



CC4CA Community Transition Working Group
Final Report to the CC4CA Policy Committee
August 2020

Part 1: Introduction and Key Policy Recommendations

For a variety of reasons, including global economic shifts, technology trends, and an ongoing evolution in how pollution is regulated, coal production and coal-based power generation in Colorado have experienced steep and ongoing declines. While highly beneficial from a climate, air quality, and statewide economic competitiveness perspective, and while the long-term implications for coal communities may be positive, this transition can have significant economic impacts on those communities in the shorter term.

CC4CA's member communities, as local governments themselves, believe that even as the coalition advocates for a rapid transition away from fossil fuel-based energy sources we should also advocate for a strong system of support for these so-called transition communities. In part for this reason, CC4CA's Policy Statement expresses support for incorporating equity, accessibility, and just transition considerations into climate policies and actions. It also includes a pertinent General Policy Principle supporting "locally driven and designed programs to support communities impacted by the clean energy transformation."

CC4CA does not have deep technical expertise among its staff or member governments on these issues yet is committed to advocating for policies that provide significant support to transition communities without impeding the clean energy transition. The CC4CA Policy Committee created the Community Transition Working Group early in 2020 to look more closely at and provide guidance for CC4CA's policy work on Colorado's new coal community transition programs. The CTWG worked through July 2020 to produce this report to the Policy Committee.

Key Recommendations

1. General Policy Guidance

This guidance should help CC4CA staff and the Policy Committee determine whether the organization should support or oppose any particular policy or implementation plan. The CTWG encourages CC4CA to support policies and programs that align with the following guidance:

- Community transition efforts can be supported by the state and neighboring communities but they must be led by the impacted communities themselves.
- Regional efforts (e.g., regional transportation collaborations, "laborshed" coordination) are especially important because they are much more likely to succeed than efforts focused on individual communities.

- Workforce development and training programs need to be designed for rapid implementation. Workers must be able to acquire the necessary training and certifications quickly enough to support a relatively rapid professional transition.
- Reclamation, remediation, capping orphan wells, and similar activities designed to reduce and repair carbon pollution or other environmental damage associated with fossil fuel extraction should get special attention in workforce development and job creation efforts.
- Staffing of state or other programs in impacted communities, including community transition programs themselves and any economic stimulus activities (e.g., solar development), should prioritize hiring from within those communities whenever possible.
- State-level policy decisions that have significant job creation implications should take into account the potential for creating jobs in transition communities (e.g., promoting distributed generation investment versus importing electricity from out of state).
- Community transition policy should recognize the critical importance of job quality and wealth generation (as opposed to emphasizing only the number of jobs created).
- Community transition policy should recognize the relationship between personal identity and professional identity, being respectful of the ways in which changing professions can be much more difficult than simply learning new skills.
- Programs that provide transition or safety net services are especially important for individuals and families in transition communities, including wage differential support, health care, mental health and addiction support services, food insecurity programs, and housing assistance.
- Regional infrastructure like broadband and transportation systems are critical for transition communities.
- Effective economic development support may consist of both traditional economic development activities (e.g., recruiting out-of-town businesses to relocate locally) and economic gardening activities (e.g., supporting existing local businesses), which are sometimes overlooked.
- Updating fiscal policy in Colorado should be a priority because current fiscal policy excessively limits the ability of local governments and the state to build reserves, make long-term capital investments, adjust revenue streams in response to changing economic and other circumstances (e.g., the property tax formula hard-wired into the State Constitution through the Gallagher Amendment), and otherwise adapt to significant economic changes.

2. Proactive Policy Recommendations

These are recommendations on specific policies or programs for which CC4CA should consider proactively advocating:

- Community transition program funding through state appropriations, other state and federal funding sources, nonprofit sector sources, etc.
- Programs that support local capacity building in impacted communities.
- Programs that will help offset the tax base declines in impacted communities, particularly with respect to critical community services like emergency services, school districts, and road construction and maintenance.
- Expanding the scope of the state's just transition work to include non-coal fossil fuel communities. Although funding for such an expansion may not be available for some time, the policy and programmatic framework can be developed so that it is easy to expand as funding availability grows.

3. Additional Steps

These are recommendations on additional steps CC4CA should consider taking:

- Remain fully engaged in all of the state's efforts to develop and implement community transition efforts, including those developed through the Just Transition Office.
- Support CC4CA members who wish to collaborate with neighboring transition communities in resource-sharing, joint funding proposals, exploring regional collaborations, or other efforts that may help transition communities.
- Explore ways to help/encourage/force coal and power companies to communicate more consistently with impacted communities.
- Occasionally provide CC4CA members with specific ideas and suggestions, as they become apparent, for further supporting community transition policy and efforts (e.g., when possible, supporting businesses in impacted communities by buying and hiring regionally, avoiding competing with transition community neighbors for grants, prioritize job applicants who have lost their jobs in transition communities).
- Highlight successful collaborations between CC4CA members and transition communities.

The collapse in demand for energy products resulting from the COVID pandemic has accelerated and intensified the economic challenges faced by many communities that rely on the fossil fuel industry and its supply chain. These challenges have been further intensified by recent global production disputes that have driven oil prices to historic lows (at one point even driving prices into negative territory, i.e., producers were having to pay to have product taken off their hands).

As a result, downward trends in Colorado's fossil fuel energy production and demand that were previously in a slow state of decline are now taking place in rapid and dramatic form. This is in turn having a rapid and dramatic impact on employment in this sector, which only increases the need for local, state, and federal resources to assist with the just transition process as part of the broader post-COVID economic recovery effort.

Governments at all levels, the federal government in particular, have made significant resources available to support this recovery process. Wherever possible, these resources should be directed towards supporting the transition to a clean energy economy, as opposed to artificially prolonging or otherwise propping up fossil fuel enterprises that are already in a state of long-term structural decline. This focus would also reflect the likelihood of long-term implications of the COVID crisis, such as the potential for a permanent shift to more employees working at home, which will result in long-term and lasting reductions in gasoline demand.

Part 2: Understanding the Challenge

The coal industry around the U.S. is in decline as a consequence of the declining cost of natural gas and renewable energy generation and the adoption of regulations designed to reduce carbon pollution and reduce the extent to which the costs of carbon-based power generation are externalized. In Colorado, this is evident in the steady retirement of coal mines and coal power plants.

The Colorado communities that are or have been home to these facilities are experiencing significant disruptions. Most of these communities do not have a diverse economic base and face significant challenges in sustaining a healthy community and crafting a competitive, thriving economy for the coming years. The most obvious impact is the loss of jobs, especially steady and well-paid jobs at the mines and power plants. The facility closures and job losses also lead to significant reductions in the local tax base, which is especially impactful to counties, school districts, fire districts, and other special districts that are heavily dependent on property taxes. Local municipalities then experience drops in sales tax and other revenue sources. The job and revenue losses can then lead to declines in population, community stability, and a sense of community.

For these communities to successfully navigate this transition, they will have to grapple with the immediate economic challenges, sustain a sufficiently robust safety net and social infrastructure, and develop a local economy better able to compete and thrive in an environment where coal jobs exist only in very small numbers if at all.

The recommendations put forth by CC4CA's CTWG are intended to provide a framework for evaluating potential policy options and crafting a proactive policy advocacy strategy that will help transition communities over the next several years and decades.

Part 3: Detailed Recommendations

Key Principles of Supporting Transition Communities

The CTWG identified a number of key principles for guiding efforts to support transition communities.

Key Principle: Support Locally Led Efforts

Successful efforts must generally be led by the transition communities themselves. Support from state agencies, nonprofits, and other communities can and probably are essential, but the efforts must be locally led. Similarly, the state and other supportive entities must be careful to avoid acting paternalistically and should support growing local leadership rather than attempting to import leadership from elsewhere.

Key Principle: Balance Between the Needs of Individual Workers and of the Community

Individual-focused strategies emphasize the needs of individual workers and families, and tend to incorporate tools, like worker training, that may result in individuals and families choosing to relocate. This might be good for those individuals and families but could be harmful to the community as its culture, historical knowledge, and social institutions are weakened. Community-focused strategies tend to emphasize community institutions and infrastructure, and may leave some individuals and families worse off but are more protective of the community as a whole. Both approaches are important and transition support programs need to find a balance between them.

Key Principle: Transitions Require Integrated Efforts

Transition support efforts must integrate a wide range of strategies including housing, transportation, human capital, planning, economic development, and community improvements.

How the State Can Help

The State of Colorado can and should play a range of roles in supporting these transition efforts. The CTWG identified several types of state support that are likely to be especially helpful.

State-level Policy

There are a range of specific state-level policy changes that would help impacted communities. They include:

- Fixing TABOR and Gallagher in the state Constitution
- Clarifying and strengthening the obligation of departing coal-related companies to provide warning before closures, financial transition support, and potential land/infrastructure donations
- Requiring that companies receiving tax breaks pay to support these transitions and/or repay some number of years of those tax breaks
- Creating a state trust/transition fund using severance tax revenues and/or other revenues tied to the income of extractive industries
- Eliminating the 5% low income subscriber and adjacent county requirements for community solar gardens
- Promote energy investment decisions that drive local job creation (e.g., promoting distributed generation investment versus importing electricity from out of state)
- Updating the Weatherization program to improve pay, reduce certification requirements, streamline regulatory requirements, and improve energy efficiency performance
- Update the state's rules for rural community grant funds (e.g., population size, return on investment metrics) to be more appropriate for remote rural areas
- Require or encourage improved building code standards for rental units, which could improve housing opportunities and create jobs
- Prioritize job applicants who have lost their jobs in transition communities.
- Award more points for applications that involve multi-community collaborations in DOLA and other state grant programs

Programmatic Support

The state can provide technical assistance to impacted communities in a number of ways:

- Ensure there is strong communication and coordination between the relevant state agencies
- Help ensure that federal agency efforts are effectively integrated and coordinated with state efforts
- Support and/or fund local and regional market cluster analyses
- Facilitate local communities developing their own renewable energy generation
- Identify a broader range of potential clean energy jobs beyond solar installers

- Ensure that state economic development support doesn't exclusively focus on recruiting out-of-town businesses to relocate locally but also incorporates efforts to support local entrepreneurs and growth in existing local businesses
- Ensure that state economic development support pays attention to existing skillsets rather than simply assuming that retraining is necessary
- Conduct analyses of the potential for new manufacturing opportunities
- Leverage and augment the work of DOLA's rural prosperity managers
- Encourage and facilitate shared learning between transition communities

The state can support regional approaches in a number of ways, including:

- Facilitate regional efforts such as planning and coordinating around “rural hubs” or “laborsheds”
- Help impacted communities connect with networks of communities that are already dealing or have already dealt with these issues
- Help ensure that coal/power generation companies communicate effectively and regularly with impacted communities and workers

Many of these approaches could be housed either within the Office of Just Transition or elsewhere within the state government.

Financial Support

Colorado could directly fund:

- Economic development staff, grantwriting support, etc.
- Bridge funding for the community to cover the loss of resources & tax base revenue
- Wage differential/wage replacement programs
- Investment in infrastructure
- Business loan /grant programs to existing businesses to expand in impacted areas
- Affordable housing

Colorado should expand funding for the state’s Just Transition Office. Examples where funding could be highly consequential include hiring people in the impacted communities to organize and coordinate with outside support (as opposed to hiring outsiders and sending them to these communities), and funding programs providing local capacity building and leadership development support for local groups and local leaders.

Colorado and other entities could help identify and advocate for other potential funding sources and resources, such as Community Development Block Grants and Department of Energy technical assistance programs.

Colorado and other entities can support workforce development centers and workforce training. Effective workforce development and training approaches:

- Must provide relatively rapid training opportunities (i.e., they can't involve multi-year degree or certificate programs)
- Must be occupationally focused

- Must incentivize or require workers to remain in their communities so they don't leave immediately after they are trained

How Other Local Governments Can Help

The CTWG identified a number of specific opportunities for other local governments, including CC4CA members, to help transition communities. These include:

- Share resources, best practices, and provide other direct support
- Support regional collaboration on economic development, transportation, housing policy, etc.
- Bring programs and support to the impacted communities (don't ask/expect impacted community members to come to the neighboring communities)
- Provide transportation between impacted communities and the jobs (e.g., increasing bus service)
- Support businesses in impacted communities by buying and hiring regionally, establishing local labor requirements, etc.

There was one specific recommendation about CC4CA that the CTWG doesn't endorse but felt it was important to share:

“CC4CA came out of the gate as an organization that was unapologetic in support of climate action. We could work more as a community organization that helps communities transition ... we could bring other advocacy organizations more into the directly supporting transition in affected communities.”

Pitfalls to Avoid

The CTWG flagged a number of important lessons drawn from previous community transition efforts around the U.S.

Pitfall #1: Outsiders driving the process. Impacted communities must be engaged and must drive and own the solutions. The solutions can't be imposed on impacted communities by the state or other outside entities.

Pitfall #2: Hiring outsiders to do the work. Transition efforts need to hire people in the impacted communities to do the work rather than hiring from outside and sending them into those communities.

Pitfall #3: Lack of candor. A lack of candor, combined with over-promising and under-delivering, can severely hamper transition efforts. For many communities with a history of manufacturing and/or labor unions, for example, the legacy of NAFTA still looms large.

Pitfall #4: Slow planning. Planning processes must move quickly. Year-long “what do you want to be” processes are not helpful. Most impacted communities already know enough about their vision and what they need to make these processes move more quickly than traditional community planning.

Pitfall #5: Assumptions about job transitions. Assumptions about job transitions can plague and undermine transition efforts. For instance, it is often assumed that the best transition from coal jobs is to other energy jobs, but this is not always accurate. Transition plans need to be informed by careful skillset and job opportunity analyses.

Pitfall #6: Overlooking job quality and wealth creation. Transition efforts are often hampered by a misguided focus on the quantity of jobs instead of quality of jobs, and they often fail to focus on the importance of local wealth creation.

Pitfall #7: Missing opportunities to employ local community members. Transition efforts often focus on economic activity without maximizing value to the local community or overlooking crucial opportunities for long-term economic rebuilding. For instance, community solar projects are often built by out-of-town companies importing outside crews, depriving the local community of jobs and experience.

Pitfall #8: Not taking addiction seriously enough. Addiction and the wide range of associated community challenges often play a much more prominent role in economic transitions than transition efforts account for. Health care generally, mental health, and addiction need significant funding, policy, and programmatic attention in transition efforts.

Pitfall #9: Undervaluing the importance of a job-based sense of identity. Transition efforts often underestimate the importance of the sense of identity that can come with good jobs. The loss of that sense of identity when a job disappears can amplify many of the other challenges of community transition efforts. Effective efforts must recognize and address this.

Part 4: CC4CA's Community Transition Working Group

At CC4CA's 2018 annual retreat, the Board of Directors identified as an advocacy priority advancing policies intended to support communities with a significant fossil fuel-based job base as they transition away from those fossil jobs.

CC4CA's initial approach was to engage with community transition experts and with local officials in impacted communities to better understand the issues and opportunities. Based on that research, CC4CA then prioritized passage of HB19-1314 during the 2019 legislative session. The bill, which was signed into law last year, directed the Department of Labor and Employment to create a Just Transition Office, a Just Transition Advisory Committee, and a just transition plan for the state. The draft was due by July 1, 2020 and the final is due by December 31, 2020.

CC4CA has continued its engagement on this issue in several ways. One was becoming involved in the implementation of HB19-1314. CC4CA participated in the state's Just Transition Advisory Committee process and moving forward will advocate for funding, effective implementation, and additional supportive policies that help Colorado's coal-dependent communities as the state's energy system transitions away from coal.

Another key step was the CC4CA Policy Committee's establishment of a Community Transition Working Group, charged with producing a report or memo addressing the following items:

- Policy guidance – guidance for staff and the Policy Committee to use in determining whether CC4CA should support or oppose any particular policy or implementation plan.
- Policy recommendations – recommendations, if any, on specific policies or implementation considerations that CC4CA should consider proactively advocating for.
- Additional steps – recommendations, if any, on specific steps or tasks that CC4CA staff should take on.

The CTWG convened in January 2020. Its members included:

- Catherine Drumheller (Broomfield)
- Deb Gardner (Boulder County)
- Heidi Henkel (Broomfield)
- George Marlin (Clear Creek County)
- Erica Sparhawk (Carbondale)
- Lance Waring (San Miguel County), Chair

The CTWG was primarily staffed by CC4CA Executive Director Jacob Smith.

The working group met five times between January 20, 2020 and April 14, 2020, in addition to email conversations in May, June, and July. Because the state's Just Transition Advisory Committee process would be taking place simultaneously, and was expected to include a significant amount of research into the literature and case studies, the group decided to focus on one-on-one conversations with individual experts and transition community residents/officials. Over the next several months, the group had extended conversations with ten such individuals:

- Adrienne Dorsey, Grid Alternatives (a non-profit providing renewable energy access and job-training for underserved communities, including workforce training)
- Dennis Dougherty, Executive Director, Colorado AFL-CIO (one of the major labor unions in the state, representing 180 affiliate unions, and Dennis is also the chair of the state's Just Transition Advisory Committee)
- Katharine Ferguson, Associate Director, Community Strategies Group, The Aspen Institute (a non-profit think tank)
- Luke Ilderton, Deputy Director, Energy Outreach Colorado (a key advocate for the needs of low-income Coloradans)
- Chris Markuson, Director of Colorado and State Economic Transition Policy at BlueGreen Alliance (a nonprofit collaboration between labor unions and environmental organizations)
- Routt County Commissioner Beth Melton
- Gunnison County Commissioner John Messner
- April Montgomery, Vice President of Programs, Telluride Foundation (a community foundation supporting organizations in San Miguel, Ouray and western Montrose Counties)
- Dianne Reams, community organizer (her family has a long history and a variety of commercial interests in the San Miguel/Montrose County region)

- Deana Sheriff, Executive Director, West End Economic Development Corporation (an economic development nonprofit working generally in the "West End" of Montrose County, including Nucla, Naturita, Bedrock, Paradox, Redvale and Norwood)

Drawing from these conversations and the parallel research and analysis undertaken by the state's Just Transition Advisory Committee, the CTWG crafted the recommendations described in this report. It is important to note that, with more time and resources, the CTWG might have talked to a wider variety of individuals that might have contributed additional depth and nuance to the analysis. These interviewees do represent a range of perspectives and positions, however, and the working group's sense is that the recommendations in this report are probably robust enough to remain useful even as CC4CA's understanding of these transition issues deepens.