements from utilities, or the Western Electricity Coordinating Council 2026 Common Case Report.
- Employee numbers from utility documents, including workforce transition plans submitted to the OJT, press releases and web sites.
- Property tax percentages from the CO Dept of Local Affairs, Division of Property Taxation 2019 Forty-Ninth Annual Report to the Governor and General Assembly.

### Note on Closure dates:
- **approved** means approved by the Public Utilities Commission
- **announced** means announced by the utility
- **projected** means projected in the Western Electricity Coordinating Council (WECC) 2026 Common Case Report
The Challenge

While we believe our work has broad implications, we are focused on a specific group of workers and a limited number of communities. The Legislature defined a "coal transition worker" as a “Colorado worker laid off from employment on or after the effective date of this section in a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”

According to company reports to the Colorado Division of Reclamation, Mining and Safety, the six operating coal mines in Colorado currently employ a total of 1,092 workers (it is not clear whether the companies were consistent in including administrative staff as well as miners. If not, the actual number of workers would be slightly higher). Based on data in public documents from the four utilities that operate them, approximately 880 workers are employed at Colorado's coal-fired

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3 C.R.S. 8-83-502(2)
4 From mining and safety coal summary reports, Division of Reclamation, Mining and Safety, Colorado Department of Natural Resources.
electrical power plants (this includes the 58 workers at the Nucla plant when it closed in 2019). And a study commissioned by labor organizations in Colorado estimated the total who might be laid off from coal-related manufacturing and transportation supply chains as a result of power plant and mine closures at 281. That means the number of workers who might possibly qualify as coal transition workers is approximately 2,253.

Similarly, the Legislature defined a “coal transition community” as “a municipality, county, or region that has been affected in the previous twelve months, or that demonstrates it will be impacted in the next thirty-six months, by the loss of fifty or more jobs in total from a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”

Again, a relatively small number of communities employ enough coal workers to qualify under this definition, and the number of jobs that will actually be lost in the future is unclear. For example, both the Platte River Power Authority and Colorado Springs Utilities have committed to no job losses when they close their coal-fired power plants (one in Larimer County and two in El Paso County). That leaves eight counties (Gunnison, La Plata, Moffat, Montrose, Morgan, Pueblo, Rio Blanco and Routt) as potential “coal transition communities” (nine if you add Delta County, where most of the workers from the West Elk Mine in neighboring Gunnison County actually live).

In House Bill 19-1314, the Legislature directed us to identify strategies to assist coal transition workers and strategies to assist coal transition communities. In following this direction, we tried first to emphasize strategies that would help both. After all, the input we received from workers and from community members was that they largely viewed their interests as compatible, if not the same.

Many workers have told us they value the quality of life they enjoy in their communities, that their roots often run deep there (in some families, multiple generations have worked in the mines), that they hope they can continue to live and raise their families there, and that they would be very reluctant to relocate somewhere else and would do so only if that was their only choice to find work. Similarly, many community members have told us they want their neighbors who work in the coal industry to be able to stay and continue to be a part of their lives. In planning for their communities’ futures, they want most to be able to expand existing businesses and attract new businesses that would allow their communities to maintain their identities while providing the quality of jobs that would allow their friends and neighbors to stay.


C.R.S. 8-83-502(1)


Employment numbers for each county calculated by OJT staff based on data from utilities and the Colorado Division of Reclamation, Mining and Safety (DRMS). Information on percentage of West Elk Mine workers who reside in Delta County from DRMS.
Community Engagement

Community engagement is critical to doing our job right. Our role is to advise the State on how to assist affected workers and communities, and we need as much input as possible from those with the most at stake.

Over three days in early March, members of the Colorado Just Transition Advisory Committee visited Craig and Hayden to learn about the issues raised by the potential closure of local power plants and coal mines. This was to be the first of several trips to coal transition communities around Colorado. Unfortunately, due to the COVID-19 pandemic, it is the only trip we have been able to make so far (the first positive test in Colorado was announced when we were in Craig). The rest had to be postponed, and we are working to arrange virtual meetings and town halls in the Fall.

In Craig and Hayden we held 15 hours of meetings with a total of nearly 400 people -- workers, community leaders, business owners, and the general public -- from throughout the region. Some JTAC members also toured Craig Station. The meetings were informative and intense, and we learned a great deal.

- We heard how much the workers and residents love their communities and quality of life, and that many want their children to have that same quality of life when they grow up.

- We heard that Moffat and Routt counties are made up of highly skilled, hard-working people, but that the current uncertainty about the future is causing stress and anxiety. Workers and residents know things are changing and there are no easy answers, but they want clarity and direction, and they want it soon.

- We also heard that these communities have already done a lot of planning for the future. They don't need more studies -- they need the capacity and support to put those plans into action.

- And we heard that Denver often seems very far away, and it seldom feels like the concerns of coal workers are heard there. They don't want the State to tell them what to do. But they do need it to help make connections and find resources they can't find on their own -- to be their partners and to follow their lead.

This and other feedback from our trip to Moffat and Routt counties greatly influenced our work and is reflected in the recommendations we are making in this draft report. We look forward to hearing from other coal transition workers and communities -- and from Coloradans from throughout the state, as we continue our work in the coming months.
That will be challenging -- especially in smaller and more isolated coal communities. In every case for which we have dependable data, coal industry jobs pay significantly more than the median household income for the host county -- sometimes more than twice as much. And these jobs often come with health and retirement benefits that far exceed those received by other workers in the county (if they get benefits at all). The quality of benefits may be due in part to the relatively large number of miners and power plant workers who are unionized and whose income and benefit packages are subject to collective bargaining agreements.

Replacing these good jobs with anything comparable will require a significant and deliberate effort on the part of communities, employers, the State of Colorado and other stakeholders. Some workers -- perhaps many -- may have to either accept significant pay cuts as the price of remaining in their communities or move away for jobs that pay more. One measure of Colorado’s success ensuring a “just transition” for these workers will be the extent to which we can maximize the number who are able to make a good living while remaining in their communities of choice.

Unlike workers, communities don’t have the option to move. So in some cases their challenges may be even more dire -- especially if a significant percentage of their workforce is laid off and leaves town. They will need to find a way to rebuild their economies and thrive without coal or potentially enter longer-term economic decline. Over the next decade, for example, Moffat County faces the loss of one power plant and two coal mines that together employ almost 10 percent of the county workforce and pay a whopping 44 percent of total property taxes paid in the county. Because this is an aggregate number that includes all property taxes paid to all taxing districts in the county, it can mask even higher percentage losses for specific districts. For instance, the Moffat County School District receives 47 percent of its property tax revenues from these three major facilities, while the rural fire district receives almost 60 percent of its property tax revenues from them. In Montrose County, the West End School District received nearly 58 percent and the Nucla-Naturita Fire Protection District received over 65 percent of their property tax revenues from one coal mine and one power plant before they closed (the mine in 2017 and the power plant in 2019).

On a percentage basis, no other county stands to lose as much in aggregate as Moffat County. Still, Morgan County, Rio Blanco County, Routt County -- and potentially Pueblo, Gunnison and La Plata counties -- all face the loss of at least one major employer that accounts for a

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10 Based on worker income data from employers (utilities) and county median income data from the U.S. Census Bureau, 2014-2018 American Community Survey.
disproportionately large percentage of its workforce or property tax revenues (or both). In a very real sense, they will lose a major economic engine -- and in some cases the primary economic engine in the county.

How to replace that economic engine is the essential challenge in each of these communities. But it is important to emphasize that the answer should not be to go in search of one single large employer to replace the old one. While we would not suggest any community turn down an opportunity to attract a large employer that pays family-sustaining wages, the real goal must be to expand existing businesses, cultivate local entrepreneurs, and attract a wide variety of new businesses to build more diverse and resilient local economies. Attracting one business that will create 100 jobs will make headlines, but working with 20 existing and new businesses to create 5 jobs each will better serve a community's long-term stability and interests.

The challenges these communities face are not really new or unique to the loss of coal. According to the State Demographer, in 25 of Colorado’s 52 non-metro counties, 10 percent or more of the employment is provided by a single employer. Two of these are coal mines. Of the other 23 counties, these big employers include six county governments, five ski areas, four prisons, four hospitals, two food processing plants, one casino, and one school district. And in 16 of those 52 non-metro counties, 20 percent or more of employment is provided by a single sector -- production agriculture. There is overlap in 10 counties, meaning that 31 of the 52 counties are dependent on a single large employer, production agriculture, or both for a disproportionately large percentage of their jobs.

Similarly, a large number of counties, school districts and other special districts rely on a single business for more than 10 percent of their property tax revenues. In addition to power plants, these include large oil and gas companies, other energy-related businesses, gold and silver mining, a private prison, and even one private property owner.

The bottom line is that more than half of Colorado’s non-metro counties are as vulnerable as the coal transition communities to the loss of one employer or one property taxpayer or a significant disruption in one sector of their economy. And the COVID-19 pandemic has clearly demonstrated that this vulnerability is very real, with even some of the most stable employers suddenly struggling to stay viable. Addressing this over-reliance on a single sector or employer and achieving greater economic diversity is an essential strategy for making all rural communities -- not just coal communities -- more resilient.

So the implications are large. Our work is relevant beyond coal communities -- as a potential model for helping small, rural economies diversify and become more resilient, and for helping them prepare for and minimize future economic disruptions.

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16 Data compiled and analyzed by Colorado State Demography Office, Colorado Department of Local Affairs.

17 Data from Colorado Division of Property Taxation, Colorado Department of Local Affairs.
Subcommittees

The Just Transition Advisory Committee created four subcommittees to support and inform its work. Each subcommittee was chaired by a member of the Advisory Committee and consisted of JTAC members, key stakeholders and issue experts.

Economic Development Subcommittee
Chair: Beth Melton, County Commissioner, Routt County
Purpose: To develop recommendations for how the State and other key actors can assist coal transition communities in Colorado as they develop and implement community-based and locally-driven economic development strategies to retain coal transition workers and promote good new jobs, economic diversity and long-term community vitality. HB 19-1314 defines a coal transition community as “a municipality, county or region that has been affected in the previous twelve months, or that demonstrates it will be impacted in the next thirty-six months, by the loss of fifty or more jobs in total from a coal-mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”

Worker Subcommittee
Chair: Richard Meisinger, Business Manager and Financial Secretary, IBEW Local 111
Purpose: To develop recommendations for how the State and other key actors can assist coal transition workers with the support to plan for and achieve new career goals that allow them and their families to thrive economically and continue to contribute to their communities. HB 19-1314 defines a coal transition worker as “a Colorado worker laid off from employment on or after the effective date of this section in a coal-mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either.”

Finance Subcommittee
Chair: Paul Major, President and CEO, Telluride Foundation
Purpose: To develop recommendations for how coal transition communities can continue to provide stable and diverse funding for local services, infrastructure, and institutions when revenues from coal-related activities decline or go away completely. This includes policies that encourage investments in assets that continue to generate wealth and increase the resilience and capacity of local institutions. It also includes strategies that identify, organize and support investment opportunities and create mechanisms that allow private and public capital to co-invest in a manner that reduces risk.

Disproportionately Impacted Communities Subcommittee
Chair: Lizeth Chacon, Executive Director, Colorado People’s Alliance
Purpose: To ensure the lived experiences of members of disproportionately impacted communities are centered in the process of developing a Just Transition Plan for Colorado and that their perspectives are represented in the Advisory Committee’s recommendations. HB 19-1314 defines a disproportionately impacted community as “any community of color, low-to-middle income community, or indigenous community that is or has been directly impacted by coal pollution.”
Recommendations

We make eleven recommendations in this draft plan. While we agree that the interests of coal transition workers and coal transition communities are closely aligned, we have divided these recommendations into three sections -- five addressing workers, five addressing communities, and one addressing the fiscal and budgetary challenges of paying for this work. Each section begins with a broad statement of our goal, followed by the specific recommendations approved by the JTAC, with further context and explanation provided for each.

Coal Transition Workers

Our goal for workers is *to ensure the shift to a clean energy economy fulfills a moral obligation to assist impacted workers who have powered Colorado for generations. Workers displaced from coal-related jobs should receive the support necessary to plan effectively for their transitions and achieve new career goals that allow them and their families to thrive economically and continue to contribute to Colorado and their communities.*

To achieve this goal, we recommend a combination of services and benefits designed to encourage and support self-directed transitions that maximize options and help workers maintain self-sufficiency. We envision a partnership between workers, employers, labor unions and the State that begins before separation from employment and continues throughout the transition. The direct income supports we recommend should be temporary and designed to facilitate the transition to continued self-sufficiency. And while we recommend a sliding scale of support based on age and length of service, in every other respect we intend our recommendations to apply equitably among all workers.

**Recommendation 1: Individual Transition Plans**

In coordination with existing employers, labor unions and other stakeholders, ensure each coal transition worker has equal access to adequate case management, planning and mentoring assistance to develop and implement an individual transition plan designed to help the worker achieve his or her financial, career and/or retirement goals while maintaining or achieving economic self-sufficiency. Support should begin as soon as possible; be available prior, during and after a worker’s separation from coal-related employment; and continue throughout the transition process.

Successful transitions start with careful planning, and starting early -- while workers are still employed in their coal-related jobs -- is critical. That is why our first recommendation for workers is that they start as soon as possible planning their individual transitions. And when workers choose to engage in this process, the State of Colorado should be an effective and supportive partner.
Specifically, workers should have access to the widest possible range of resources to develop and implement personal employment transition plans. This will maximize their opportunities and minimize the overall cost to them, their families, their communities, and local and state budgets.

This work should begin with personalized and customized service through Colorado's existing workforce centers. These centers provide an array of services, including employment counseling, mentoring, resume assistance, job preparation workshops, access to computers and other technology, job leads and a regular schedule of both virtual and in person employer recruitment sessions. When possible, the State should coordinate these efforts with existing employers or labor unions to ensure the highest quality support.

The State should consider expanding the capacity of these centers or even developing additional programming if necessary to meet the needs of these workers. For example, the State might consider strategies used in the past during large layoffs in the auto industry, done in collaboration with labor unions. These include opening industry-specific transition centers, funded through USDOL Disaster Recovery grants, to serve as central clearing houses for services to meet the diverse needs of transitioning workers. Staffed jointly where appropriate by local area workforce staff and labor union representatives, these centers can provide employment assistance, training, educational support, access and referrals to community partners and resources, and various job search and job readiness classes. They also can assist with more personal issues related to the transition, including food and housing assistance as well as substance abuse and mental health counseling. Transition centers could also provide co-location opportunities for local partners such as Workforce Center offices, community colleges, and universities.

We emphasize that this process should be voluntary and worker-driven. No worker should be compelled to participate. However, the State should aggressively market this early planning process so that workers understand how participation might enhance their options, increase the quality of future employment, and maximize their earning potential.

The goal should be to help workers develop their own visions for the future. The value of the additional supports recommended in this draft plan will be greatly enhanced when workers choose to take this critical first step. We urge the State to be expansive and creative in this process, and to look for best practices from around the country to inform this work.

**Recommendation 2: Training, Job Search and Relocation Support**

In coordination with existing employers, labor unions and other stakeholders, provide a comprehensive and flexible package of benefits to assist eligible workers seeking new jobs or new skills, as well as those who decide to relocate for a new job opportunity.
Funding secured for specific job training and education benefits should be consistent with that provided under the federal Trade Adjustment Assistance (TAA) program as implemented by the Colorado Department of Labor and Employment, including:

- Funding (capped at $30,000, though additional funding may be approved as needed for more expensive training courses) for up to 130 weeks of training that is expected to result in a credential, such as a GED, associate’s degree, bachelor’s degree, master’s degree or industry-recognized credential.

- Reasonable expenses for commutes of over 50 miles if appropriate training is not closer to a worker’s home.

- Training at a private school should be approved only if a worker cannot earn a similar credential at a public school. The private school’s curriculum should be accredited.

- The program should also support registered apprenticeship programs and customized training.

- Training and education assistance should be consistent with each worker’s individual transition plan and whenever possible should begin prior to the worker’s separation from coal-related employment.

Specific relocation benefits should apply to any eligible worker who accepts any position at a worksite more than 50 miles (by car) from the current worksite and should include:

- A relocation subsidy that fully covers all reasonable moving expenses (including any taxes incurred)

- A one-time residency stipend to assist with cost-of living differences if the cost of living or housing costs are higher in the new location. The stipend should be tied to the Colorado School Finance Cost of Living Study or its successor index, with a maximum stipend (for a worker moving from the lowest-cost area to the highest-cost area of the state) not to exceed $40,000.

Quality training opportunities will be critical to many successful transitions. While those currently working in coal-related jobs have a variety of backgrounds, skills and talents, many had planned to spend their careers in and retire from these jobs. Many -- especially coal miners\(^\text{18}\) -- went into specialized apprenticeship programs or training unique to their industry straight out of high school. They are highly skilled, hard-working employees -- but these specific skills may not translate well to another job in the same community.

Even those workers whose skills are more easily transferable to other industries and sectors can often benefit from learning new or different skills -- and all workers should have the opportunity to do so. Our recommendations are intended to be empowering, giving workers the chance to double-down on their existing skills and career paths or reinvent themselves entirely. Some may choose to seek similar coal-related work elsewhere. Others may want to try a different trade or profession, or to take a shot at opening their own business. Regardless, our recommendation is intended to maximize their options and give them the best chance of success.

The Legislature directed the JTAC to consider options to establish benefits “similar in type, amount, and duration” to benefits available pursuant to federal regulations implementing Trade Adjustment Assistance (TAA) for workers under the Trade Act of 1974 (20 CFR 617).\(^{19}\) These are a broad range of training, job search, relocation, and income support benefits available to workers “who became unemployed as a result of increased imports,” and their purpose is to assist these workers in returning to “suitable employment.”\(^{20}\) The benefits are funded by the federal government but administered by the state as a workforce development program through the Colorado Department of Labor and Employment.

We found this comprehensive program of benefits to be a good model to work from, and our recommendation parallels and builds on it. Particularly appealing is the fact that the State already administers the program, and our recommendation is to expand that capacity rather than design and fund a whole new programmatic infrastructure.

While our recommendation is for a state-funded program, we note that the issues facing coal transition workers are not unique to Colorado. We strongly urge Congress to consider extending the existing TAA program to energy transition workers throughout the country. Doing so would be more cost-effective and equitable than relying on a variety of programs designed and funded by different states. It would also be a way for the federal government to share the financial burden of transitioning away from an industry that has helped the entire nation prosper.

Finally, we want to emphasize the importance of working in collaboration with existing employers, labor unions, community colleges, universities and other anchor institutions in the affected regions to ensure workers have access to the highest possible variety and quality of retraining options.

The proposed relocation benefits also build on the TAA model, though the residency stipend proposed in the second bullet is a new concept developed by members of the JTAC. It recognizes that Colorado is an economically diverse state, with a wide range of housing and other costs based on location. Even while coal transition workers who relocate may find some necessities (such as food or health care) to be less expensive, they may also experience sticker shock when they go to rent or purchase housing in their new location. The residency stipend should help ease the transition to more expensive housing markets.

\(^{19}\) C.R.S. 8-83-503(6)(c)(III)(A)  
At the same time, the JTAC was mindful of the potential incentive created by the stipend and cautions that it should not be so large that it actually encourages workers to move when they might otherwise stay in their existing communities. It is intended to make relocating easier, not to entice workers to move when they otherwise would not.

**Recommendation 3: Income and Benefit Support**

To assist with worker transitions, provide temporary income and benefit assistance. Specifically:

- A “Wage and Health Differential Benefit” for eligible workers who intend to remain in the workforce. The benefit should cover all or part of the difference in income and health benefits between an individual’s previous coal-related employment and either:
  - His/her new employment, or
  - His/her income while enrolled in a job training or education program consistent with an individual transition plan.

  - The duration of the wage and health differential benefit (WHDB) should depend on the worker’s age, as outlined below:
    - Workers up to 29 years old at separation -- 3 years of WHDB.
    - Workers 30-39 years old at separation -- 4 years of WHDB.
    - Workers 40 years or older at separation -- 4 years of WHDB, except that those with 10 or more years of service would receive 5 years of WHDB.

  - If at any point during the eligibility period for the WHDB a coal transition worker accumulates six months without gainful full-time employment or engaging full-time in a qualified training program, that worker should be required to meet with the appropriate workforce center counselor or approved mentor to review, update, and recommit to his or her Individual Transition Plan. If a worker accumulates twelve months without such employment or training, the worker’s eligibility for this wage and health differential benefit should be suspended until either is obtained.

- The choice of either a Wage Differential Benefit or a “Wage and Health Replacement Benefit” for eligible workers who are within five years of their scheduled retirement date (as defined by a collective bargaining agreement and company pension retirement (defined benefit plan), local or state retirement system, railroad retirement, or Social Security). This benefit would cover all or part of a worker’s annual salary and health benefits from the date of separation until the scheduled retirement date (in no case for more than 5 years).
HB 19-1314 explicitly directed us to consider wage differential benefits as part of our draft plan.\textsuperscript{21} It did so, we believe, because the “moral commitment” the bill made to workers was intended to include helping them and their families avoid economic hardship during the transition. As we already pointed out, coal jobs tend to pay well and come with very good benefit packages, and unionization levels in the industry are relatively high. People buy homes, raise families and get ahead in these jobs. These are not just jobs -- for most, they are careers.

So facing a disruption of their employment -- and contemplating the actual end of their chosen careers -- is difficult to say the least. It can be disorienting and demoralizing, especially if leaving your career possibly means accepting a permanent cut in income, moving away from your community of choice, having to learn new skills, or all of the above. Add to that the fact that many of these jobs are physically demanding and that good benefit packages give workers a level of security that they will be taken care of if their bodies start to give out, and one begins to understand the uncertainty, frustration and even anger many of these workers clearly feel.

We carefully studied the concept of wage differential benefits and concluded they are appropriate to recommend for these workers. The idea is to provide a bridge to whatever their new careers will be -- a bridge that does not require them to make immediate drastic cuts to their personal or family budgets while they learn new skills and take on new jobs. Ultimately, of course, they and their families will have to adjust to their new incomes. But several years of support will mean they can take the time to follow their individual transition plans, complete any training, and be deliberate about their job search. We believe that will ultimately result in more of them finding good jobs, and perhaps more being able to remain in their communities.

We want to be very clear that we intend these benefits to be temporary. Continued self-sufficiency is the goal, and that means continuing to work and providing for their families. Workers want a fair deal -- a little help while they make a transition they never planned on having to make. We believe that is appropriate.

Still, we recognize that this is potentially the most expensive recommendation we are making -- perhaps on the order of $100 million over the duration of the transition.\textsuperscript{22} At least in terms of workers, this recommendation more than any other makes it essential that we find new or repurposed revenues to accomplish our goals. We talk about that in more detail when we discuss our last recommendation. We also urge the State to find effective ways to monitor the conditions of coal transition workers’ new employment to ensure some employers do not take advantage of the existence of a wage differential benefit to pay their new employees less than they would otherwise.

Finally, we recommend that those workers who are close to retirement have the choice of a different benefit package that does not require retraining. While nothing should keep an

\textsuperscript{21} C.R.S. 8-83-503 (6)(c)(III)(B)

\textsuperscript{22} This number is derived for illustrative purposes only from estimations in Robert Pollin, \textit{et al}, \textit{A Green Growth Program for Colorado}, Political Economy Research Institute, University of Massachusetts Amherst, pp 84-86.
older worker from participating in retraining like any other worker, for many it simply will not make sense to spend a year or two learning a new trade or set of skills to get a job they will only keep for a year or two longer. Our recommendation for a wage and health replacement benefit essentially would provide an early retirement payout option specifically for these workers.

⚠️ Recommendation 4: Eligibility

All coal transition workers as defined in HB 19-1314 should be eligible for case management, planning and mentoring assistance to develop individual transition plans, as outlined in recommendation 1 above. To be eligible for any of the benefits outlined in recommendations 2 or 3, a worker should:

- Have been employed at one of the Colorado coal mines, coal-fueled electrical power generating plants, or the manufacturing and transportation supply chains at the time of the announced closure.
- Have been employed in the mine, plant or supply chain for a minimum of five years at the time of separation.

Our main focus is on workers whose planned careers are being interrupted. We think this is an appropriate distinction, since those who accepted employment after the closure was announced knew their length of employment would be limited. While our recommendation about individual transition plans makes sense for all, we think that expenditures for retraining, relocation, and income support should be reserved for those whose careers are truly disrupted -- who are employed at a facility when its closure is announced, and still there when the closure happens.

Similarly, because some of our recommendations could drive significant public sector costs, it seems reasonable to not give workers benefits that last almost as long as their employment in the industry to begin with. Given the timelines announced so far for closure, there may be very few workers who end up with less than five years of employment who actually started their jobs before an announced closure.

⚠️ Recommendation 5: Other Considerations

- An eligible employee who accepts a position with the same company within Colorado, or on a reclamation project associated with that company, that pays less than the previous position would qualify for a wage differential benefit consistent with her/his age and years of service.
- If an eligible worker accepts another position with his or her coal-related employer and separates during the timeframe they are eligible for just transition benefits, (e.g., failing out of an apprenticeship program), that worker does not
waive any rights to other benefits of the Just Transition, consistent with timeframes and other restrictions.

The idea behind this recommendation is simple. We want coal transition workers to have the widest range of opportunities so that they can choose the ones that work best for them. That means not singling out those who decide to remain with their current employer at a lower income level or those who might try something new only to find it is not for them. Our intention is for the retraining and income support benefits to be available to all eligible workers throughout the period of their transition, not for their access to them to be cut short just because the first thing they try turns out to be a bad fit.

**Coal Transition Communities**

Our goal for communities is to help those that are transitioning away from coal to develop and implement locally-driven, asset-based plans that achieve long-term prosperity by creating jobs that can support families, building a viable and diversified tax base, and spurring long-term local wealth creation and social cohesion.

To achieve this goal, we suggest a long-term partnership in which the State meets communities where they are, ensures they drive their own process, and provides the resources, technical assistance and other expertise to help them achieve their own visions. The economic transition of coal communities will be a long-term undertaking, and the State’s commitment should be long-term as well. We believe the communities that continue to thrive will be those that have clear visions for the future and the ability to achieve those visions. Our recommendations prioritize community resilience, economic diversity, equity, creation of local wealth, long-term business development and expansion, and stable jobs that pay living wages and provide good benefits.

**Recommendation 6: Local Community Transition Plans**

Support the creation of local transition plans that pivot from resource extraction to new industry sectors that provide living wages and an adequate tax base. This includes:

- Investing in local leadership, capacity building, and planning to develop, implement and oversee local transition plans

- Providing funding and technical assistance for the development of community-driven plans which are broad-based, collaborative, have community buy-in, and are attentive to the needs of disproportionately impacted communities

- Requiring a local transition plan to be eligible for further state funding and support. This can and should draw on existing plans
● Adequately and consistently funding and staffing the implementation of the plans

● Setting short-, mid-, and long-term plans and goals for transition. For example:
  ○ Short-term: State investment in community leadership and planning
  ○ Mid-term: Backfill of tax revenue and funding for workers as closures/transitions occur
  ○ Long-term: Invest in economic diversification efforts, implement economic development plans, and implement tax reform.

What is true for workers is also true for communities -- successful transitions start with careful planning, and starting early is critical. Planning should be driven at the local level and should reflect local visions and aspirations, and capitalize on unique local strengths. Once again, the State of Colorado should be an effective and supportive partner.

But if these plans are truly to be locally driven, then our first goal must be to ensure each community has the capacity to get the job done. That is what this first recommendation is all about. Different communities start in different places. Some communities may have local expertise, focused leadership, and some consensus about where they want to head. Some already have plenty of plans and need to find the resources to implement them. Others may need to start from scratch -- identifying and cultivating leadership, convening community members to build consensus, and working to garner expertise.

Our recommendation is for the state to meet each community where it is in the process and work with it to build toward success. Ready, aim, fire -- each in its turn. We believe this early work is so critical that the State should not move forward in partnership with a community until it has a local community transition plan in place. By all means, the State should provide technical and financial assistance and mentoring to help communities -- and regions -- develop and agree on their plans and strategies. But it should not move forward with further assistance until that plan is complete. And because a plan is of little value unless it is implemented, all other support should build on and leverage that plan.

The economic disruption that has accompanied the COVID-19 pandemic has shown us that it is a gift to have time to prepare in this way. The challenge is urgent and the stakes are high, but most coal transition communities appear to have at least several years to prepare. That's not long, but it's enough time to be deliberate and to get this right.

It has to start now with the State working directly with communities and finding the resources (public, nonprofit or private) to support capacity building at the local level. Without this essential first step, everything that follows will be much more challenging.

The first bullet in this recommendation talks about investing in local leadership. Time and again we heard from economic development experts that there must be local champions for this work -- people who are rooted in the community and are invested in and committed to its success. People with the energy, ability, and enthusiasm to lead. They may not yet be among the existing leadership in the community. In fact, they may be totally new
to this kind of engagement. This includes paying someone to do this work full-time, and not as just one of many responsibilities. Capacity and focus are the keys, and without them no one will be able to provide the effective leadership necessary for success.

This step also requires the community to reach out to find and to be open to use new talent. To succeed, it also needs to ensure there are diverse community voices at the table, and that they are heard. We believe the more intentional the community is with this first step, the more likely it is to find ways to thrive over the long term.

**Recommendation 7: State Program Alignment with Local Plans**

The state should align its programming to support local transition plans and facilitate the growth of existing businesses to employ additional workers while bringing new industries and businesses to the area. Specifically, the state should:

- Support the distribution of new business recruitment across the state based on the unique assets of communities, and prioritize coal transition communities for business recruitment efforts.

- Provide significant incentives to businesses that relocate to coal transition communities. These incentives should rival those that are offered for businesses that relocate from out of state to the Metro area. Rural communities are often unable to be competitive in these situations.

- Invest in entrepreneurial programs to support local businesses to identify new markets, uncover industry trends, develop competitive intelligence, identify and map qualified sales leads, raise visibility in search engine results and increase website traffic, leverage social media to better connect with customers, and facilitate increased investment.

- Provide funding for business accelerators, incubators, and co-work spaces.

- Provide funding for projects that support community economic development in line with local community transition plans.

- Direct development of clean energy jobs to coal transition communities.

We have already mentioned that the State needs to be an effective and supportive partner in helping communities implement their local strategies. This recommendation points to some of the ways the State can be that partner.

Colorado’s state government has a great deal of expertise and a wide array of programs that are intended to assist and enhance local economic development strategies. The key is to align and coordinate these assets to maximize their effectiveness for coal transition communities. This will be complicated, because relevant programs reside in different
departments and agencies, including the Colorado Office of Economic Development and International Trade (OEDIT) and the departments of Local Affairs (DOLA), Labor and Employment (CDLE), Higher Education (CDHE), Agriculture (DOA), and Natural Resources (DNR), to name a few.

Regional organizations, such as councils of government and other quasi-governmental entities, also have a great deal to offer in these efforts. One of the most important roles of the Colorado Office of Just Transition should be to help realign, coordinate, focus and lead these efforts to maximize their effectiveness in coal transition communities.

The Advisory Committee was especially concerned about the ability of coal transition communities to compete for new businesses against larger Colorado communities that have more resources and expertise in recruiting and attracting prospective employers. We see Colorado’s Office of Economic Development and International Trade (OEDIT) as an important partner to Colorado’s transition communities; the agency can help ensure they have a fair chance of commanding the attention of companies looking to relocate.

At the same time, the JTAC acknowledges that some of the best strategies will have more to do with expanding businesses that are already in these communities and cultivating new entrepreneurs. In the end, the key to long-term economic growth and resilience is a balance of building from within while attracting quality new and diverse opportunities from outside the community.

Finally, we want to emphasize the important opportunity the State has to help direct the development of clean energy jobs to coal transition communities, as the last bullet indicates. These communities have real advantages, including significant nearby transmission capacity. Whenever appropriate, the OJT and others should advocate for locating clean energy projects in coal transition communities, including before the Public Utilities Commission.23

**Recommendation 8: Invest in Infrastructure**

The state should invest in physical and community infrastructure to maintain and improve quality of life and critical services. It should maximize the benefit of these investments by requiring labor standards, domestic content requirements, labor agreements, community benefit agreements, local hiring, and other provisions that provide direct benefit to the workforce in the community. Strategies should include:

- Providing short-term state investment for housing, broadband, healthcare, P12 and higher education, mental health resources, recreation, arts & culture, and the public sector workforce
- Providing short-term backfill of local tax revenues lost when coal facilities close

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23 HB 19-1314 authorizes the OJT to “engage in relevant administrative proceedings, such as matters before the Public Utilities Commission” in order to “further the purposes of the office.” C.R.S. 8-83-503(5).
• Providing short-term state investment in roads, rails, and airports, and the public sector

• Providing technical assistance to plan for long-term recovery of lost local tax revenues.

Obviously, coal jobs only exist where there is coal. But fewer and fewer businesses and jobs have to be located in a specific place. This makes it increasingly important that economic development efforts lay the groundwork to support future business opportunities and job creation by investing in community assets that enhance quality of life. A community’s physical and cultural assets are key components of that appeal -- the ability to reach one’s markets by road, rail or air -- or broadband -- as well as quality schools, higher education and apprenticeship programs, a wide range of quality healthcare services, and other community assets such as parks, arts facilities, and recreational opportunities.

These investments in infrastructure must be forward-thinking and prepare communities for the economic opportunities of the future, not the past. This includes developing assets like electrified vehicle infrastructure, broadband that rivals that of highly industrialized communities nationally, and an intelligent electrical grid. We also discussed the concept of "certified sites" -- properties where prospective employers that fit the community vision outlined in its transition plan could locate. The idea is that these sites would be “shovel-ready,” with utilities in place, and potentially even with construction blueprints developed that can be adjusted to match the needs of specific employers.

This all is a double edged sword for some coal transition communities. On the one hand, they tend to have limited resources and to be relatively isolated, creating supply chain and marketing challenges for businesses. And while Colorado has a goal to make broadband reach every part of the state, we are not there yet. On the other hand, these communities are in or near some of the most beautiful and appealing landscapes and natural amenities in the world. And, as we know, they also boast proven and skilled workforces.

We understand this recommendation is one that comes with a sizable price tag, and it is a significant challenge for these smaller communities to make these investments on their own. One potential source of funding to help communities was authorized as part of Senate Bill 19-236. Defined as “Energy Impact Bonds” and also referred to as “securitization,” this is a debt refinancing mechanism for coal plants that can lead to significant savings that can then be used for both impacted communities and workers.

Whatever the strategy, we urge the State not to skimp in this area. Economic development professionals tell us that, dollar-for-dollar, these are among the best investments a community (and a state) can make in its long-term economic vitality and in attracting employers who will stay for the long-term. In a future recommendation, we discuss the opportunity to leverage private investment in these efforts as well.
This recommendation also includes assistance to help communities replace lost revenues from property taxes and other sources related to the coal industry so they can continue to fund critical infrastructure. We touch on these issues in more detail in our last recommendation.

Finally, the reference that infrastructure investments include labor and other standards was very intentional. Most of the jobs that are being lost pay well and come with quality benefits. We do not want to lower that bar. Not all employers or industry sectors are created equal in this regard, and we have to care about the quality of jobs that are created as well as the quantity. We would consider it a failure to replace a job people have raised families on with a job that barely allows them to make ends meet.

**Recommendation 9: Investment Intermediary**

Establish a legislatively-authorized state-wide independent investment intermediary focused on leading and structuring investments in coal transition communities. The purpose will be to ensure new investments support local economic development plans to create new businesses and jobs, and increase sales tax revenues and property tax values. The investment intermediary should be intimately connected and mutually accountable to the local entities that are responsible for oversight of Local Community Transition Plans, and in some cases it may be appropriate for these two functions to be housed together.

Activities include:
- Identify and structure investment deals based on local plans
- Recruit other investors into deals.

Our previous recommendations have largely focused on what the public sector can do to help coal transition communities thrive economically. But ultimately, communities will need many different types of capital from many different sources to backfill budgets, help workers and their families, and build new and diversified economies. The large majority of jobs will come through private investment -- either to support local entrepreneurs, help existing businesses expand, or attract new businesses to town. This recommendation (and the following one) is about using public investments strategically to leverage and catalyze private investment.

When it comes to economic development and job creation, larger communities have a significant advantage. They often boast full-fledged city departments dedicated to economic development and city planning, usually in partnership with well-resourced chambers of commerce and economic development corporations. Smaller communities have far fewer resources, staff and expertise.

This is relevant to our considerations because, while some of our coal communities are larger cities (such as Pueblo and Colorado Springs), the ones that face the most difficult challenges are small rural towns and counties where the community may need to
re-envision and rebuild its economy, but may not have any dedicated staff with expertise in economic development or finance, let alone the funds to catalyze investment in the region. This recommendation is intended to provide the financial tools essential to spurring investment and advancing development by pooling State and local resources and expertise on behalf of coal transition communities.

The role we envision for the statewide investment intermediary is similar to that played in larger communities by economic development corporations and elsewhere by rural intermediaries, such as community foundations or community development financial institutions. Its job would be to lay the groundwork for successful economic development by expanding the tools in the State’s economic development toolbox to include investment finance for communities in transition. The investment intermediary might also be empowered to assist established local businesses to expand, to make investments in expanding businesses, to engage with site selectors, and to negotiate terms for businesses locating or expanding into transition communities.

While the investment intermediary should have the independence and flexibility to make connections and broker deals quickly and nimbly, its work must be consistent with the relevant community transition plans. The JTAC was very clear that the intermediary must be disciplined and accountable to local leadership and committed to local visions. It cannot be a rogue entity out cutting deals just to cut deals, but an instrument in service of local goals and strategies.

**Recommendation 10: Dedicated Investment Funds**

Establish a legislatively-backed state-wide investment fund focused on making investments in coal transition communities in collaboration with those communities. The fund will provide capital investments for local deals. This includes:

- A First Risk Capital Fund that will be used to provide the high risk capital commitment to local investment deals
- A Permanent Investment Capital Fund that will be used to provide long-term capital to local investment deals.

This recommendation is an essential companion to the previous recommendation. For the investment intermediary to be effective, and for the local community transition plans to be successful, they must be backed by financial resources that can be strategically deployed. And while local sources of capital should contribute as many resources as possible, the purpose of making this a statewide entity is to augment those local resources from investors throughout the state and the nation.

This fund would provide investment finance for a broad array of activities ranging from public infrastructure investments (e.g. broadband) and remediation to business development, any of which could be components of a regional economic recovery and **Draft Colorado Just Transition Plan**
resilience strategy. Additionally, funds from this account could be used as a state or local “match” to help communities access and leverage federal dollars.

Many economic development strategies focus on lowering the business costs of expanding or relocating to a new community, either by reducing tax obligations or directly spending public funds to buy down costs. This recommendation is a variation on that theme, with several important attributes particularly relevant to coal transition communities:

- First, as we already mentioned, it provides a mechanism for outside parties to contribute to the effort. Rather than offering a tax credit against a community’s already limited revenues, communities can pool their resources with a wider range of interested parties -- and hopefully offer a more attractive deal for employers to create high-wage jobs with defined benefits.

- Second, it allows communities to focus on a wide range of potential employers, and not just those looking to unload an otherwise large tax burden. It can bring financial agility to the table, allowing communities to fashion packages that meet the unique needs of individual employers.

- And third, the creation of a “first risk” fund addresses the reality that, otherwise, many investors and banks are likely to see coal transition communities as too high-risk. A fund that specifically assumes more of the risk at the beginning makes investing in these communities a much more enticing prospect.

**Fiscal Issues**

The legislation creating this planning process also directed us to consider the costs of our proposals and potential sources of funding to pay those costs. In the era of COVID-19, this has been difficult. While we have made some efforts to estimate costs, we are not yet comfortable enough with their accuracy to share them in this plan.

The question of how to pay for the costs is even less clear. Colorado is a relatively low tax state -- and many of the coal transition communities are relatively low tax communities. Colorado also has some of the most restrictive tax and spending limitations in the nation, so even in the best of times the issue of funding would likely be our most daunting challenge. These, of course, are not the best of times. The State recently was forced to cut its General Fund budget by more than 13 percent from the level approved in 2019, and even deeper cuts are possible in the future.\(^\text{24}\) Local communities are facing equally serious revenue challenges.

So our recommendation for tax, fiscal and regulatory policies is very general, focusing on the questions that need to be answered, but not suggesting what those answers might be. These matters remain among our unfinished business, and we will focus attention on them in the next phase, in coordination with the OJT and the executive directors of CDLE and DOLA.

\(^\text{24}\) Governor’s Office of State Planning and Budgeting.


Recommendation 11: Tax, Fiscal and Regulatory Policy

- Investigate, identify, and enact tax policy changes that will allow the State, local governments, and special districts to support essential services and infrastructure as they lose the revenue generated by coal industries.

- Review utility scale renewable energy tax policies, including power generation and investment incentives.

- Review regulatory controls and financial incentives to support energy utilities to make clean energy research, power generation, and related investments in coal transition communities.

We know that some of the recommendations we make in this plan are ambitious. We think that is appropriate -- these are bold actions that are necessary to ensure a “just transition.” Some of them will likely come with significant price tags, and we know that our options are very limited. With that in mind, we suggest three general areas for the State to explore that we think will either help generate new or redirect existing public revenues, or provide effective incentives for private financial support (specifically from utilities).

The first bullet focuses mainly on the need to replace property tax revenues that will be lost when power plants and coal mines close. It is hard to overstate the importance of doing this. As we mentioned earlier, districts in Moffat County currently receive 44 percent of their total property tax revenues from one power plant and two coal mines. In Morgan County, they receive 25 percent of total property tax revenues from one power plant; in Pueblo County, it’s 16 percent from one power plant; in Routt County, it’s eight percent from one power plant and one mine; and in Gunnison and Rio Blanco counties it’s just over three percent from one mine each. The percentages are higher for some school or fire districts.25

While the ultimate solution is to replace these with revenues from new or expanded businesses as the result of successful economic transition plans, there needs to be an effective bridge from the time of closure until those new sources are in place. Otherwise, some local budgets will simply fall off a cliff -- in some cases causing irreparable damage to local institutions and economies.

We suggest that all options need to be on the table, up to and including consideration of strategic tax increases, reconsidering the distribution formulas for severance tax revenues

and other funding sources, and revisions to state constitutional provisions such as the TABOR and Gallagher Amendments. We recommend that the OJT convene a process over the next few months to further study these issues, utilizing the assistance of those with the appropriate expertise in fiscal issues.

Incidentally, we note that this potential loss of property tax revenue is among the biggest challenges that coal transition communities face. For some of them, it will be a bigger and more threatening issue than the loss of jobs. Yet this is not a consideration in defining a “coal transition community” in HB 19-1314 -- that depends entirely on how many jobs are lost. So Pueblo, for instance, may not qualify as an actual coal transition community by the current definition if Xcel Energy is able to retain many of its workers when it closes the Comanche plant there. But the county could lose up to 16 percent of its property tax revenues, which should be more than enough to qualify. We therefore suggest the Legislature revise its definition of “coal transition communities” to include the potential loss of a significant portion of its property tax base as a qualifying factor.

We've discussed at length how mines and power plants are responsible for a significant percentage of total property tax collections in some counties. When they close, these counties will face serious revenue shortfalls. The second bullet reflects the concern among some JTAC members that local property taxes collected from utility scale renewable energy facilities in the future may not be on a par with those currently collected from coal utilities, though there is not consensus among us on this point.

This is a complex issue, and it needs to be part of a larger conversation about taxation of renewable energy in Colorado. From a just transition perspective, we recommend this larger conversation include a thorough review of these policies to determine the fairest and most equitable way to generate appropriate local tax revenue from renewable energy projects. If the State determines that it is in the best interests of the people of Colorado to encourage clean energy development through tax incentives for renewables, we urge it to do so in a way that does not further limit local revenue streams in coal transition communities.

The third bullet recognizes that there is a strong public interest in encouraging utilities that are closing facilities in coal transition communities to reinvest in those same communities, especially when they are developing clean energy facilities. While we understand there are complex issues raised by this concept as well, we believe it is worthy of serious and careful consideration, with appropriate weight given to the public interest involved.

26 C.R.S. 8-83-502(2)
Unfinished Business

While we are proud of the recommendations we present in this draft plan and strongly urge their serious consideration, we recognize important work is left to be done. We have already discussed the need to dig much deeper to determine what these recommendations would cost and how the state might fund them. We pledge to work closely with OJT, CDLE, DOLA, and other interested parties to ensure that happens -- both effectively and soon.

There are two additional matters on our plate that require further attention. One is consideration of the precedents we may be setting, and the other is paying careful attention to how this transition affects or creates opportunities for “disproportionately impacted communities.” Both are specifically mentioned in the legislation that created this planning process.

Precedent

HB 19-1314 directs us to “identify and consider . . . the potential fiscal, economic, workforce, and other implications of extending components of the Just Transition Plan to other sectors and industries affected by similar economic disruptions.” This is a significant and complex question, and one we have not had adequate time to discuss as an advisory committee.

We mentioned earlier in this draft plan that the challenges faced by coal transition communities are not unique -- that in fact most of Colorado’s rural counties may be over-reliant on one employer or business for jobs and property taxes. In recommending that we assist coal workers and communities to the extent we do, are we essentially suggesting the state provide similar benefits and support to other workers and communities if and when they face similar “economic disruptions?” Will benefits that appear to be affordable when applied to 2,000 workers or less suddenly break the budget when extended to thousands more in other industries? What are the criteria that make support for coal workers and communities appropriate that may or may not apply to others in the future?

In passing HB 19-1314, the Legislature declared that the State has “a moral commitment” to assist coal transition workers and communities and to “support a just and inclusive transition.” They base that determination on the “scientific consensus that greenhouse gas emissions . . . must be reduced in order to mitigate the worst effects of climate change,” and on its finding that, “The effects of coal plant closures on workers and communities have the potential to be significant if not managed correctly.” We take that to imply that supports and benefits like the ones we are recommending might be appropriate any time there is a strong public purpose or consensus that

28 C.R.S. 8-83-503(6)(d)(III)
29 C.R.S. 8-83-501
is driving policy that may lead to “significant” impacts on workers and communities on the order of magnitude of the transition away from coal.

That said, what consideration do we give to the trends that were already well established before the state passed legislation to limit greenhouse gas emissions? The charts in the introduction to this draft plan (pages 10-11) clearly show that coal production and consumption in Colorado and around the country had already declined by nearly 50 percent in the dozen years before the passage of HB 19-1261. Competition was already tough, and markets already seemed to be deciding to transition away from coal. The passage of legislation likely accelerated that process in Colorado, but the ultimate outcome may already have been set.

Our conversations in the JTAC made clear that there are significant differences in perspective and opinion among us on these complex questions. Nonetheless, attempting to answer them is critical if we are to understand the precedent the State would set by adopting the recommendations in this draft plan. In the end, it is the role of our elected officials to determine what criteria, if any, should be applied to future economic disruptions affecting a concentrated group of workers and communities. We intend to consider these issues further over the next few months, with the goal of suggesting criteria that might serve as a starting point for the State’s elected leaders.

**Disproportionately Impacted Communities**

HB 19-1314 mentions disproportionately impacted communities three times:

- Once when it declares that the “moral commitment” mentioned earlier extends to “the disproportionately impacted communities who have borne the costs of coal power pollution for decades;”\(^{30}\)

- Once when it defines a “disproportionately impacted community” as “any community of color, low-to-middle income community, or indigenous community that is or has been directly impacted by coal pollution;”\(^{31}\) and

- Once when it directs that two members of the Just Transition Advisory Committee should be “representatives of disproportionately impacted communities.”\(^{32}\)

Beyond these three provisions, the legislation gave no direction about how we were to consider or integrate the interests of these communities in our deliberations. Whereas the bill was explicit in the sorts of recommendations to consider for coal transition workers and coal transition communities, it was silent on this point.

Because most people are not in the habit of reading the definitions sections of state legislation, there has been some understandable confusion among stakeholders about the term “disproportionately impacted communities.” After all, the whole idea behind the term “just

\(^{30}\) C.R.S.8-83-501(1)(c)(III)  
\(^{31}\) C.R.S.8-83-502(4)  
\(^{32}\) C.R.S.8-83-503(6)(e)(III)(E)
transition” is that certain workers and communities are being “disproportionately impacted” by the decline of the coal industry. But here we are not talking about coal transition workers or coal transition communities. Instead, we are talking about people throughout the state of Colorado who may be disproportionately exposed to pollution and other environmental hazards by virtue of where they live (for example, low-income neighborhoods located near industrial facilities), where they work, or other factors often related to their socioeconomic status.

We believe the Legislature included these communities in HB 19-1314 because they wanted their voices and their lived experiences to be centered in our work. Environmental justice issues like these are increasingly a part of public policy conversations. That is a good thing. We established a Subcommittee on Disproportionately Impacted Communities, and they advised us on how to include environmental justice considerations in our deliberations. The role of that subcommittee will continue, and take on new importance, as we seek public input on this draft plan from as broad a spectrum of Coloradans as possible. It may also focus on issues around the clean-up and remediation of coal sites, as well as on ensuring that members of disproportionately impacted communities are fully engaged in decisions about the future of their communities related to the transition away from coal.

At the same time, we note that these concepts were also included in other legislation, passed in the same legislative session as HB 19-1314, concerning related environmental issues, and that the Colorado Department of Public Health and Environment has made it a responsibility of one of its divisions to coordinate a wider approach to these issues. We think a coordinated approach with a broader and more comprehensive view of matters of environmental justice will best serve the State and the affected communities. As such, we suggest the Office of Just Transition participate actively in this broader government effort rather than create its own independent approach.

We will continue to pay careful attention to these issues as an advisory committee, and we are grateful that these perspectives are intentionally included in our work. The opportunity for the OJT to be part of a larger state effort seems to us to be most appropriate.
Next Steps

In submitting this Draft Just Transition Plan, we are completing the first phase of the process laid out in HB 19-1314. Responsibility now shifts to the Office of Just Transition. Based on this draft, and with the approval of the executive directors of the departments of Labor and Employment (CDLE) and of Local Affairs (DOLA), the OJT Director is required to submit a Final Just Transition Plan to the Governor and the General Assembly on or before December 31, 2020.\(^\text{33}\)

Between now and then, at least four things will happen:

- The OJT, along with CDLE and DOLA, will review and further vet these recommendations. The final plan they submit should outline the actions the state will be able to take under existing authority, those actions that will require additional authority from the Legislature to implement, and those actions (if any) that may require a vote of the people to approve.

- These same agencies, along with the Office of Economic Development and International Trade (OEDIT), will work together to assess the current capacity of coal transition communities to develop the local community transition plans and conduct related activities recommended in this draft plan. They will also establish joint strategies for assisting these activities and, to the extent possible, begin working with these communities to get a head-start on the process.

- The Just Transition Advisory Committee will continue to meet to provide additional input to the process on a number of issues raised in this document -- especially the items outlined in the section on Unfinished Business.

- The OJT will resume our public engagement efforts with coal transition communities and workers. We were forced to postpone these efforts due to the COVID-19 pandemic, but the OJT will finalize and implement plans to engage interested parties mostly through virtual platforms.

We look forward to continuing our work with the OJT and other state agencies -- as well as affected workers, affected communities and other stakeholders -- to ensure Colorado leads the nation in defining what “just transition” truly means on the ground. This draft plan is just the first step in a long journey we will take together.

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\(^\text{33}\) C.R.S.8-83-503(3)