Community Benefits TOOLS AND CALIFORNIA Clean Energy PROJECTS

Strategies for Project Design

OCTOBER 2024 Policy Brief

Equitable Climate Infrastructure Investments



COMMUNITY BENEFITS TOOLS AND CALIFORNIA CLEAN ENERGY PROJECTS

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ABOUT THIS REPORT

The Center for Law, Energy & the Environment (CLEE) developed this policy brief as part of a new set of resources to support Equitable Climate Infrastructure Investment. CLEE is assessing models of community oversight, governance, and benefits; developing replicable frameworks to achieve climate goals and deliver meaningful benefits to communities; and partnering with stakeholders to bring these frameworks to fruition to ensure that climate infrastructure investments deliver environmental benefits and achieve equity and economic justice goals.

THE CENTER FOR LAW, ENERGY & THE ENVIRONMENT

CLEE channels the expertise and creativity of the Berkeley Law community into pragmatic policy solutions to environmental and energy challenges. CLEE works with government, business, and the nonprofit sector to help solve urgent problems requiring innovative, often interdisciplinary approaches. Drawing on the combined expertise of faculty, staff, and students across the University of California, Berkeley, CLEE strives to translate empirical findings into smart public policy solutions to better environmental and energy governance systems.

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I. INTRODUCTION

California is host to a growing number of clean energy projects currently in—or soon to be moving through—application, site assessment, and permitting processes. This includes offshore wind (OSW) and other renewable energy projects, as well as hydrogen and carbon removal, capture, and storage. Several of the growing number of state and federal clean energy initiatives include incentives or requirements for the inclusion of community benefits.

While Community Benefits Agreements (CBAs) are often considered the "gold standard," project planners can approach the consideration and delivery of community benefits in several ways, including through community advisory boards,¹ Community Benefits Plans (CBPs),² and other tools.

The increased focus on community benefits provisions in projects provides an opportunity to realize tangible and meaningful investments in community priorities. To realize this potential, communities first need to be familiar with the range of community benefits mechanisms and how they can help reflect community priorities—and communities need to have the capacity to advocate for strong mechanisms to deliver community benefits. Delivering meaningful community benefits through project development and implementation can support an equitable climate transition, provide wealth building opportunities and benefits over the long term, and empower people and communities to have a voice in project design and implementation.

This brief provides an overview of policy drivers and tools that can be employed to deliver community benefits and situates them in the context of energy justice and restorative justice principles, which can make these tools effective. The brief then explores characteristics of successful CBAs relevant to California's federal offshore wind projects, which are currently in the site assessment phase, and offers examples of successful CBAs.

The intention of this guide is to offer helpful context and background for tribal peoples, labor unions, community-based organizations, environmental justice organizations, environmental and community advocates (collectively described in this paper as "community," "communities," "community groups," and "community-based organizations"), and others navigating the clean energy transition.

WHAT ARE CBAS?

- Legally binding, enforceable contracts signed by project developers and community groups or coalitions of groups or government entities.³
- CBAs can serve as "economic empowerment mechanism[s]" for communities by providing support for job development, new infrastructure or local facilities, and environmental protections, among other benefits.⁴
- CBAs "allow community groups to have a voice in shaping a project, to press for community benefits that are tailored to their particular needs, and to enforce [a] developer's promises."⁵
- Typically, signatory community groups to a CBA agree to support the project—or at a minimum, not oppose it.⁶
- A CBA is a legally enforceable agreement and should include enforcement conditions and details about how implementation will be tracked,⁷ as well as SMARTIES goals.⁸
- For more information please see <u>Offshore Wind & Community Benefits</u> Agreements in California: CBA Examples.

PRIVATE CBAs VERSUS PUBLIC CBAs

PRIVATE CBAs

- Agreements between developers and community coalitions (which can involve community-based organizations, labor, faith institutions, tribal peoples, and other groups)
- Define a set of community benefits that a developer must deliver in exchange for the community's ongoing support for the project

PUBLIC CBAs

- Agreements between developers and government entities
- Typically only enforceable by the public entity that enters the agreement (although hybrid models enabling community involvement in enforcement are possible)
- Define a set of community benefits that a developer must deliver
- Usually negotiated prior to project approval by the public entity

ENERGY JUSTICE & RESTORATIVE JUSTICE PRINCIPLES

Community Benefits Agreements and other community benefits tools can provide mechanisms to enable an equitable energy transition and incorporate community priorities into clean infrastructure projects in California. These tools will not succeed, however, unless they are grounded in principles of energy justice and environmental justice.⁹

Energy justice dictates that all people can secure "safe, affordable, and sustainable energy."¹⁰ To implement energy justice, experts cite three fundamental principles: distributive justice, procedural justice, and recognition justice.¹¹ In addition, a fourth principle, restorative justice, adds necessary insight to the three-principle energy justice model and serves a particularly significant role in projects that implicate tribal peoples, whose rights have often been overlooked, disregarded, and violated, and/or frontline and environmental justice communities, who have often borne the worst impacts of fossil fuel infrastructure, pollution, and climate change. The framework we propose is grounded in all four principles.

• Distributive Justice: Who benefits and who bears the cost of projects? Are the benefits and burdens equally distributed across communities?

Energy development projects generate various economic, social, and environmental outcomes that can impose burdens and/or bestow benefits upon surrounding communities. Distributive justice considers the spatial and demographic spread of projects' varied impacts—with particular attention to supporting an even distribution of costs and benefits. Communities' "geographic proximity [to project impacts], prior marginalization, or lack of access to benefits" can each serve as key determinants of a project's distributive justice.¹²

• Procedural Justice: What are the decision-making processes for projects and what channels of input exist for community members at each project phase?

Procedural justice considers the policies and decision-making processes that guide a development project's planning and implementation. A just set of operating procedures forms the basis for complete, accessible, and adequately resourced deliberation among all relevant stakeholders throughout each stage of a development project's execution. Conversely, a project that lacks procedural justice may include decision-making processes that either fail to include some stakeholders at all or that inhibit stakeholders' adequate participation.¹³

• Recognition Justice: Which communities might have to bear greater costs associated with a project? What might these costs look like?

Energy systems affect a broad range of stakeholders with different values, histories, and resources. Recognition justice acknowledges that each stakeholder will be impacted by energy system development, and "values the understanding of social, political, and cultural impacts"¹⁴ that manifest differently among different individuals and communities. Comparable to the ways in which distributive justice evaluates the spread of project costs and benefits, recognition justice acknowledges potentially disproportionate impacts on marginalized communities. The principle of recognition also underscores procedural justice's attention to full stakeholder representation in key decision-making processes.¹⁵

Restorative Justice: How do projects address historical injustices and advance relationships among stakeholders?

Shifting attention toward energy development's historical contexts, restorative justice considers the extent to which projects account for past conflicts and/or damages that afflict impacted stakeholders. In several indigenous cultures, restoration is regarded as a collective healing process that engages and reconciles all parties rather than a process that focuses on a single individual or group deemed "worthy of the community's attention."¹⁶ With parallels to recognition justice, restorative principles acknowledge that different communities' responses to energy projects "proceed from the psychological attributes of the places hosting energy infrastructures, including emotions and symbolic meanings."¹⁷ Accordingly, projects that uphold restorative justice ensure that evaluations of distributive and procedural justice are not guided by a presumptively universal set of values and cultural standards.¹⁸

Adherence to energy and restorative justice principles can help clean energy projects be more responsive and transparent. Imbuing project processes with these principles can result in meaningful and holistic community engagement¹⁹ that produces deep-rooted local partnerships and long-term, meaningful benefits for communities.

Various community benefits policies and tools, which will be explained below, can help translate these energy and restorative justice principles into improved conditions and better futures for communities, as well as a greater voice in project design and implementation. Other approaches, such as co-regulation and co-stewardship (or co-management) in tandem with state and federal agencies offer additional mechanisms to recognize government-to-government relationships and shared authority between tribal nations and governmental parties, or to recognize shared authority over projects between non-federally recognized tribes and governmental parties. However, because project developers do not have control over the regulatory and statutory levers required to implement co-regulation or co-stewardship, a discussion of such instruments falls outside the scope of this brief. CLEE plans to conduct additional research in this area at a future date.

ENERGY JUSTICE AND RESTORATIVE JUSTICE PRINCIPLES AND CALIFORNIA ENERGY DEVELOPMENT

Energy and restorative justice principles are directly relevant to a just energy transition in California. Multiple projects, including California federal offshore wind projects, projects funded through the Department of Energy, projects seeking expedited permitting from the state of California through AB 205, and Transformative Climate Communities (TCC) and California Community Economic Resilience Fund (CERF) projects, all require or incentivize one or more community benefits mechanisms and/or governance structures.



II. POLICY DRIVERS FOR COMMUNITY BENEFITS

Historically, most Community Benefits Agreements, including private CBAs (negotiated between community coalitions and developers) and public CBAs (negotiated between government entities and developers),^a have resulted from extensive community advocacy and organizing. Community and community-faith-labor coalitions have played an essential and dynamic role in many of the strongest Community Benefits Agreements to date.

However, governments can also help realize community benefits by implementing policy tools that require or create an incentive for community benefits measures. For example, government entities can deploy bidding credits (as part of a procurement or leasing process) that award greater points for community benefits or pass laws that incentivize community benefits. Municipalities and counties can enact policies to require community benefits on local projects, such as local hire and affordable housing measures, or government parties can require CBAs or Community Benefits Plans (CBPs) on various projects. Lastly, jurisdictions can enact both policies that require community benefits and policies that incentivize community benefits. One example might be a city that requires substantive community benefits on infrastructure projects and incentivizes CBAs. The table below shows a few of the policy drivers that can engender community benefits; many zoning, land use, procurement, and other mechanisms exist but are not included here.

a Community Benefits Agreements (CBAs) can generally be classified as either public or private agreements—depending on the parties that are directly involved in negotiating the agreement. Whereas private CBAs are negotiated between developers and community coalitions, public CBAs are negotiated between developers and government entities (although sometimes community groups may influence the agreement through advocacy). See Julian Gross, "Community Benefits Agreements: Definitions, Values, and Legal Enforceability," Journal of Affordable Housing Vol. 17:1–2 (Fall 2007/Winter 2008), pp. 35-58, available at https://juliangross.net/wp-content/uploads/2024/09/CBA_Definitions_Values_Enforceability.pdf.

	SELECT POLICY	ORIVERS OF COMM	UNITY BENEFITS	
	1) INCE	NTIVES	2) REQUIREMENTS	
	a) Bidding Credits that provide an incentive for the inclusion of community benefits in project proposals	b) Ordinances or legislation that create an incentive for community benefits	a) Policies that require specific benefits be provided by infrastructure projects	b) Policies that require CBAs or CBPs as part of projects
DESCRIPTION/ EXAMPLE	A local, federal, or other govt. agency includes community benefits as part of scoring for a procurement or lease to a developer, manufacturer, or contractor. For example, the Bureau of Ocean Energy Management offers CBAs as bidding credits in an offshore wind auction.	A government policy incentivizes community benefits. For example, <u>AB 205</u> offers developers on certain projects expedited permitting if developers provide community benefits, PLAs, or similar agreements.	Government policies require one or more types of community- oriented benefits for projects, such as local hire and/or affordable housing requirements. ²⁰	A local or state law requires CBAs or a federal agency requires CBPs on specific projects. (For example, see Sacramento's proposed CBA ordinance, SB 308, and US Dept. of Energy CBPs.)
PROS	If a developer applies for credits and their project is approved, a CBA, PLA, etc., will result. May provide incentives for developers to begin working with community groups earlier than they otherwise would. May create flexibility for parties and allow for adequate time to establish a meaningful community process.	If developers take advantage of the incentive, it will result in a CBA, PLA, or similar agreement. May provide incentives for developers to begin working with community groups earlier than they otherwise would. May create flexibility for parties and allow for adequate time to establish a meaningful community process.	Delivers clearly defined benefits to a community and sets minimum benefits standards. May require less time and fewer resources from community groups as compared to private CBAs and other community-led tools. May simplify enforcement by not requiring community groups/ coalitions to oversee implementation.	Ensures that a host and/or impacted community has a CBA or CBP associated with a given project. When done well, can provide community organizations with valuable information and processes that can lead to meaningful CBAs.

	SELECT POLICY DRIVERS OF COMMUNITY BENEFITS				
	1) INCE	NTIVES	2) REQUIREMENTS		
	a) Bidding Credits that provide an incentive for the inclusion of community benefits in project proposals	b) Ordinances or legislation that create an incentive for community benefits	a) Policies that require specific benefits be provided by infrastructure projects	b) Policies that require CBAs or CBPs as part of projects	
CONS	Does not provide certainty around benefits that may be delivered. Impacted communities may not have resources or readiness to engage in a CBA process, resulting in a weak CBA or one that does not address community needs. Transparent and clear guidelines and enforcement are needed to ensure that meaningful benefits reflecting community priorities result.	Does not provide certainty around benefits that may be delivered. Impacted communities may not have resources or readiness to engage in a CBA process, resulting in a weak CBA or one that does not address community needs. Transparent and clear guidelines and enforcement are needed to ensure that meaningful benefits reflecting community priorities result.	Multiple policies may be required in order to deliver comprehensive benefits. The implemented benefits may not reflect community priorities or goals if there are not clear guidelines and requirements for project proponents (depending on the project proposal process). Community groups may advocate for the policy, but may not have as much say in the structure and content of benefits as compared to a private CBA.	Impacted communities may not have resources or readiness to engage in a CBA process, resulting in a weak CBA or one that does not address community needs. Potential for exclusion of community interests if only govt. entities, and not communities, negotiate. Transparent and clear guidelines are needed to ensure that developers conduct meaningful engagement and negotiations that reflect community priorities.	
IMPLEMENTING PARTY	Govt. implements policy and if awarded, developer carries it out, potentially in collaboration with community, faith, and labor organizations as well as community foundations, tribal peoples, and others.	Govt. enacts policy and if awarded, developer carries it out, potentially in collaboration with community, faith, and labor organizations as well as community foundations, tribal peoples, and others.	Govt. enacts policy and developer carries it out, potentially in collaboration with community, faith, and labor organizations as well as community foundations, tribal peoples, and others.	Govt. implements policy and developer executes a CBA or CBP, potentially in collaboration with community, faith, and labor organizations as well as community foundations, tribal peoples, and others.	

	SELECT POLICY	DRIVERS OF COMM	UNITY BENEFITS	
	1) INCE	NTIVES	2) REQUIREMENTS	
	a) Bidding Credits that provide an incentive for the inclusion of community benefits in project proposals	b) Ordinances or legislation that create an incentive for community benefits	a) Policies that require specific benefits be provided by infrastructure projects	b) Policies that require CBAs or CBPs as part of projects
ABILITY OF COMMUNITY TO ENFORCE	Govt. would enforce a developer's adherence to the bidding credits. Theoretically, community groups could pursue advocacy, administrative, and/ or legal strategies, but the likelihood of success is unclear. A private or public CBA, if enacted as a result of the bidding credits, could provide either community enforcement measures (private CBA) or govt. enforcement measures (public CBA).	Govt. would enforce a developer's adherence to community benefits incentives. Theoretically, community groups could pursue advocacy, administrative, and/ or legal strategies, but the likelihood of success is unclear. A private or public CBA, if enacted as a result of the policy incentive, could provide either community enforcement measures (private CBA) or govt. enforcement measures (public CBA).	Govt. would enforce a developer's adherence to policies requiring benefits. In that instance, community groups could pursue advocacy, administrative, and/ or legal strategies, but the likelihood of success is unclear. Alternatively, the govt. entity could pursue hybrid arrangements such as naming specific community groups as third- party beneficiaries, creating community advisory bodies, or entering into separate govtcommunity agreements to give communities a role in enforcement.	A private or public CBA could provide either community enforcement measures (private CBA) or govt. enforcement measures (public CBA). CBPs would likely require govt. action to enforce. Theoretically, community groups could pursue advocacy, administrative, and/ or legal strategies but the likelihood of success is unclear.
BENEFITS/ CONTENTS	May contain one or more community- beneficial policies (e.g., local hire, fisheries mitigation fund, etc.)	May contain one or more community- beneficial policies (e.g., CBAs, PLAs, etc.)	Policy may address multiple community benefits (e.g., living wage, local hire, environmental mitigation, etc.) ²¹	May contain one or more community- beneficial policies (e.g., CBAs, PLAs, etc.)

Many of the approaches above have been applied in California, including several examples that will be discussed below.

CALIFORNIA EXAMPLES OF COMMUNITY BENEFITS POLICY LEVERS: REQUIREMENTS

Examples of state and local actions in California that require community benefits include:

- Proposed San Diego County CBA Policy: In 2022, San Diego County's board directed staff to develop a mandatory CBA program, including a pre-established list of benefits and incentives, and expanded requirements for community engagement in specified project types. No policy has yet been passed but a mandatory CBA program would fall under Column 2(b) in the Table above.
- <u>High Speed Rail Community Benefits Policy</u>: The California High-Speed Rail Authority's Community Benefits Policy directs the Authority and its contractors to implement programs to "advance construction employment and training opportunities for all individuals," particularly within economically disadvantaged communities and among veterans. This measure corresponds to Column 2(a) in the Table above. (See also the <u>Union-High Speed Rail</u> Authority CBA.)
- Department of Toxic Substances Control: As part of its Cleanup in Vulnerable Communities Initiative, DTSC has proposed plans to establish a CBA Framework that promotes benefits beyond the normal scope of environmental mitigation and restoration—particularly in communities affected by "high cumulative environmental burdens." This policy is a result of <u>Senate Bill 158</u> (2021), which directed DTSC to require CBAs in certain circumstances. This measure corresponds to Column 2(b) in the Table above.
- San Joaquin Valley Regional proposed framework: San Joaquin Valley's Clean Energy Future report proposes a regional community benefits framework that aims to concentrate clean energy projects' decision-making authority in communities and "accelerate much needed job creation and community benefits" in the Valley. The proposed framework would include locally determined community benefits measures intended to help the clean energy transition serve residents and address regional challenges. This framework has not yet been incorporated into policy. If a government entity did enact a policy that required developers to engage with the framework and execute CBAs, such a policy would fall under Column 2(b) above.
- Proposed <u>Sacramento Community Benefits Ordinance</u>: As part of a settlement agreement with Sacramento Investment Without Displacement (SIWD), the City of Sacramento has proposed a Community Benefits Ordinance for City Council consideration. The proposed ordinance would require specified project developers to negotiate CBAs with the City, and would include language about business protection, anti-displacement, and local hiring. However, SIWD contends that the proposed ordinance does not adequately address community needs.²² This local law, if passed, would correspond to Column 2(b) in the Table above.

CALIFORNIA EXAMPLES OF COMMUNITY BENEFITS POLICY LEVERS: INCENTIVES

The California Legislature has started to incorporate incentives for community benefits in clean energy projects through legislation. This includes <u>AB 205 (2022)</u>, which provides developers the option of an expedited permitting process on eligible clean energy projects in exchange for executing Community Benefits Agreements. In addition, <u>SB 308 (2024)</u> would have required that owners of carbon dioxide removal facilities conduct community engagement and demonstrate plans to provide meaningful benefits to the facility's surrounding community through measures such as community benefits agreements or locally representative advisory committees. This bill did not pass in 2024.

FEDERAL EXAMPLES OF COMMUNITY BENEFITS POLICY LEVERS

In addition to California's local and state efforts, several federal energy agencies include community benefits provisions for large development projects. For example, almost all US Department of Energy grant and funding programs condition grant and funding applications on a Community Benefits Plan submitted by the developer. In addition, the Bureau of Ocean Energy Management (BOEM) has incentivized Community Benefits Agreements on the US west coast through lease auction bidding credits.



III. TOOLS AND MECHANISMS THAT CAN DELIVER COMMUNITY BENEFITS

Policies that create an incentive or requirement for the inclusion of community benefits can be realized through a number of different tools.

These tools include Project Labor Agreements, Community Benefits Plans, Community Benefits Funds, and private CBAs:

- Project Labor Agreements (PLAs): Provide high road jobs and working conditions in the construction phase of projects.
- Community Benefits Plans (CBPs): Required for almost all DOE investments through the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) and a central feature of US Department of Energy Ioan and funding programs, CBPs address community engagement; diversity, equity, inclusion, and accessibility in recruitment and training; domestic workforce and job creation; and Justice40.
- Community Benefits Funds: Enable developers' monetary contributions to be distributed to the community. Can be structured in various ways but are often channeled through a neutral third-party fiscal agent.
- Private Community Benefits Agreements (CBAs): Are the product of negotiations between developers and community groups and can contain any number of community benefits for the community.

Private CBAs represent the gold standard because, as one expert notes, "A CBA is a legally binding contract (or set of related contracts), setting forth a range of community benefits regarding a development project, and resulting from substantial community involvement."²³ However, private CBAs are not well-suited to every situation, as certain preconditions must exist for CBAs to deliver meaningful benefits over the long term. Community infrastructure (for example, trusted community-based organizations) must be adequately resourced, and legal technical assistance must also be available to ensure

that a CBA is well constructed and maximally enforceable. Where private CBAs are infeasible, tools such as community benefits funds and community benefits policies may be appropriate. In all situations, it is important to consider capacity funding and technical assistance for communities, so that impacted individuals can meaningfully engage and secure community-supporting benefits.

The table below presents a spectrum of select structures that may help deliver community benefits. In each case, examining the parties involved (i.e., who plays a role), the possible enforcement mechanisms (i.e., how the community benefits will be enforced), and the benefits or contents of each tool (i.e., what types of benefits each structure can encompass) can help shed light on the differences between these various structures. Each may be appropriate in different circumstances and each may have pros and cons from the community perspective.

	SELECT STR	UCTURES THAT CAN	DELIVER COMMUNIT	Y BENEFITS ²⁴	
	PROJECT LABOR AGREEMENTS (PLAs)	COMMUNITY BENEFITS PLANS	HOST COMMUNITY AGREEMENTS	COMMUNITY BENEFITS FUNDS	PRIVATE COMMUNITY BENEFITS AGREEMENTS (CBAs)
Description	Collective bargaining agreements between developers and unions governing working terms & conditions on construction projects.	The US Dept. of Energy (DOE) requires a <u>Community Benefits</u> <u>Plan (CBP)</u> as part of nearly all funding and loan opportunities associated with the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA). CBPs are structured around four principles (Community & Labor Engagement; Investing in Quality Jobs; Diversity, Equity, Inclusion & Accessibility; and Justice40), and CBPs become part of a developer's contractual obligations once the project funding is approved.	An agreement negotiated between a local govt. entity and a developer to deliver benefits as part of a project and garner project consent.	A fund to which a developer contributes monetarily. Can be administered by a neutral party and structured to include community advisory boards.	A community group or coalition negotiates and gains a private CBA, with meaningful community benefits. A private CBA is a legally enforceable contract between the coalition and the developer.

	SELECT STR	UCTURES THAT CAN	DELIVER COMMUNIT	Y BENEFITS ²⁴	
	PROJECT LABOR AGREEMENTS (PLAs)	COMMUNITY BENEFITS PLANS	HOST COMMUNITY AGREEMENTS	COMMUNITY BENEFITS FUNDS	PRIVATE COMMUNITY BENEFITS AGREEMENTS (CBAs)
Parties	Union(s) and contractor or developer (or in the case of Public PLAs, union(s), govt. entity, and contractor)	Government and developer	Local government and developer	Developer and fiscal agent (possibly also community groups)	Community groups, community- labor coalitions, community-based organizations, and/or tribal communities, community foundations, & developer
Enforcement	Private : Binding arbitration, or a decision by the National Labor Relations Board (NLRB), which can be appealed to the federal courts. ²⁵	Public/ Quasi- Public: As of June 2024, DOE has sole responsibility for enforcement. If the DOE were able to make public the list of approved CBPs, or if community groups were able to obtain this information, that could enable community-based organizations to pursue advocacy or other strategies to ensure application promises were enacted.	Public or Possibly Private: Usually govt. enforces. Private enforcement could possibly be pursued through advocacy or a writ of mandate or other legal or administrative filing to compel the local govt. to enforce the agreements, but the likelihood of success is far from certain.	Private: Enforcement may only be possible if incorporated into a govt. contract or private CBA.	Private: Arbitration, mediation, and/or litigation between developer and community parties, depending on the conflict resolution measures contained in the final private CBA.

	SELECT STRUCTURES THAT CAN DELIVER COMMUNITY BENEFITS ²⁴					
	PROJECT LABOR AGREEMENTS (PLAs)	COMMUNITY BENEFITS PLANS	HOST COMMUNITY AGREEMENTS	COMMUNITY BENEFITS FUNDS	PRIVATE COMMUNITY BENEFITS AGREEMENTS (CBAs)	
Benefits/ Contents	Comprehensive	Multiple Benefits:	Multiple Benefits:	Single or Multiple	Multiple Benefits:	
	Labor Benefits:	CBP requirements	Agreements can	Benefit(s):	The final provisions	
	PLAs address	are structured	include measures	Because dollars are	depend on what	
	construction project	to incorporate	such as local	administered rather	developers,	
	components related	participation from	infrastructure	than programs or	community groups,	
	to working terms and	communities and	improvements,	policies, the benefits	community-labor	
	conditions (the PLA	labor, advance	environmental and	depend on how the	coalitions, and/or	
	could contain, for	quality jobs,	other conditions	funding is allocated,	tribal communities	
	example, a no-strike	promote Diversity,	placed on the	and to which	negotiate.	
	clause and hiring,	Equity, Inclusion,	developer's project, &	projects.		
	contracting & other	and Accessibility	funds for community			
	provisions).	(DEIA), and fulfill the	organizations.			
		Justice40 Initiative.	-			



IV. OFFSHORE WIND: THE CONSTELLATION OF POSSIBILITIES FOR CALIFORNIA

CALIFORNIA OFFSHORE WIND AND CBAs

California's first federal offshore wind lease auction took place in December 2022. The Bureau of Ocean Energy Management (BOEM) executed the first offshore wind leases with developers in June 2023, after which lessees began the offshore wind lease area permitting and regulatory process. The BOEM California auction process included bidding credits for Community Benefits Agreements (CBAs). The winning bidders all submitted plans for these credits, and each developer's executed lease includes their community benefits commitments. Final CBAs for these projects are expected in the next 5-8 years or, at the latest, by the time the developers submit their first <u>Facility Design</u> <u>Reports</u> (FDRs), as stipulated in the current California <u>offshore wind leases</u>. For more details on the California offshore wind process, please see <u>Offshore Wind & Community</u> <u>Benefits Agreements in California: CBA Examples</u>.

California's federal offshore wind leases, executed on June 1, 2023, incorporated several of the tools and mechanisms mentioned in the table in the previous section, including:

- PLAs (strongly encouraged in the executed CA OSW leases with developers; developers are required to "make every reasonable effort"²⁶ to execute PLAs)
- Workforce and/or Supply Chain Bidding Credits (offered as bidding credits and subject to BOEM parameters, as outlined in the CA OSW leases)
- Lease Area Use CBAs (offered as bidding credits and subject to BOEM parameters, as outlined in the CA OSW leases)

• General CBAs (offered as bidding credits and subject to BOEM parameters, as outlined in the CA OSW leases)

Of these measures, the Community Benefits Agreements were the first of their kind to be included in a US offshore wind auction. The requirements of these bidding credits are as follows:

- **The Lease Area Use CBA Credit**, offered through the BOEM auction process, and worth five percent of the cash bid, has been codified in the developers' leases with BOEM. The lease provisions specify that a developer who has committed to the bidding credit must "execute a CBA with one or more communities, stakeholder groups, or Tribal entities whose use of the geographic space of the Lease Area, or whose use of resources harvested from that geographic space, is expected to be impacted by the Lessee's potential offshore wind development."²⁷ All winning developers received credit for this provision.
- The General CBA Credit, offered through the BOEM auction process, and worth five percent of the cash bid, has been codified in the developers' leases with BOEM. The BOEM lease provisions specify that a developer can "execute a General CBA with one or more communities, Tribes, or stakeholder groups that are expected to be affected by the potential impacts on the marine, coastal, and/or human environment (such as impacts on visual or cultural resources) from activities resulting from lease development that are not otherwise addressed by the Lease Area Use CBA."²⁸ All winning developers, with the exception of Golden State Wind (formerly Central California Offshore Wind LLC), received credit for this provision.

The Bureau of Ocean Energy Management (BOEM) leases emphasized PLAs and bidding credits, including Community Benefits Agreements, to varying degrees throughout the bidding process and lease execution phase. When stacked on top of each other, these community-oriented measures can provide several different routes to create benefits for communities. Note, however, that developer investment in each of these mechanisms differs. For example, the California workforce and/or supply chain bidding credits amount to roughly double the dollar amount of the CBA credits.²⁹ For more detail, please see CLEE's 2024 report, <u>Offshore Wind & Community Benefits Agreements in California: CBA Examples</u>.

In addition to the federal California lease provisions, one bill in the 2024 California legislative session would have created a modified Community Benefits Fund, administered by the California Energy Commission (CEC) to assist with capacity building for tribal peoples and community groups. <u>Assembly Bill 2537 (2024)</u> would have required offshore wind developers to contribute monies which would be administered and distributed through the CEC to communities, California tribal peoples, or their designated nonprofits, and/or coalitions of these groups. These funds would have been used for offshore wind consultation, activities related to Community Benefits Agreements, and capacity funding. This bill was vetoed by Governor Newsom in September 2024.



V. COMMUNITY BENEFITS AGREEMENTS (CBAs) IN CALIFORNIA OFFSHORE WIND

Each California offshore wind developer executing a General CBA must sign an agreement with one or more "impacted communities," and the General CBA must "address impacts" to the community or communities. Other than these and other general guidelines and language in the developers' leases, however, there are no "requirements" regarding the provisions that the resulting CBA(s) contain.

Furthermore, because CBAs are the product of negotiations, the resulting CBA(s) will reflect the compromises and agreements made during the negotiation process. It is therefore contingent upon community groups, tribal peoples, and other interested parties to express interest in being at the CBA negotiation table if developers have not already established contact, and to come forward with proposed CBA terms. For those community parties interested in engaging in private CBAs, therefore, the essential question is, "What sort of benefits can communities negotiate for during CBA negotiations?"

WHAT IS A COMMUNITY BENEFITS AGREEMENT (CBA)?³⁰

- A CBA results from negotiations between community representatives and project developers.
- A CBA is a legally binding, enforceable contract signed by project developers and community group(s) or a coalition of groups.
- CBAs have been used widely in different contexts, including manufacturing plants, water districts, school districts, and stadium developments.
- CBAs can serve as "economic empowerment mechanisms" for communities by providing support for job development, new infrastructure and local facilities, and environmental protections.
- Typically, in exchange for CBA benefits, signatory communities agree to support the project—or, at a minimum, not oppose it.

• If well-constructed, a CBA is mutually beneficial, offering positive outcomes for community members and more certainty for project developers.

A CBA should reflect the specific needs and unique circumstances of the affected community or communities.

PRIVATE CBAs VERSUS PUBLIC CBAs

Community Benefits Agreements, or CBAs, can be classified into at least two types; they may be agreements between community groups and a developer, with no direct government input (private CBAs), or, on the other hand, CBAs may be executed between a government entity and a developer (public CBAs). Some agreements may not fit neatly into either category and may exhibit features of both public and private CBAs.

Different constraints govern each type of CBA, and some constraints are based on which parties participate in the agreement. For example, because government entities are involved in negotiating public CBAs, the provisions in those agreements must be sensitive to "a range of restrictions on governmental actions" set forth by federal, state, and local laws.³¹

However, the primary distinction between public and private CBAs lies in how the agreement terms may be enforced. Private CBAs establish a range of commitments, which all parties, including community groups that sign the agreement, have a legal right to enforce. Various "reporting and meeting requirements that can be folded into a private CBA"³² help to ensure that benefits are implemented. Furthermore, if drafted properly, private CBA provisions retain their enforceability through changes in project ownership by passing developer commitments along to potential successors.

Public CBAs, on the other hand, are typically only enforceable by the government entity that enters the agreement—with, according to some experts, a "real possibility" for failed enforcement.³³ In a worst case scenario, the potential that government and developer CBA parties may lapse on their original commitments places a significant burden on involved community groups to "monitor developer and… agency performance" and potentially "bring political pressure on the… agency to maintain and enforce terms of its development agreement,"³⁴ and such efforts are not only resource-intensive but may also be ineffective. Given uncertainty surrounding the ability of public CBAs to be enforced, one expert asserts that "there is simply no substitute for enforcement rights by the groups that advocated for the commitments in question."³⁵ When public CBAs work well, however, they may relieve overburdened and under-resourced community organizations from bearing the burden of enforcing a private CBA.

A third option is to combine aspects of public and private CBAs. While public CBAs are negotiated between a developer and a government entity, community groups can have a voice in these CBAs. Government parties, for example, can invite community organizations to CBA negotiations. In addition, government parties can include community organizations by naming them as CBA third-party beneficiaries, creating community advisory bodies to oversee aspects of CBA implementation, and/or creating agreements between the government entity and the community organizations, under which the government agrees to enforce the community benefits contained in the public CBA. As Community Benefits Agreements gain more visibility in the clean energy infrastructure space, it is important to keep the distinctions between public and private CBAs in mind, as well as to explore the ways in which community groups can be included in public CBAs.

PRECONDITIONS FOR SUCCESS IN NEGOTIATING A PRIVATE CBA

Before a coalition, community group(s), and/or tribal community can reach the table to negotiate for a private CBA, several preconditions should be met. Among these, the group or groups must be able to access:

- The technical expertise needed to properly understand the information that will be shared about the project and its impacts.
- The legal expertise needed to translate their vision for community benefits into an effective agreement.
- Other training, leadership development, and capacity-building assistance, such as an ability to understand the relevant permitting process(es), negotiating skills, and other topics.

Whether this capacity building and technical assistance emerges from the philanthropic sector, state government, industry, or other sources, the need for this support is urgent. Without it, California will not see the development of meaningful CBAs.

CHARACTERISTICS OF SUCCESSFUL PRIVATE CBAs

Experts have identified the following essential characteristics of private CBAs:

- **Representative**: Trusted community voices are represented in the negotiations.³⁶
- **Transparent**: The negotiations are transparent to those involved and to observing community members.³⁷
- Accountable: The CBA establishes measures to ensure the developer is accountable for meeting the CBA provisions.³⁸
- **Enforceable**: The CBA and its provisions are enforceable. Note that while legally enforceable contracts, the written agreement should be well constructed such that enforcement is possible.³⁹
- **Impactful**: The CBA produces substantive benefits over the long-term that the community wants and needs.⁴⁰

Key question: Do communitybased organizations, coalitions, and/ or tribal peoples have the capacity, technical assistance, and legal support they need to effectively negotiate a meaningful CBA? To draft and monitor a CBA?

Funders, and potentially industry actors, can play a role in filling these gaps by providing training and funding for additional staff, technical experts, legal support, and engagement capacity. Local and state government can also fill some of these needs. • **Procedurally Fair**: There is a fair process for decision-making. Also, impacted communities should be represented and possess adequate capacity to engage.⁴¹

These six characteristics are necessary to guarantee strong outcomes for and adequate representation of environmental justice, frontline, priority, and tribal communities. If community entities are under-resourced or negotiations do not meet these guidelines, a less-than-meaningful contract with minimal benefits can result.

When community parties are able to negotiate strong provisions and a well-structured agreement, private CBAs can provide the community with substantive benefits and stronger enforcement and accountability tools as compared to other community benefits mechanisms. For example, private CBAs can include developer accountability through regular data collection and data sharing and regular reporting to community organizations or other entities. Private CBAs can also contain conflict resolution measures to provide avenues for resolving conflicts or issues with the CBA and the project. Despite these advantages, as stated above, private CBAs are not a silver bullet. Achieving strong private CBAs will require that community-based organizations are well-staffed and that technical assistance is available.



VI. CBA EXAMPLES

As offshore wind is a relatively new industry in the United States, few US wind-related CBA models exist. In California, one historical example includes the Castle Wind CBA⁴² (superseded in 2023 by the creation of the new California Offshore Wind Energy Fisheries Working Group),⁴³ while a more recent example includes the CADEMO project CBA.⁴⁴ Examining private CBA examples from other US industries, and a few noteworthy public and quasi-public CBAs, can help illustrate the types of provisions that communities and coalitions can negotiate for and gain through the CBA process.

In the real estate development and manufacturing sectors, the Staples and New Flyer CBAs provide good examples of private CBAs (more detail on some of these agreements can be found in CLEE's 2024 report, <u>Offshore Wind</u> <u>& Community Benefits Agreements in California: CBA Examples</u>). The LAX CBA combines elements of both private and public CBAs (while it is a public agency, the Los Angeles World Airports, or LAWA, played the role of a private developer in the LAX CBA in that it applied for project approvals from the LA City Council. Additionally, unlike in a public CBA, the community coalition negotiated for the legal ability to enforce the agreement). Finally, the Oakland Army Base CBA provides a strong example of a public CBA.

The Staples, New Flyer, LAX, and Oakland Army Base CBAs all display elements of the "CBA Preconditions for Success" outlined above; all exhibited well-organized coalitions that were able to effectively negotiate the final CBA measures and all were able to secure legal counsel to represent them during negotiations.

The table below offers a snapshot of the benefits negotiated by the coalitions in each case, but some highlights include:

• **Accountability:** The LAX CBA includes health data reporting requirements that were particularly extensive and reports were made public, enabling community groups to better track implementation of the CBA.⁴⁵ No CBA is a perfect model, but each CBA in this section provides different examples worthy of consideration and replication in the future.

- **Project provisions and enforceability:** The Staples CBA contains important affordable housing provisions and legally binds future tenants to the agreement.⁴⁶
- **Locally-relevant provisions:** The New Flyer CBA includes important workplace and worker training provisions and measures especially important to the local community. These include a prohibition on questions about an applicant's criminal history before an offer of employment and a commitment that 45% of new hires and 20% of promotions at each plant come from Historically Disadvantaged Groups, a term which is defined in the CBA text and includes populations "emancipated from the foster care system" as well as "residents of Anniston, Alabama lacking GED or high school diploma," veterans, formerly incarcerated persons, people of color, and others.⁴⁷
- **Local hire provisions:** The Oakland Army Base CBA represented the first time the City of Oakland established local hire standards for jobs extending past the construction stage. The contractor requirements for local and disadvantaged worker hire in the Oakland Project Labor Agreement also represented a first.⁴⁸
- **Enforceability:** In parallel to the private Staples CBA, the city of Los Angeles also signed a separate agreement with the developer, incorporating the same community benefits as contained in the private CBA. This allowed the city to enforce the CBA if the coalition was unable to do so.⁴⁹

	COMPARISON OF FOUR DIFFERENT COMMUNITY BENEFITS AGREEMENTS						
	STAPLES CENTER (LA LIVE) CBA ⁵⁰	NEW FLYER CBA ⁵¹	LAX CBA ⁵²	OAKLAND ARMY BASE CBA ⁵³			
Public/ Private	Private	Private	Quasi-Public	Public			
Parties to CBA	 Community: A large, broad-based coalition of community, faith, labor, and other organizations Developer: L.A. Arena Land Company and Flower Holdings, LLC 	 Community: Coalition composed of many community, environmental and labor groups, including Greater Birmingham Ministries and Jobs to Move America Developer: New Flyer of America Inc. 	 Public Agency: Los Angeles World Airports (LAWA) (While it is a public agency, LAWA played the role of a private developer in this CBA in that it applied for project approvals from the LA City Council.) Community: Los Angeles International Airport (LAX) Coalition for Economic, Environmental and Educational Justice 	 Government: City of Oakland Developer: Prologis CCIG Oakland Global, LLC 			

	COMPARISON OF	FOUR DIFFERENT COMMUN	ITY BENEFITS AGREEMENTS	5
	STAPLES CENTER (LA LIVE) CBA ⁵⁰	NEW FLYER CBA ⁵¹	LAX CBA ⁵²	OAKLAND ARMY BASE CBA ⁵³
Pre-CBA Conditions for Success	 Coalition was able to hire a lawyer to assist in drafting and negotiating the CBA Large, broad-based coalition 	 Coalition was able to hire a lawyer to assist in drafting and negotiating the CBA The staffed coalition had experience with similar efforts Staff implemented preliminary research in the community and at the job site prior to entering CBA negotiations 	 Coalition was able to hire a lawyer to assist in drafting and negotiating the CBA The coalition encompassed 25 community, environmental, and school organizations and groups 	 Coalition was able to hire a lawyer to assist in drafting and negotiating the CBA A diverse coalition of stakeholders convened by an anchor organization coalesced around key CBA tenets
Worker Training and Jobs Provisions	 Local hiring and job training program 70% living wage job commitment Worker retention policy Funding support for job referral nonprofit Reporting and assessment requirements 	 Criminal history application question prohibited Minimum hiring percentage commitment for Historically Disadvantaged Groups Apprenticeship programs Hotlines for registering discrimination and harassment complaints System to address worker-filed discrimination and harassment claims 	 Job training and local hiring programs that prioritized low-income individuals impacted by project Employer support, hiring events Living wage, worker retention and contract responsibility requirements Prioritized employment and subcontracting for minorities, women, and small businesses 	 50% local hire commitment Prioritized employment/ apprenticeship for veterans, individuals with conviction records, long-term unemployed, and others facing employment barriers Streamlined application & description requirements to make jobs more accessible Required omission of criminal background check (unless necessary) and other fair chance hiring measures Agreement limited number of temporary jobs on project to 40% Jobs required to pay

	COMPARISON OF	FOUR DIFFERENT COMMUN	NITY BENEFITS AGREEMENT	S
	STAPLES CENTER (LA LIVE) CBA ⁵⁰	NEW FLYER CBA ⁵¹	LAX CBA ⁵²	OAKLAND ARMY BASE CBA ⁵³
Housing Provisions	 Commitment that 20% of the entire project's units be affordable housing units \$650,000 interest-free loans for non-profit housing developers 	• None	 Residential noise mitigation measures, including noise insulation benefits and nighttime departure limitations 	• None
Open-Space and Health Provisions	 Community needs assessment \$1+ million for construction of park and recreational facilities 	• None	 Air quality study requirement Health study requirement Carbon and other pollutant emissions reduction measures 	• None
Accountability	 Developer must report annually to city council committee with living wage job data Requirement to periodically measure progress toward living wage goals 	 New Flyer must submit annual progress toward targeted hiring and promotion goals All parties must submit a description of their progress toward CBA goals at each quarterly meeting 	 Agency must prepare annual report that documents all actions taken to implement the agreement's requirements Agency must submit semiannual reports regarding health and air quality studies and on vehicle and facility electrification 	 Contractors must submit monthly payroll information to city Each employer must provide the city with annual records that are sufficient to determine compliance with agreement terms City-created community oversight body receives reports, monitors progress, and advises the city on enforcement

	COMPARISON OF	FOUR DIFFERENT COMMUN	ITY BENEFITS AGREEMENT	S
	STAPLES CENTER (LA LIVE) CBA ⁵⁰	NEW FLYER CBA ⁵¹	LAX CBA ⁵²	OAKLAND ARMY BASE CBA ⁵³
Process, Conflict Resolution, and Decision- Making	 "Advisory Committee" comprised of party representatives to meet quarterly Commitment to meet and confer, with provisions for legal enforcement 	 Quarterly meetings between parties to discuss updated hiring percentages and CBA progress Non-binding mediation and binding arbitration with requirements to submit written complaints and discuss issues before proceeding to binding arbitration 	 Regular implementation meetings between coalition representative and the agency Agency must provide coalition representative with any information requested if information is necessary to monitor compliance with provisions 	 Contractor must pay liquidated damages proportional to worker quota non- fulfillment, barring developer's negotiation of/ adherence to compliance plan with the City Developer faces being barred from future contracts if there is recurring non-fulfillment Community Jobs Oversight Commission (comprised of individuals from CBOs, union, employers and the City of Oakland) was put in place to review developer reporting and address issues related to implementation
Enforceability	 Private: Enforcement provisions include mediation and very limited legal claims Public: The City also entered into an agreement with the developer containing the same community benefits terms as the private CBA, enabling the City to enforce the community benefits, as well as the coalition 	 Private: Enforcement provisions include binding arbitration 	 Private: Enforcement provisions include mediation, binding arbitration, and filing of limited legal claims 	Public, but some coalition involvement: Enforcement provisions include a requirement that a developer pay liquidated damages to City. City can also pursu legal claims. City may also bar employers who repeatedly violate the agreement from future City contracts. Per a separate agreement wit the community coalition City is obligated to enforce the community benefits terms in the developer's lease with the City. City appointed coalition members to ar oversight board tasked with advising City on enforcement

	COMPARISON OF FOUR DIFFERENT COMMUNITY BENEFITS AGREEMENTS					
	STAPLES CENTER (LA LIVE) CBA ⁵⁰	NEW FLYER CBA ⁵¹	LAX CBA ⁵²	OAKLAND ARMY BASE CBA ⁵³		
Duration	• Expires in 2111, excluding benefits with other end dates specified in agreement	• In effect for five years and can be renewed annually by mutual agreement of parties	 CBA states that agreement will expire on December 31, 2015, or with the conclusion of the LAX Master Plan Program, whichever is later, and no later than December 31, 2020 Master Plan Program, whichever is later, or no later than December 31, 2020 	• Policy is a "material term of any contract into which it is incorporated"		

The Staples/ LA Live, New Flyer, LAX, and Oakland Army Base CBAs exemplify the measures that communities can negotiate for and gain through CBAs when they can access technical and legal assistance, secure adequate staff capacity, and build strong coalitions.⁵⁴ Each of these successful CBAs exhibits the following six characteristics discussed above:

- **Representative**: Trusted community voices are represented in the negotiations.⁵⁵
- **Transparent**: The negotiations are transparent to those involved and to observing community members.⁵⁶
- **Accountable**: The CBA establishes measures to ensure the developer is accountable for meeting the CBA provisions.⁵⁷
- **Enforceable**: The CBA and its provisions are enforceable. Note that while legally enforceable contracts, the written agreement should be well constructed such that enforcement is possible.⁵⁸
- **Impactful**: The CBA produces substantive benefits over the long-term that the community wants and needs.⁵⁹
- **Procedurally Fair**: There is a fair process for decision-making. Also, impacted communities should be represented and possess adequate capacity to engage.⁶⁰

By embodying these characteristics, the Community Benefits Agreements analyzed in the table above provide examples of CBA provisions that can help inform upcoming CBAs in offshore wind and other energy projects in California.



ENDNOTES

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