



Policy for Socioeconomic Impact Analysis in Regulatory Development

Board of Directors Meeting

September 2, 2026

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Economist

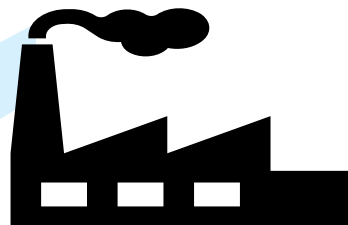
Regulatory Development Division

Recommended Action

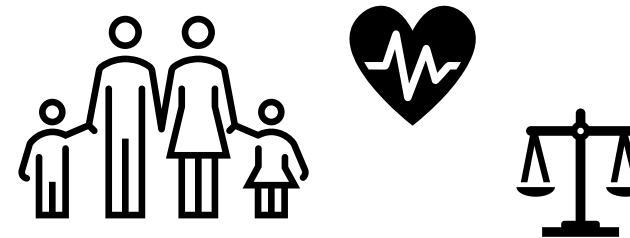
Adopt a policy for how the Air District will conduct socioeconomic impact analyses for Air District regulatory actions. Socioeconomic Impact Analysis policy would set standards and metrics to ensure consistency for analyses conducted beyond the minimum statutory requirements and documents standards of transparency, supporting better informed and equitable decision-making.

What is a Socioeconomic Impact Analysis?

Socioeconomic impact analyses look at how proposed air quality rules affect businesses, jobs, and community well-being.



Business costs



Public Benefits: health, quality of life and environment

Socioeconomic analysis evaluates industrial pollution costs against public benefits, aiming to maintain **economic balance, ensure adequate health and environmental protection**, while **building public engagement and trust**

Key Policy Elements

Scope: Applies to all new and amended air quality regulations

Methodology: Standardized, transparent, and data-driven

Stakeholder Input: Early and ongoing engagement

Equity Considerations: Focus on vulnerable and impacted communities

Required Socioeconomic Analysis Contents

1. **Statutory Context and Need for Action** –why is this rule needed?
2. **Baseline** – what if we don't act?
3. **Directly Affected Businesses and Sectors** –how broad is the rule's impact?
4. **Compliance Costs** – via peer-reviewed methods and models.
5. **Cost-Effectiveness Metrics** – in \$/ton for pollutants.
6. **Economic Impact Analysis (Regional Macroeconomic/Industry)** – measures economic impacts of costs of proposed regulation on area-wide economy via:
 - a. macroeconomic modeling of impacts on economic output and employment;
 - b. assessing impacts on small entities; and
 - c. assessing impacts on consumers.

Enhanced Socioeconomic Analysis

When do we conduct it?

1. Cost is projected to be above \$10 million in direct annual costs
2. Facility is subject to significant additional rules in the past 10 years
3. Economic impacts are direct to the general public or small business
4. Economic impacts are spread over a large number of facility types
5. Proposed rule could significantly impact energy or housing costs

Additional Evaluation Metrics

In addition to the elements found in a standard analysis, enhanced socioeconomic analyses will include:

- Cumulative Air District regulatory costs;
- Impacts on households and affordability by income, race, ethnicity, and gender;
- Relationship of costs to income and housing burden;
- Differences across populations and communities; and
- Impacts on businesses, employees, and customers.

Stationary Source Committee Discussion

At its meeting on July 8, 2026, Stationary Source Committee discussed and recommended that the Board of Directors adopt the Air District's Socioeconomic Impact Analysis Policy. The discussion focused broadly on the main themes from public comments:

1. **Cost vs. Benefit Framing:** a socioeconomic impact analysis report to address the air quality or public health benefits balanced against the costs
2. **Depth of Analysis vs. Rulemaking Speed:** focus efforts on significant regulations by adding enhanced analysis
3. **Baseline Assumptions,** defined as expected conditions in the absence of the proposed rule (“without rule” scenario), will compare proposed outcomes and reflect current economic and environmental conditions.

vs. = versus

Recommended Action

Adopt a policy for how the Air District will conduct socioeconomic impact analyses for Air District regulatory actions.

Questions & Discussion

For more information:

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Local Community Benefits Fund: Award of Round 1 Benicia Catalyst Grant Funds

Board of Directors

September 2, 2026

Emi Wang
Officer
Community Investments Office



Recommended Action

- Award \$40,000,000 in Local Community Benefits Fund awards for the Catalyst Grant in Benicia:
 - \$10,000,000 in recommended funding to Benicia Unified School District
 - \$30,000,000 in recommended funding to the City of Benicia
- Authorize the Executive Officer/APCO to execute grant agreements for the recommended projects

Outline

- Local Community Benefits Fund Overview
- Application Scoring & Review Process
- Eligible Benicia Catalyst Grant Applications
- Application Resubmissions
- Recommended Awards

Core Strategies

Reduce Air
Pollution and
Improve
Health
Outcomes

Build
Economic
Resilience for
a Just
Transition

Anticipated Community Benefits of the Recommended Investments

- **Modernizing public school facilities** to support healthier students and a smaller environmental footprint
- **Transitioning schools away from fossil fuels** with efficient, electric building systems
- **Improving classroom comfort and protection** through better temperature control, cleaner indoor air, and lower exposure to pollution
- **Enhancing school grounds** with trees and vegetation that capture carbon and improve air quality

Anticipated Community Benefits of the Recommended Investments (cont.)

- **Accelerating Benicia's clean energy transition** through building electrification, electric fleet vehicles, and charging infrastructure
- **Making streets safer and more accessible** for cyclists and pedestrians
- **Preparing for a thriving post-refinery future** with a strategy focused on economic resilience, quality jobs, and environmental stewardship
- **Advancing community health and safety** through air quality monitoring and wildfire readiness
- **Greening the city for future generations** with new trees, shaded trails, shoreline improvements, and enhanced public spaces

Benicia and Surrounding Communities: Available Funding

- In October 2024, the Air District and the California Air Resources Board fined Valero Refining Company for air quality violations, resulting in \$60,011,061 in available funds
- In April 2026, the Air District fined Valero Refining Company for air quality violations, resulting in an additional \$2,250,000 in available funds
- Interest that has accrued on these funds since collection

Catalyst Grant

- Supports multi-stakeholder collaboration over multi-project investments that address diverse community needs
- Grant size ranges between **\$10 - \$40 M**
- Grant terms up to five years
- Due to the ongoing strain on the Benicia community's civic and organizational capacity resulting from the Valero refinery closure, the Air District offered two exemptions:
 - Partnership requirements waived for the Catalyst Grant
 - Expedited Air District application review

Applications Received

- The Air District received three Benicia Catalyst grant applications
- One application received did not meet eligibility requirements, was deemed ineligible, and did not advance for review

Community & Technical Reviewers

- Two eligible applications evaluated using the published scoring rubric
- A six-member review panel reviewed both applications
 - 2 Community Reviewers selected through an application process based on expertise, community connection, and commitment to community impact
 - 4 Technical Reviewers from the Air District (3) and California Air Resources Board (1)

Application Scoring

- Reviewers completed confidentiality and conflict-of-interest disclosures
- Consultant Ground Works Consulting provided training on the scoring criteria and bias awareness
- Reviewers independently evaluated and scored each application using the published rubric
- Two facilitated check-ins allowed reviewers to ask clarifying questions, share perspectives, and discuss observations

Note: Reviewers were not expected or required to align their scores or comments

Scoring Rubric

Project Narrative (<i>Seed, Opportunity and Catalyst Grants</i>)		
Strategy Alignment	Clear and compelling alignment with one of the Local Community Benefit Fund's strategies	10
Community Need	Identification of specific community needs rooted in community engagement	10
Community Impact	Feasible project approach to addressing identified community needs and challenges	10
Community Engagement	Specific community engagement strategies during project implementation	10
Measurable Outcomes	Specific, feasible, meaningful, and measurable outcomes tied to Local Community Benefits Fund Program Goals with clear indicators	10
Workplan	Detailed Measurable Outcomes Plan linking measurable outcomes to project tasks and milestones	10
Budget	Reasonable and justified budget sufficient to achieve identified measurable outcomes	10
Project Lead Capacity	Demonstrated management capacity, dedicated staffing/resources and experience necessary to complete the proposed project	10
Alignment with Local, Regional or State Priorities	Demonstrated support from and alignment with existing community, local, regional or statewide priorities or initiatives	10
Project Readiness	Identification of necessary permits, approvals, and site control with concrete steps to obtain them, where applicable	10
		<u>100</u>

Overall Narrative (<i>Opportunity and Catalyst Grants</i>)		
Proposal Vision	Overall vision aligned with the Local Community Benefits Fund Program Goals and community needs	10
Partnership Composition	Multi-stakeholder partnerships rooted in community priorities and leadership with demonstrated organizational connections to the community	10
Partnership Co-Management Structure	Meaningful co-management structures with clear roles, responsibilities, and decision-making processes that outline how partners will collaborate	10
Lead Applicant Management Capacity	Demonstrated ability and dedicated resources to oversee overall implementation	10
Lead Applicant Financial Capacity	Demonstrated ability to manage public funds efficiently with clear financial management and tracking practices	10
		<u>50</u>

Note: Due to the waiver of the co-applicant requirement, Benicia Catalyst applications were scored out of 130 points rather than 150 points

Detailed Scoring Rubric

1. Strategy Alignment Does the project demonstrate a clear and compelling alignment tied to one of the Local Community Benefit Fund's strategies? • Reduce air pollution and improve health outcomes • Build economic resilience for a just transition Source: • Project Narrative - Q1 (Project Summary) • Project Narrative - Q2 (Strategy Alignment)	
Score range	Description
9-10 (Excellent)	Clear and compelling overall vision aligned to one of the Local Community Benefits Fund's core strategies. The connection between the project and the strategy is specific, direct, and well-articulated — no ambiguity about which strategy is being advanced or how.
7-8 (Good)	Good alignment with one of the Fund's strategies. The project vision is clear but may lack some specificity in how the project activities directly advance the strategy.
5-6 (Adequate)	Some alignment with a Fund strategy is present but the connection is vague or generic, or the project description does not make a strong case for why this strategy fits.
3-4 (Insufficient)	The project claims alignment with a strategy but the connection is weak, unclear, or superficial. The strategy feels tacked on rather than central to the project design.
0-2 (Poor)	Little to no demonstrated alignment with either Fund strategy. Project vision is absent, unclear, or entirely disconnected from the program's goals.

Benicia Unified School District (BUSD)

Project	Summary	Funding Request	Average Score
Healthy Campuses	“BUSD proposes a comprehensive suite of facility transformations designed to eliminate fossil fuel dependency while creating a 'safety shield' for student and staff health.”	\$15,515,869	81 / 100
Student Wellness	“The project will implement coordinated outreach, early identification, and care navigation for students experiencing illness—particularly those affected by respiratory conditions such as asthma and allergies”	\$6,304,400	66 / 100
Career Pathways	"Expand its current Career Technical Education Pathways program by adding an Environmental Resources Pathway and a Biotechnology Pathway as part of the BUSD Clean Future Initiative.”	\$3,950,641	75 / 100
<i>Overall Narrative</i>			28 / 30
Total Score			102 / 130
\$ Request		\$25,770,910	

City of Benicia

Project	Summary	Funding Request	Average Score
Clean Energy	"The City Center Community Resilience Campus (Phase 1) brings Heating, Ventilation, and Air Conditioning (HVAC) electrification, solar system modernization, and consolidated backup power."	\$7,182,512	61 / 100
Clean Mobility	"The Clean Mobility Project advances two parallel goals: transitioning city-owned vehicles and infrastructure toward clean energy and making it safer and more practical for Benicia residents to get around without a car."	\$5,886,442	57 / 100
Just Economic Transition	"Four outcomes define success for this project: the Industrial Park stays economically active during the transition; the City's land use policy is updated in time to shape what comes next; the refinery site's decommissioning follows a structured, public process; and the Industrial Safety Ordinance program keeps protecting residents throughout."	\$11,430,924	59 / 100
Promoting Community Health	"The project supports energy transition by replacing reactive spending—emergency wildfire response, deferred park maintenance, crisis-driven fleet repair—with planned, preventive investment that lowers long-term costs and protects the health of Benicia's workforce and families."	\$15,500,120	57 / 100
Overall Narrative			23 / 30
Total Score			81.5 / 130
\$ Request		\$40,000,000	

Application Submissions: Strengths

Reduce Air Pollution and Improve Health Outcomes

- Project proposals to reduce exposure to indoor air pollution by increasing filtration and reducing emissions, such as envelope air sealing and electric heat pumps
- Project proposals to reduce the emissions of criteria pollutants or air toxics through activities such as the installation of electric vehicle charging infrastructure, bicycle and pedestrian safety improvements, and tree planting

Build Economic Resilience for a Just Transition

- Environmental student career pathways and training
- Redevelopment coordination for industrial and polluted properties
- Economic development planning to advance economic diversification and attract clean and green businesses

Application Submissions: Weaknesses

- Acquisition and/or maintenance of fossil-fuel powered appliances, building systems, and infrastructure (e.g., diesel generators, gas-powered vehicles, gas-powered Heating, Ventilation, and Air Conditioning (HVAC))
- Deferred maintenance activities with indirect and unclear impact to air quality improvements
- Activities lacking concrete, tangible, and measurable outcomes aligned with the program strategies and the proposed budget
- Heavy reliance on consultants and subcontractors

Resubmission Process

- Both applicants asked to re-submit revised applications for Air District consideration
- Staff worked closely with both applicants to refine project scopes, workplans, and budgets
- Refinements focused on:
 - Maximizing tangible and measurable benefits for Benicia residents
 - Supporting successful, timely project delivery
 - Ensuring responsible stewardship of public funds

Considerations for Award

- Fund activities with **concrete, tangible, and measurable outcomes** aligned with the program goals and the proposed budget
- Prioritize funding that **stays within the community** (e.g., reduce consultant costs)
- Ensure fiscal accountability by **preventing duplicate funding** and maintaining clear documentation
- Do **not fund the acquisition and/or maintenance of fossil-fuel** powered appliances, building systems, and infrastructure (e.g., diesel generators, gas-powered appliances and vehicles)

Benicia Unified School District

Project	Application – Original	Application – Resubmission
Healthy Campuses	\$15,515,869	\$15,515,869
Student Wellness	\$6,304,400	\$4,937,595
Career Pathways	\$3,950,641	---
	\$25,770,910	\$20,453,464

Project 1: Healthy Campuses

- **Project Funding Request:** \$15,515,869
- **Project Summary:** Facility transformations designed to improve energy efficiency, eliminate fossil fuel dependency and improve student health
 - Building Envelope: Replacement of over 1,080 windows to stabilize indoor temperatures and seal out industrial pollutants
 - Heat Pumps and Air Filtration: Decommissioning legacy units in favor of high-efficiency, electric heat pump systems capable of Minimum Efficiency Reporting Values (MERV) 15 filtration
 - Greening: Planting trees and vegetation that capture carbon, filter airborne toxins, and reduce dust and particulate matter

Project 2: Student Wellness

- **Project Funding Request:** \$4,937,595
- **Project Summary:** Establishes a coordinated districtwide Student Wellness system focused on preventing health-related absenteeism through proactive intervention
 - Project activities include: compiling contact data of students with health-related absences; developing individualized student wellness support plans; providing respiratory health education; assisting families with enrollment in health insurance programs; connecting families with health resources; providing care navigation support

City of Benicia

Project	Application – Original	Application – Resubmission
Clean Energy	\$7,182,512	\$8,621,508
Clean Mobility	\$5,888,442	\$8,001,507
Just Transition	\$11,430,924	\$11,430,924
Promoting Community Health	\$15,500,120	\$7,580,583
	\$40,000,000	\$35,634,524

Project 1: Clean Energy

- **Project Funding Request:** \$15,515,869
- **Project Summary:** Facility upgrades across Benicia's civic center to eliminate fossil fuel dependency and improve solar reliability
 - Heat Pumps: Eliminate gas combustion and install electric heat pumps across City Hall, the Police Department, Library and Community Center
 - Solar System Modernization: Make upgrades, repairs, ongoing inspections and panel care across ten solar system installations
 - Solar Reliability: Connect improvements across ten solar system facilities, creating a coordinated municipal clean-energy network

Project 2: Clean Mobility

- **Project Funding Request:** \$8,001,507.50
- **Project Summary:** Electric vehicle, charging infrastructure, active transportation and pedestrian safety improvements
 - Sub projects include: bike lanes, curb ramps and pedestrian scramble improvements; development of a Capital Improvement Plan and Bikeway Plan; electric vehicles, an electric fire truck and charging infrastructure for the Fire and Police Departments; public charging stations at community locations with no cost to the public during the grant term

Project 3: Just Transition

- **Project Funding Request:** \$11,430,924.50
- **Project Summary:** Establish a roadmap for Benicia's transition from a refinery-dependent economy to a cleaner, healthier, and more economically resilient future
 - Sub-projects include: development of an interagency framework for refinery decommissioning and site transition; comprehensive update of the City's General Plan and Industrial Zoning Code to reflect a post-refinery economy; development of a Just Economic Transition Revitalization Plan and clean industry recruitment and business retention activities; strengthening Industrial Safety Ordinance implementation

Project 4: Promoting Community Health

- **Project Funding Request:** \$7,580,583.10
- **Project Summary:** Protect residents from air quality and safety threats and improve overall air quality
 - Sub-projects include: planting 600 trees and developing a shaded trail connection; enhancing wildfire prevention and readiness; portable air monitoring equipment for the Fire Department; installing shade and solar lighting improvements at parks; public access, trail, accessibility and greening improvements at shoreline locations; and transitioning emergency response tools and equipment to battery electric alternatives

Award Recommendations

Lead Applicant	Funding Request	Funding Recommendation
Benicia Unified School District	\$25,770,910	\$10,000,000
City of Benicia	\$35,634,524	\$30,000,000

Recommended Action

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