

Just Transition Advisory Committee (JTAC) Meeting

Friday, September 17, 2021, 1:00-3:30 pm

****This will be a virtual meeting only****

Information for connecting to the meeting either by Zoom or by phone is on your calendar invitation to the meeting. If you are having trouble finding that information or actually connecting to the meeting, please text Terri Livermore at 720-670-1626.

Agenda

- Convene/Attendance [5 minutes]
- Agenda Review and Approval [3 minutes]
- Chair's, Vice-Chair's, and Director's Reports [15 minutes]
 - Introduction of new staff members (see brief bios, page 2 of this packet)
- Discussion and Guidance
 - Funding the Action Plan
 - ✓ Overview of Proposed Process and Criteria, Clarifying Questions [20 minutes]
OJT Staff
See Memo (pages 3-10 of this packet)
 - ✓ JTAC Discussion and Guidance [45 minutes]
See questions for discussion at end of Memo
- Updates
 - Presentation on Federal Grant Opportunities (EDA) [15 minutes]
Kat Papenbrock, OEDIT
See Presentation Slides in separate document
 - Update on Federal Issues and Activities [10 minutes]
Chris Markuson, BlueGreen Alliance
- Committee Elections Preparation [5 minutes]
 - Call for Leadership Nominations
- Public Comment [2 minute limit per comment]
- Other Business
- Adjournment



MEET OUR TEAM!

I am so excited to introduce our two new team members at the Office of Just Transition! We have tripled in size, and probably quintupled in talent and expertise. Here are brief bios provided by each, and I look forward to you meeting them (virtually) on Friday!

-- Wade

Terri Livermore Policy and Engagement Manager

Terri served as executive director and policy director of Nourish Colorado, a non-profit focused on systemic change in the food system to ensure equitable access to nourishing food for all Coloradans. And before that, Terri spent a couple of decades lobbying the state legislature and handling in-house public policy work for non-profit organizations. Terri was born and raised in Gunnison Colorado, and received her Bachelor of Arts degree from Colorado College. When not working, she can be found cycling with her husband Michael, reading, or playing with their two dogs, Loki and the family's newest addition, Teller.

Kirstie McPherson Community and Economic Development Manager

Kirstie is a Behavioral Economist whose research has focused on economic development throughout her career. Working with dozens of communities across the US, Kirstie has identified key practices to enhance economic development and answer the most common problems our communities are faced with today: workforce attraction, business expansion, and community interest. Kirstie's primary focus is transitioning economies, such as coal reliant communities and other one industry communities, in working with their redevelopment strategies and business resiliency programs. Kirstie lives and owns several businesses in Craig, Colorado, where she was born and raised.

MEMO

TO: JTAC Members
FROM: OJT Staff (Wade Buchanan, Terri Livermore, Kirstie McPherson)
DATE: September 15, 2021
RE: **Proposed Strategy for Funding the Just Transition Action Plan in Compliance with HB 21-1290**

HB 21-1290 appropriated \$15 million to the Just Transition Cash Fund. Of that:

- \$8 million (Section 2 of the bill) is to:
 - “implement the Final Just Transition Plan for Colorado” (Action Plan),
 - “provide supplemental funding for existing state programs that the office identifies as the most effective vehicles for targeted investments in coal transition communities,”
- \$7 million is “for coal transition worker assistance programs” (Section 3 of the bill).

With regard to the \$8 million (hereafter “Section 2 funding”), **the bill requires OJT to “consult with the Just Transition Advisory Committee on expenditure decisions.” This memo and the subsequent conversation at the advisory committee meeting constitute the first round of that consultation process.** There are a lot of moving parts outlined below, and at the end of the memo we have included some key questions to guide the Advisory Committee’s discussion.

Note that there is no similar consultation requirement for the \$7 million for worker transition programs (hereafter “Section 3 funding”), for which the HB 21-1290 provides more specific direction. We will discuss issues that arise concerning this account at a future meeting if necessary.

Legislative direction

Our proposed strategy adheres first and foremost to the direction provided in [HB 21-1290](#) -- specifically, C.R.S. § 8-83-504(4)(a-c), outlined here:

1. OJT shall expend the funding to:
 - a. Implement the Final Just Transition Plan for Colorado [the Action Plan]
 - b. Provide supplement funding for existing state programs the Office identifies as the most effective vehicles for targeted investment in coal transition communities, with emphasis on Tier One communities. These existing state programs should:
 - Support targeted economic development
 - Assist with regional economic development coordination
 - Support infrastructure projects, or
 - Be consistent with the Action Plan
2. OJT shall consult with JT Advisory Committee on expenditure decisions

3. OJT shall prioritize expenditures consistent with the level of support from community and state action teams
4. Fund transfers to other state agencies must be approved by the OJT Director, ED of CDLE, ED of DOLA, and ED of OEDIT
5. 70% must be expended by June 30, 2022; remaining must be expended by June 30, 2023
6. Up to 5% may be used for office operational expenses, including staffing.
7. Grants may be made to any “eligible entity,” which was explicitly defined in [HB 19-1314](#) (C.R.S. § 8-83-502(5)) as any of the following entities that serve a transition community:
 - An economic development district
 - A county, municipality, or other political subdivision of the state
 - An Indian Tribe
 - A registered apprenticeship program
 - An institution of higher education
 - A public or private nonprofit organization or association.

With the exception of items 4-6, which address an approval process, timing, and administrative costs, all of the above either directly reference the Action Plan or endorse specific actions that are part of the plan itself. **Therefore, our interpretation of this legislative directive is that the intended purpose of the \$8 million Section 2 funding appropriated in HB 21-1290 is to fund implementation of the Action Plan, with a clear emphasis on Tier One Communities. This interpretation frames our recommendations in this memo.**

DISCUSSION QUESTION #1

Funding Implementation of the Colorado Just Transition Action Plan

The Action Plan lays out three long-term goals, 13 strategies, and 29 specific “first actions,” many of which the OJT has already begun to implement. Relevant to the Section 2 funding are the first and third goals and their subsequent strategies.

Goal 1: To help each community end up with more family-sustaining jobs, a broader property tax base, and measurably more economic diversity than when this process began in 2019.

1. *Align state and federal programs to assist local strategies*
2. *Target early successes in business start-ups, expansions, retention, and attraction*
3. *Empower communities with resources to drive their own economic transitions*
4. *Coordinate infrastructure investments to support local and regional transition strategies*
5. *Identify and support state, regional, and local institutions to facilitate needed investments*
6. *Attract grants and investments to power local economic growth*

Goal 3: To identify potential funding options from public, non-profit, and private sources. This includes ways to help communities bridge gaps in property tax revenues and to pay for new programs to serve displaced workers.

1. *Develop realistic options for further State support of just transition strategies*
2. *Work with utilities and mining companies to increase transition funding*
3. *Ensure the OJT has adequate capacity to continue to develop and implement this Action Plan*

The Action Plan was submitted in the midst of the pandemic and written under the assumption that resources for implementation would be very limited for at least the next several years. However, because the state made “worst-case-scenario” budget cuts at the beginning of the pandemic, it was able toward the end of FY 2020-21 to put some of those resources back into the budget. This was the source of the \$15 million provided through HB21-1290, which was not anticipated but allows for a more aggressive approach to implementing the Action Plan.

OJT has carefully analyzed the opportunities for using funding in a way that maximizes their impact on assuring a successful, long-term transition that achieves the stated goal of more family-sustaining jobs, broader property tax bases, and measurably more economic diversity than existed before coal facilities closed.

We propose the creation of five separate “buckets” of funding as follows:

1. **Build Local Capacity and Support Community Strategies** -- \$5 million (proposed target)

The most effective and long-lasting economic development strategies usually come from within communities themselves, reflecting their own priorities and building on existing strengths. The state will work with appropriate jurisdictions within Tier One communities to ensure each has the staff capacity and expertise to effectively develop and implement local transition strategies. These local strategies, and the local leadership behind them, will serve as the foundation of the State’s ongoing partnership with these communities on transition issues.

(Community Strategy 3, page 7, CO JT Action Plan)

This bucket will support a three-phased process to achieve the vision in the above excerpt:

- A. Ensure transition communities have adequate capacity and expertise to develop and implement effective transition and diversification strategies. (OJT has already committed approximately \$211,000 as matching funds for DOLA REDI grants for this purpose in the Yampa Valley and the West End of Montrose County.)
- B. Help communities develop their transition and diversification strategies, with the support and ultimate agreement of OJT and their state action teams.

C. Help communities leverage and maximize funding opportunities to implement their transition and diversification strategies.

2. **Supplement Existing State Programs** -- \$650,000 (proposed target)

The Action Plan is premised in large part on the understanding that the challenges most transition communities face are essentially the same as those faced by other small or rural communities that depend on one business or sector for a disproportionately large percentage of jobs, taxes, and economic activity. In many cases, state agencies such as the Office of Economic Development and International Trade (OEDIT) and the Department of Local Affairs (DOLA) already have proven programs and strategies to help address these challenges. This bucket of funding will be used as necessary to provide supplemental funding to those state programs to address specific challenges or opportunities in transition communities consistent with their transition and diversification strategies. This use is expressly directed by HB 21-1290 (C.R.S. § 8-83-504(4)(a)).

3. **Centralized or Common Services and Actions** -- \$450,000 (proposed target)

There will be some parts of the Action Plan, as well as actions common to more than one community's transition and diversification strategy, which can be most efficiently or effectively implemented through the OJT itself. Examples might include a peer-to-peer learning network (part of Community Strategy 3 in the Action Plan), studies of the expected local and regional economic impacts of power plant and mine closures, or support for common undertakings (such as grant writing services for a combined grant application). This bucket would provide funding for such undertakings, some of which might be directed by ad hoc steering committees of local representatives.

4. **Leverage Investment** -- \$1.5 million (proposed target)

Successful transitions, especially in communities that currently host power plants, will require replacement of a significant amount of lost commercial property value -- perhaps \$3 billion or more among all Tier One communities. The Action Plan recognizes that this will require significant investment, much of which will almost certainly come from outside the communities themselves. Community Strategies 5 and 6 in the Action Plan address the challenge -- strategies that lower risk, support a network of financial institutions to support investment, and leverage investments themselves. With the assistance of issue experts, the OJT is exploring options for effectively achieving these goals, and this bucket would be reserved to implement resulting strategies and incentives.

5. **Administration** -- \$400,000 (authorized in HB 21-1290 specifically C.R.S. § 8-83-504(4)(b)(IV)).

With the exception of the last bucket (administration), the dollar values assigned to each bucket are preliminary targets based on assumptions about how to maximize the impact of limited

funding. OJT expects to make adjustments to these amounts over the two-year term of the funding as we learn more about need and effectiveness, as circumstances change, and as new opportunities emerge.

DISCUSSION QUESTIONS #2-4

The Three-Phased Process for Developing and Funding Community Transition and Diversification Strategies

As mentioned above, the largest bucket (and most complex process) involves funding to build local capacity and support community transition and diversification strategies. The three phases of this process are:

1. Ensuring transition communities have adequate resources and expertise to develop and implement effective transition and diversification strategies.
2. Helping communities develop their transition and diversification strategies, with the support and ultimate agreement of OJT and their state action teams.
3. Helping communities leverage and maximize funding opportunities to implement their transition and diversification strategies.

OJT and the action teams intend to meet each transition community where it is and to work through these phases at the pace that makes sense for each specific community.

The underlying premise is that the most effective uses of funding are those that support **carefully constructed, well informed, targeted and preferably regional strategies that reflect deep community engagement and the benefits of which are shared broadly among all sectors of the community.**

In Phase 2, agreement on a community's transition and diversification strategy between the community and OJT (including the relevant action team) will depend on consideration of a range of factors, including:

- Definition of the region served
- Definition of impacts and needs assessment
- Clarity and reasonableness of short-, medium- and long-term goals and success measures
- Identification of community assets upon which the strategy is built
- Focus, details, prioritization, and phasing of specific implementation strategies
- Clear assessment of challenges and risk factors
- Realistic budgets and timelines
- Assessment of technical and capacity needs
- Identification of partners and likely funding sources
- Demonstrated inclusivity of public processes
- Assessment of broad and equitable community impacts

Section 2 funding from HB 21-1290 is very limited when compared to the challenges it is intended to address. So while OJT will fund capacity building and will assist as it can with the development of effective community transition and diversification strategies (pages 1 and 2), **in Phase 3 it will only provide funding for additional activities, projects, or programs that arise directly from and are in direct service to such community strategies.** Additionally, OJT will prioritize match and gap funding to maximize the impact of limited state dollars.

DISCUSSION QUESTIONS #5-7

HB 21-1290 authorizes grants to eligible entities as one mechanism for funding implementation of those community strategies once agreed upon. In addition to the viability of a specific activity, project, or program being proposed for funding and how it aligns with the agreed-upon community transition and diversification strategy, OJT decisions to fund any specific grant will depend on additional criteria, including:

- The specific timeline for the actual or expected closure of coal facilities in the community;
- The magnitude of projected loss to the community in terms of property taxes, jobs, and other economic activities (both in absolute dollars and numbers as well as percentages of local job and tax base);
- The demonstrated strategic use of funding (for instance, maximizing leveraging potential or providing critical gap funding);
- Projected return on investment (both economically and in terms of other community assets)
- The level of support from multiple jurisdictions within the community;
- The demonstrated level of support from community members, including traditionally underserved communities;
- Projection of how broadly shared benefits will be across the community.

DISCUSSION QUESTIONS #8-9

Next Steps and Structure for Consultation

We intend to take the feedback from this meeting as well as from members of our action team to draft a new “process and criteria document” for public review. If any major issues arise that we think require your further consideration and guidance, we will reconvene the Advisory Committee as promptly as possible. Based on all the feedback, we will finalize and formally announce a final document to guide our work moving forward. Once that is in place, we will begin meeting with local communities, at their request and at their pace, to discuss their transition and diversification strategies. We hope to be able to begin this phase of our work in early October.

To fulfill our ongoing commitment to “consult with the Just Transition Advisory Committee on expenditure decisions,” as required by HB 21-1290, we propose providing formal activity and expenditure reports at quarterly JTAC meetings. While in most cases these reports would be about decisions and expenditures we already will have made, we think it is the most efficient approach. We can, of course, discuss this and look for other alternatives should committee members prefer another approach.

DISCUSSION QUESTIONS #10-11

Questions for Discussion

Staff is open to any and all feedback on these proposed processes and criteria. To guide a productive discussion at the meeting -- and to get specific feedback on areas we are particularly interested in -- we propose the following questions. Note that question numbers correspond to the highlighted numbers in the relevant sections of this memo.

1. Do you agree with the OJT staff's general interpretation of the legislative directive (that is, that “the intended purpose of the \$8 million Section 2 funding appropriated in HB 21-1290 is to fund implementation of the Action Plan, with a clear emphasis on Tier One Communities”)? If not, what are we missing or getting wrong? What alternative interpretation would you propose?
2. In general, do you approve of the idea of separating Section 2 funding into specific buckets, with OJT retaining flexibility to move money around among the buckets as circumstances develop? If not, what other approach would you suggest?
3. Do you think the OJT has proposed the correct buckets for funding? Would you add any? Would you configure the buckets in a different way to better reflect the priorities in the Action Plan?
4. What is your reaction to the target amounts listed for each bucket? Understanding that money can be moved around as appropriate over time, would you still suggest a different distribution to begin with? What would that be, and what factors should guide the decision?
5. In general, do you support the three-phased approach to community strategies and funding outlined in this memo (i.e., capacity building, agreement on strategy, funding for that strategy)? If not, what other approach would you suggest?
6. Do you agree that, beyond capacity building and planning support, OJT should “only provide funding for additional activities, projects, or programs that arise directly from and are in direct service to” community strategies that are agreed upon by OJT and that are

“carefully constructed, well informed, targeted and preferably regional strategies that reflect deep community engagement and the benefits of which are shared broadly among all sectors of the community”? If not, what criteria should guide a decision to provide funding that does not meet this standard?

7. What do you think of the factors outlined in this memo for evaluating community transition and diversification strategies? What is missing? What should be removed from the list? Is there a different approach we should use instead?
8. Do you agree with the criteria outlined in this memo for approving specific funding for communities or other eligible entities? Again, what is missing? What should be removed from the list? Is there a different approach we should use instead?
9. With regard to the criteria for funding, what weight would you assign to each? How would you assign priority for funding?
10. Do you agree that quarterly review of OJT funding decisions is adequate to fulfill the consultation obligation in HB 21-1290, or would you prefer to meet more often to ensure review of decisions before they are made?
11. In general, do you think the process and criteria laid out in this memo puts us on the right track to use the funding from HB 21-1290 to maximize our support for a just transition for coal communities and coal workers? What are the most important adjustments you would make?