



**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE  
REGULAR MEETING**

**Thursday, June 10, 2021  
10:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Kate Harrison and Lori Droste  
Alternate: Councilmember Rashi Kesarwani

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH  
VIDEOCONFERENCE AND TELECONFERENCE**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council Budget & Finance Committee will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL - <https://us02web.zoom.us/j/81351873235>. If you do not wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial **1-669-900-9128** or **1-877-853-5257 (Toll Free)** and Enter Meeting ID: **813 5187 3235**. If you wish to comment during the public comment portion of the agenda, press \*9 and wait to be recognized by the Chair.

Written communications submitted by mail or e-mail to the Budget & Finance Committee by 5:00 p.m. the Friday before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record. City offices are currently closed and cannot accept written communications in person.

# AGENDA

## Roll Call

## Public Comment on Non-Agenda Matters

## Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

### 1. Minutes - June 2, 2021

## Committee Action Items

*The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.*

*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

### 2. Discussion of Proposed FY 2022 Budget

**From: City Manager**

Contact: Dee Williams-Ridley, City Manager, (510) 981-7000

### 3. Discussion of Council Referrals to the Budget Process

**From: City Manager**

Contact: Dee Williams-Ridley, City Manager, (510) 981-7000

## Committee Action Items

### 4. Potential Measure P FY2022 Allocations

**From: Councilmember Droste (Author)**

**Referred: January 25, 2021**

**Due: June 14, 2021**

**Recommendation:** Refer the Measure P funding discussion to the City Manager, Measure P Homeless Panel of Experts to determine next steps to ensure that the Measure P fund stays solvent. Specifically, these bodies should prioritize preferred programs and services within the various categories that the Measure P panel previously outlined according to updated projected revenues. During the course of these deliberations, the Panel of Experts should hear presentations from staff on which homeless services (e.g. permanent supportive housing exits, shelters, emergency interventions, multi-departmental staffing, and supportive services) are funded outside of Measure P so that the bodies can make recommendations after understanding the entirety of services and programs.

To the extent possible, the committees and commissions should attempt to find a non-volatile source of funding for permanent supportive housing, using the 1,000 person plan as a framework for best addressing the homelessness crisis on our streets.

The Panel of Experts should finalize their priorities in time for the budget committee's consideration in June of 2021.

**Financial Implications:** See report

Contact: Lori Droste, Councilmember, District 8, (510) 981-7180

### 5. Proposal to Allocate Revenues Generated by the Transient Occupancy Tax in the Waterfront Area to the Marina Fund to Avoid Insolvency, Rebuild its Fund Balance and to Stabilize its Finances

**From: Parks and Waterfront Commission**

**Referred: April 5, 2021**

**Due: October 9, 2021**

**Recommendation:** That Council adopt a Resolution adopting a policy that all Transient Occupancy Taxes (TOT hotel tax) generated at the Berkeley Waterfront be allocated to the City's Marina Enterprise Fund. All other property, sales, utility users, and parking taxes; as well as business license and franchise fees, would continue to be allocated to the City's General Fund.

**Financial Implications:** See report

Contact: Roger Miller, Commission Secretary, (510) 981-6700

## Committee Action Items

6. **Establish A Pilot Climate Equity Action Fund to Assist Low-Income Residents with Transition to Zero-Carbon Transportation and Buildings**  
**From: Councilmember Harrison (Author), Mayor Arreguin (Author), Councilmember Robinson (Co-Sponsor), Councilmember Taplin (Co-Sponsor)**

**Referred: April 26, 2021**

**Due: October 11, 2021**

**Recommendation:**

1. Adopt a Resolution establishing: a. a Climate Equity Action Fund as a repository of grant and municipal funds for equitable climate-related pilot programs for low-income households at or below 50% of Area Median Income or as otherwise designated by Council; and b. an annual process for the Energy Commission (or successor) and Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible categories of fund expenditures (e.g., transportation modal shift or building electrification) to maximize equitable emissions reductions and impacts for eligible households.
2. Refer to the June, 2021 budget process: a. \$500,000 of general fund monies from excess equity as seed funding for the Climate Equity Action Fund pilot program; and b. \$100,000 for staff costs associated with the Finance Department and OESD in administering applications and disbursement of monies.

**Financial Implications:** See report.

Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

7. **Budget Referral and Resolution Establishing A Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings**  
**From: Councilmember Harrison (Author), Councilmember Bartlett (Co-Sponsor)**

**Referred: May 17, 2021**

**Due: November 1, 2021**

- Recommendation:** 1. Adopt a Resolution establishing: a. a two-year Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings; and b. an annual process for the Energy (or successor) Commission and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households while leaving the mechanisms for doing so to staff discretion. 2. Refer to the June, 2021 budget process: a. \$1,500,000 of general fund monies from excess equity as seed funding for the two-year pilot, inclusive of staff costs, for FY 2022.

**Financial Implications:** See report

Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

## Unscheduled Items

*These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.*

- 8. Predevelopment Allocation, Ashby Recreation and Community Housing (ARCH) Consortium**  
**From: Councilmember Bartlett (Author), Mayor Arreguin (Co-Sponsor), Councilmember Taplin (Co-Sponsor)**  
**Referred: March 8, 2021**  
**Due: July 26, 2021**  
**Recommendation:** Refer to staff to work with the Ashby Recreation and Community Housing (ARCH) Consortium to develop a planning grant for the Ashby BART East Parking Lot  
**Financial Implications:** See report.  
Contact: Ben Bartlett, Councilmember, District 3, (510) 981-7130
- 9. Disposition of Referrals, Projects and Audits**  
**From: City Manager**  
Contact: Melissa McDonough, City Manager's Office, (510) 981-7000
- 10. Housing Trust Fund Resources**  
**From: City Manager**  
Contact: Lisa Warhuus, Housing and Community Services, (510) 981-5400
- 11. Cash v. Accrual Basis Accounting**  
**From: City Manager**  
Contact: Henry Oyekanmi, Finance, (510) 981-7300
- 12. Review of Council's Fiscal Policies**  
**From: City Manager**  
Contact: Rama Murty, Budget Office, (510) 981-7000

## Adjournment

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*Written communications addressed to the Budget & Finance Committee and submitted to the City Clerk Department will be distributed to the Committee prior to the meeting.*

*This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Members of the City Council who are not members of the standing committee may attend a standing committee meeting even if it results in a quorum being present, provided that the non-members only act as observers and do not participate in the meeting. If only one member of the Council who is not a member of the committee is present for the meeting, the member may participate in the meeting because less than a quorum of the full Council is present. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Mark Numainville, City Clerk, (510) 981-6900.*



### COMMUNICATION ACCESS INFORMATION:

To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date.

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I hereby certify that the agenda for this meeting of the Standing Committee of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on June 3, 2021.



Mark Numainville, City Clerk

## **Communications**

*Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA, and are available upon request by contacting the City Clerk Department at (510) 981-6908 or [policycommittee@cityofberkeley.info](mailto:policycommittee@cityofberkeley.info).*

**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE  
SPECIAL MEETING MINUTES**

**Wednesday, June 02, 2021  
10:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Kate Harrison and Lori Droste  
Alternate: Councilmember Rashi Kesarwani

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## AGENDA

**Roll Call:** 10:01 a.m. All present.

**Public Comment on Non-Agenda Matters:** 1 speaker.

### Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

**1. Minutes - May 27, 2021**

**Action:** M/S/C (Harrison/Droste) to approve the minutes of May 27, 2021.

**Vote:** All Ayes.

### Committee Action Items

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*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

**2. FY 2021-2025 Revenue Projections**

**From: City Manager**

Contact: Henry Oyekanmi, Finance, (510) 981-7300

**Action:** 2 speakers. Presentation made and discussion held.

**3. Deferrals to the AAO Process in November**

**From: City Manager**

Contact: Dave White, City Manager's Office, (510) 981-7000

**Action:** 4 speakers. Presentation made and discussion held.

**4. Discussion of Council Referrals to the Budget Process**

**From: City Manager**

Contact: Dee Williams-Ridley, City Manager, (510) 981-7000

**Action:** 1 speaker. Item continued to next meeting on June 10, 2021.



## Committee Action items

5. **Establish A Pilot Climate Equity Action Fund to Assist Low-Income Residents with Transition to Zero-Carbon Transportation and Buildings**  
**From: Councilmember Harrison (Author), Mayor Arreguin (Author), Councilmember Robinson (Co-Sponsor), Councilmember Taplin (Co-Sponsor)**  
**Referred: April 26, 2021**  
**Due: October 11, 2021**  
**Recommendation:**
1. Adopt a Resolution establishing: a. a Climate Equity Action Fund as a repository of grant and municipal funds for equitable climate-related pilot programs for low-income households at or below 50% of Area Median Income or as otherwise designated by Council; and b. an annual process for the Energy Commission (or successor) and Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible categories of fund expenditures (e.g., transportation modal shift or building electrification) to maximize equitable emissions reductions and impacts for eligible households.
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- Financial Implications:** See report.  
Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

Item continued to next meeting on June 10, 2021.

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**Financial Implications:** See report  
Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

## Committee Action Items

Item continued to next meeting on June 10, 2021.

## Unscheduled Items

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### 7. **Potential Measure P FY2022 Allocations**

**From: Councilmember Droste (Author)**

**Referred: January 25, 2021**

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**Financial Implications:** See report

Contact: Lori Droste, Councilmember, District 8, (510) 981-7180

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**Financial Implications:** See report

Contact: Roger Miller, Commission Secretary, (510) 981-6700

## Unscheduled Items

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12. **Cash v. Accrual Basis Accounting**  
**From: City Manager**  
Contact: Henry Oyekanmi, Finance, (510) 981-7300
13. **Review of Council's Fiscal Policies**  
**From: City Manager**  
Contact: Rama Murty, Budget Office, (510) 981-7000

## Adjournment

**Action:** M/S/C (Arreguin/Harrison) to adjourn the meeting.

**Vote:** All Ayes.

Adjourned at 12:16 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on June 2, 2021.


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April Richardson, Assistant City Clerk

## Communications

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No Material  
Available for  
this Item

There is no material for this item.

**City Clerk Department**  
2180 Milvia Street  
Berkeley, CA 94704  
(510) 981-6900

The City of Berkeley Budget & Finance Policy Committee Webpage:  
[https://www.cityofberkeley.info/Clerk/Home/Policy\\_Committee\\_Budget\\_Finance.aspx](https://www.cityofberkeley.info/Clerk/Home/Policy_Committee_Budget_Finance.aspx)





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Lori Droste  
Vice Mayor District 8

Consent Calendar  
February 9, 2021

To: Honorable Mayor and Members of the City Council  
From: Vice Mayor Lori Droste  
Subject: Potential Measure P FY2022 Allocations

**Recommendation**

Refer the Measure P funding discussion to the City Manager, Measure P Homeless Panel of Experts and the Health and Life Enrichment policy committee to determine next steps to ensure that the Measure P fund stays solvent. Specifically, these bodies should prioritize preferred programs and services within the various categories that the Measure P panel previously outlined according to updated projected revenues. During the course of these deliberations, the Panel of Experts should hear presentations from staff on which homeless services (e.g. permanent supportive housing exits, shelters, emergency interventions, multi-departmental staffing, and supportive services) are funded outside of Measure P so that the bodies can make recommendations after understanding the entirety of services and programs.

To the extent possible, the committees and commissions should attempt to find a non-volatile source of funding for permanent supportive housing, using the [1,000 person plan](#) as a framework for best addressing the homelessness crisis on our streets.

The Panel of Experts and ~~Health and Life Enrichment policy committee~~ should finalize their priorities in time for the budget committee's consideration in June of 2021.

**Background**

Current Measure P revenues projections for the upcoming fiscal years are currently estimated at \$3 6.2 million dollars while total annual expenses hover around \$11.54 (Attachment A). While the beginning fund balance is healthy for FY21 and FY22, if current allocations are sustained, the fiscal year shortfalls begin this year and extend to \$8.5 million dollar annual fiscal year deficits in the following fiscal years.<sup>1</sup>

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<sup>1</sup> <https://www.cityofberkeley.info/uploadedFiles/Clerk/Item%20%20Staff%20report.pdf>

In 2019, the Measure P Panel of Experts recommended that Council allocate its Measure P revenues accordingly:

- 30% permanent supportive housing
- 30% temporary accommodations and shelter
- 14% street conditions and hygiene
- 14% supportive services
- 10% flexible housing funds
- 2% infrastructure.

If Council chooses to strictly follow the recommended percentage allocations, this means that Council has the following revenue to allocate to the aforementioned categories:

- \$1,900,000 to permanent supportive housing
- \$1,900,000 to temporary accommodations and shelter
- \$420,875,000 to street conditions and hygiene
- \$420,875,000 to supportive services
- \$300,625,000 to flexible housing funds
- \$60,125,000 to infrastructure

For example, Council allocated approximately \$2.6 million for temporary shelters (STAIR, Dorothy Day, YSA, outdoor shelter) in FY2021. If Council wants to maintain these existing and new shelter programs *and* if overall revenues are anticipated to be only \$36 million, Council will exhaust all Measure P revenue and have ~~no~~ **limited** money to allocate to permanent supportive housing, street conditions and hygiene, supportive services, flexible housing funds, and infrastructure. Additionally, in October of 2020, City Council also approved a \$900,000 yearly [permanent supportive housing Measure P allocation](#) for homeless housing.

### **Questions for the Committee**

1. What other funding sources are dedicated to helping our unhoused community?
2. How much money will be available from the recently passed stimulus bill to help our unhoused community? What criteria is attached to such funding?
3. Should the categories identified by the Measure P Panel be re-thought?
4. Should costs for infrastructure (personnel and technical assistance) come off the top to ensure that evaluation and personnel are always paid for with Measure P funds even if overall revenues are down?
5. If the panel and committee wants to retain the various categories established by the Measure P panel and funding is limited, which programs *within the categories* should be prioritized for Measure P funding?
6. Staff has indicated that approximately 57% of 5150 transports are for unhoused individuals. Is there an alternative non-Measure P source of funding to pay for the 5150 transports?
7. How can Measure P help sustain existing programs?

### **Fiscal Impacts**

By addressing future funding shortfalls, this item will guide discussions to ensure that the Measure P fund remains financially solvent.

**Contact**

Lori Droste, Vice Mayor, [ldroste@cityofberkeley.info](mailto:ldroste@cityofberkeley.info)

Attachment 1. Measure P Program Projection

**Budget &  
Finance  
Policy  
Committee: Measure P**

Health, Housing & Community Services

# AGENDA

- 1. Overview**
- 2. Measure P**
- 3. Reports**
- 4. Conclude**

# Berkeley Homeless Programs and Funding

- [ Intro to Homelessness ] -

**City of Berkeley**

**Non-profit Partners**

23 agencies providing 57 programs. Receive \$19 million in City funding for homeless programs each year.

**Homeless Commission**

**Advisory Role**

Advises City Council on homeless policy and programs, including funding for homeless services.



**Outreach, Housing Navigation & Prevention**



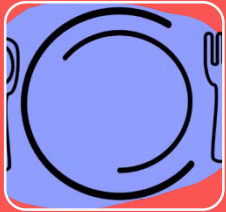
**Emergency Shelter / Transitional Housing**



**Permanent Housing**



**Supportive Services**



### Basic Services

- Meals
- Drop-In Centers
- Showers



### Permanent Supportive Housing

- Shelter Plus Care + Square One
- Case Management Support



### Emergency Shelter

- Single Men/Women
- Families
- Winter Storm Shelter



### Rapid Re-Housing

- Short-term rental subsidies



### Transitional Housing

- Single Men/Women
- Families
- TAY



### Alcohol and Drug Treatment

- Residential Treatment
- Daytime services



### Homeless Outreach

- BACS, Lifelong Medical Care
- City Manager's Office
- DBA



### Other Services

- Domestic Violence Services
- Representative Payee
- Benefits Advocacy



# Many Departments Work on Homelessness

- HHCS
  - HCS
    - Community Agency Contracts
    - Shelter Plus Care
    - Homeless Policy / Coordination with County
  - Mental Health
    - Full Service Partnership
  - Aging Services
    - Case management
    - Senior Centers
  - Environmental Health
    - Encampments
- PW
  - Encampments
  - Abandoned Belongings
- Parks, Recreation & Waterfront
  - Encampments
  - Shower Program
- BPD
- City Manager's Office

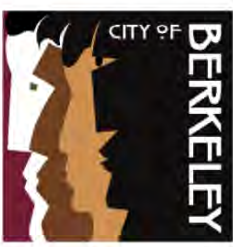
# CARES Act and Other Funding for COVID-19

## Sources:

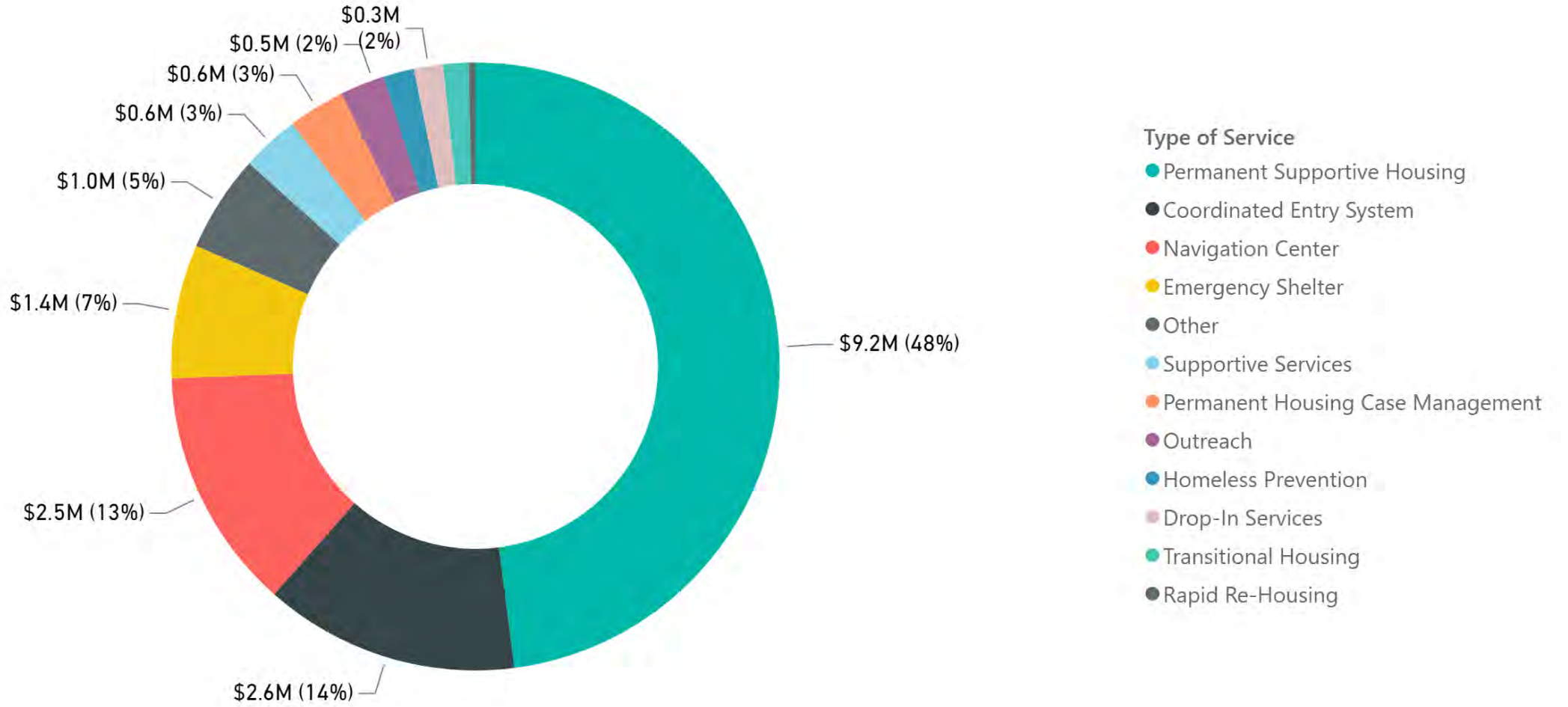
- CDBG – CV1: \$1,610,805
- CDBG – CV3: \$891,121
- ESG – CV1: \$808,117
- ESG-CV2: \$5,840,486
- CSBG : \$373,097
- HEAP : \$893,000

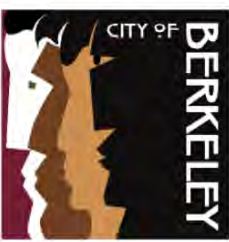
## Uses:

- Berkeley Respite Program
- Rapid Re-Housing
- Hygiene and Food
- Additional Costs for Shelter Programs
- Mobile Shower Program
- Rental Subsidies



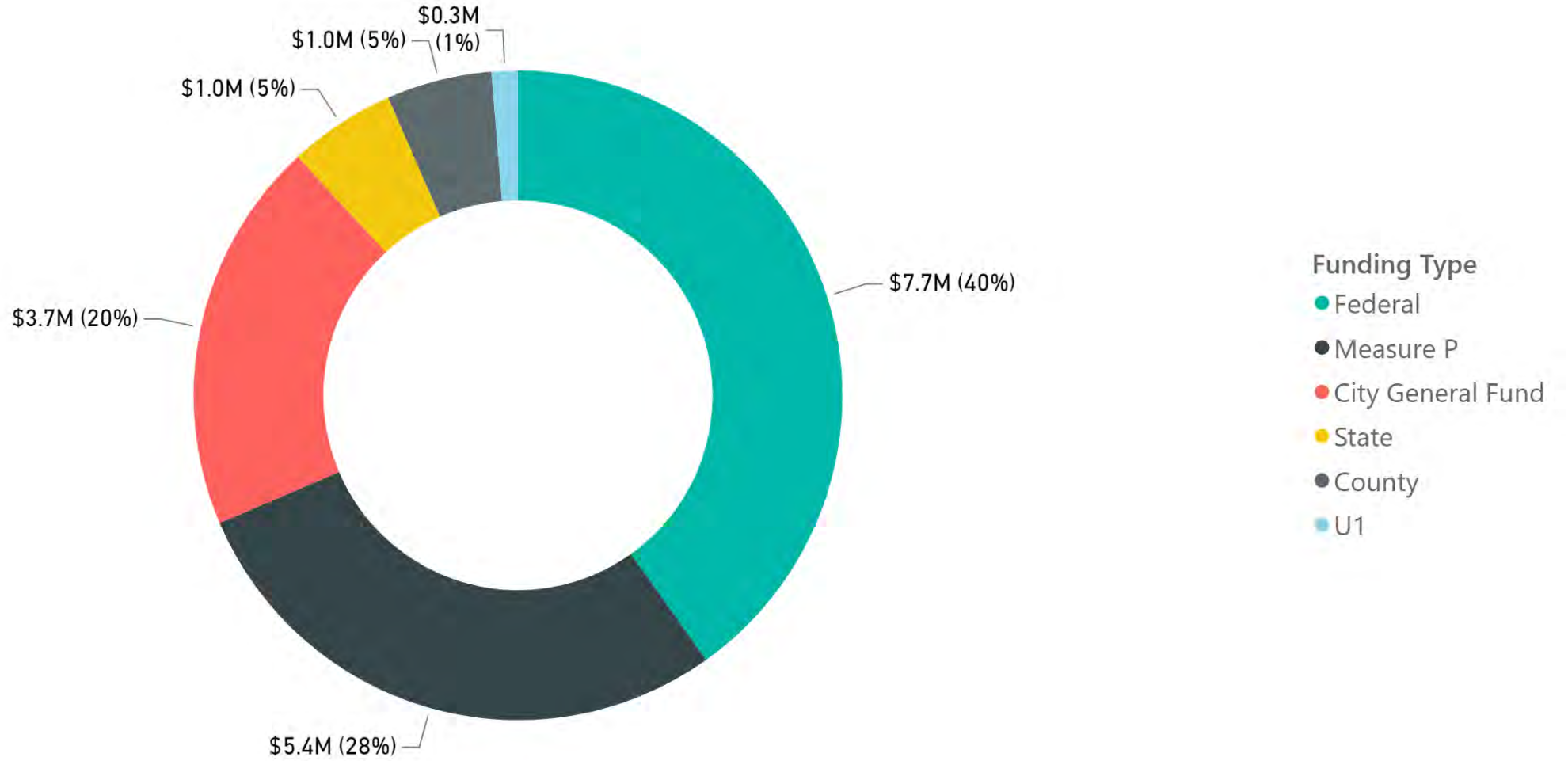
**\$19.14M**  
FY20/21



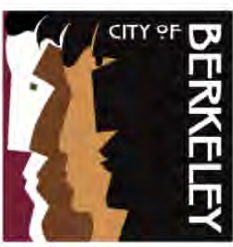


\$19.14M

FY20/21



# Measure P



# Health, Housing & Community Services

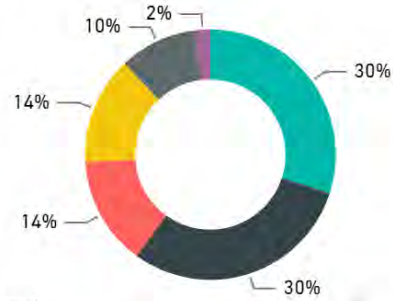
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## Homeless Services Panel of Experts Periodic Report

Revenue **\$18.69M**      Cost **\$12.33M**      Surplus **\$6.36M**

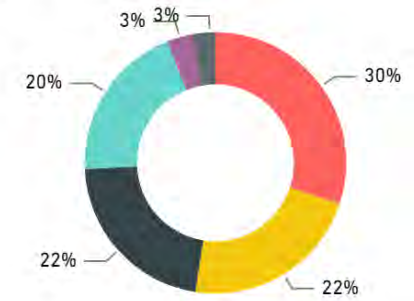
Select all    Allocated    Encumbered    Spent

### Panel of Experts Recommendations



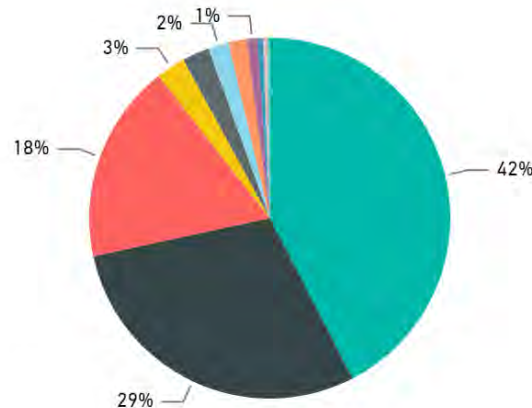
- Program Component
- 1. Permanent Supportive Housing
  - 2. Shelter and Temporary Accommodations
  - 3. Immediate Street Conditions & Hygiene
  - 4. Other Supportive Services
  - 5. Flexible Housing Subsidies
  - 6. Infrastructure

### Program Component Allocated



| FY Year      | Cost                | Cost Detail                                    |
|--------------|---------------------|------------------------------------------------|
| 2020         | \$846,616           | 5150 Response & Transport (2) (5)              |
| 2020         | \$1,600,000         | Berkeley Relief Fund                           |
| 2020         | \$38,266            | Finance Contract Specialist                    |
| 2020         | \$80,255            | HHCS Community Services Specialist II (Filled) |
| 2020         | \$20,000            | Homeless Outreach Worker                       |
| 2021         | \$932,975           | 1367 University Avenue Step Up Housing Project |
| 2021         | \$2,753,384         | 5150 Response & Transport (2) (5)              |
| 2021         | \$21,340            | Dorothy Day House Drop In (6)                  |
| 2021         | \$300,000           | Dorothy Day House Shelter (6)                  |
| 2021         | \$11,734            | Finance Contract Specialist                    |
| 2021         | \$152,965           | Finance Finance Accountant II (2)              |
| 2021         | \$115,228           | HHCS Community Services Specialist II (Filled) |
| 2021         | \$65,947            | HHCS: Square One Hotel Vouchers                |
| 2021         | \$40,000            | Homeless Outreach Worker                       |
| 2021         | \$934,533           | Homeless Response Team                         |
| 2021         | \$25,000            | Locker Program                                 |
| 2021         | \$300,000           | Outdoor Shelter                                |
| 2021         | \$2,200,000         | Pathways STAIR Center                          |
| 2021         | \$1,501,078         | Permanent Housing Subsidies                    |
| <b>Total</b> | <b>\$12,331,321</b> |                                                |

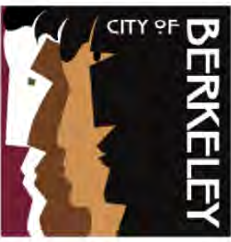
- Recipient
- HHCS
  - Fire
  - BACS
  - DDH
  - Outdoor
  - DTST
  - Finance
  - YSA
  - DBA
  - LifeLong Medical
  - BDIC



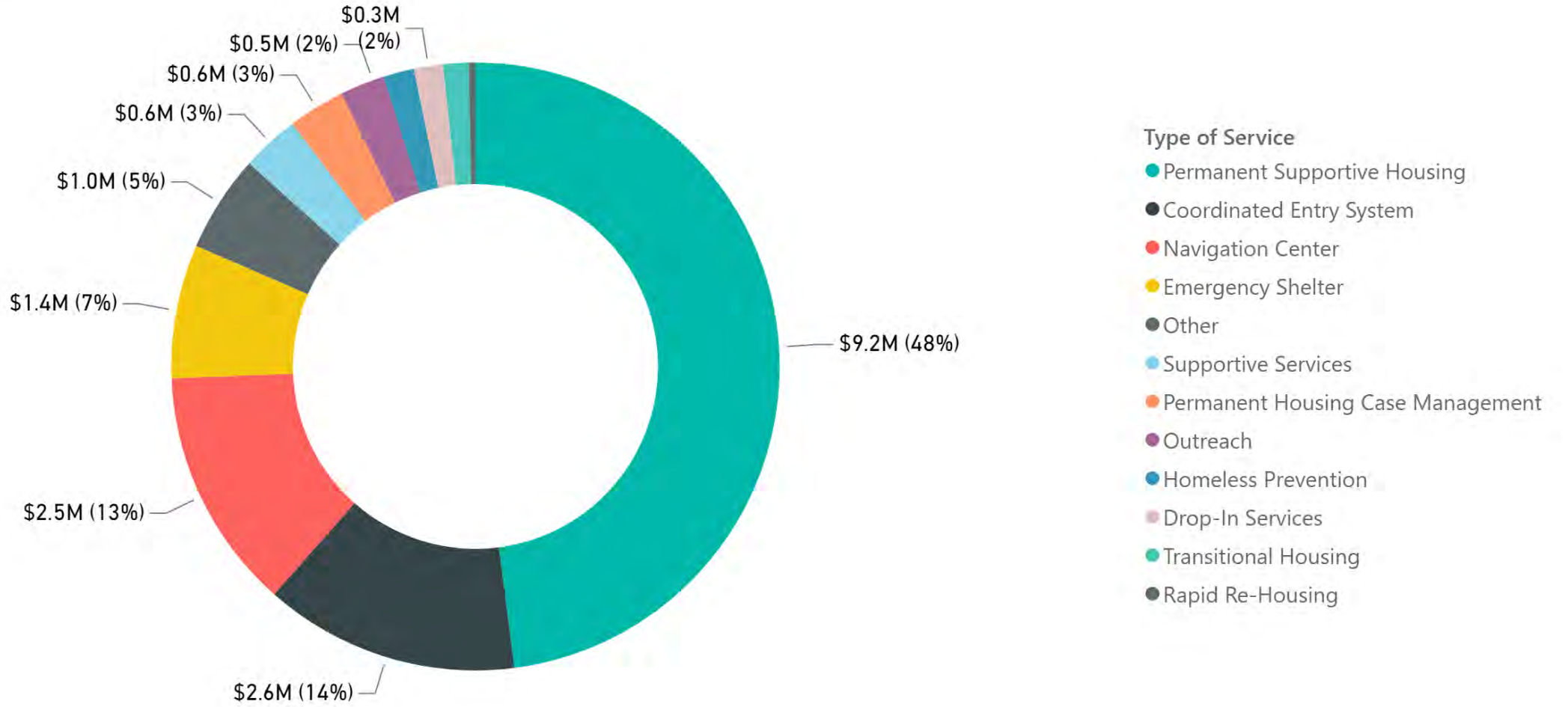
**EXHIBIT 1**  
**TRANSFER TAX -- MEASURE P PROGRAM PROJECTION**

2/22/21 8:54 PM

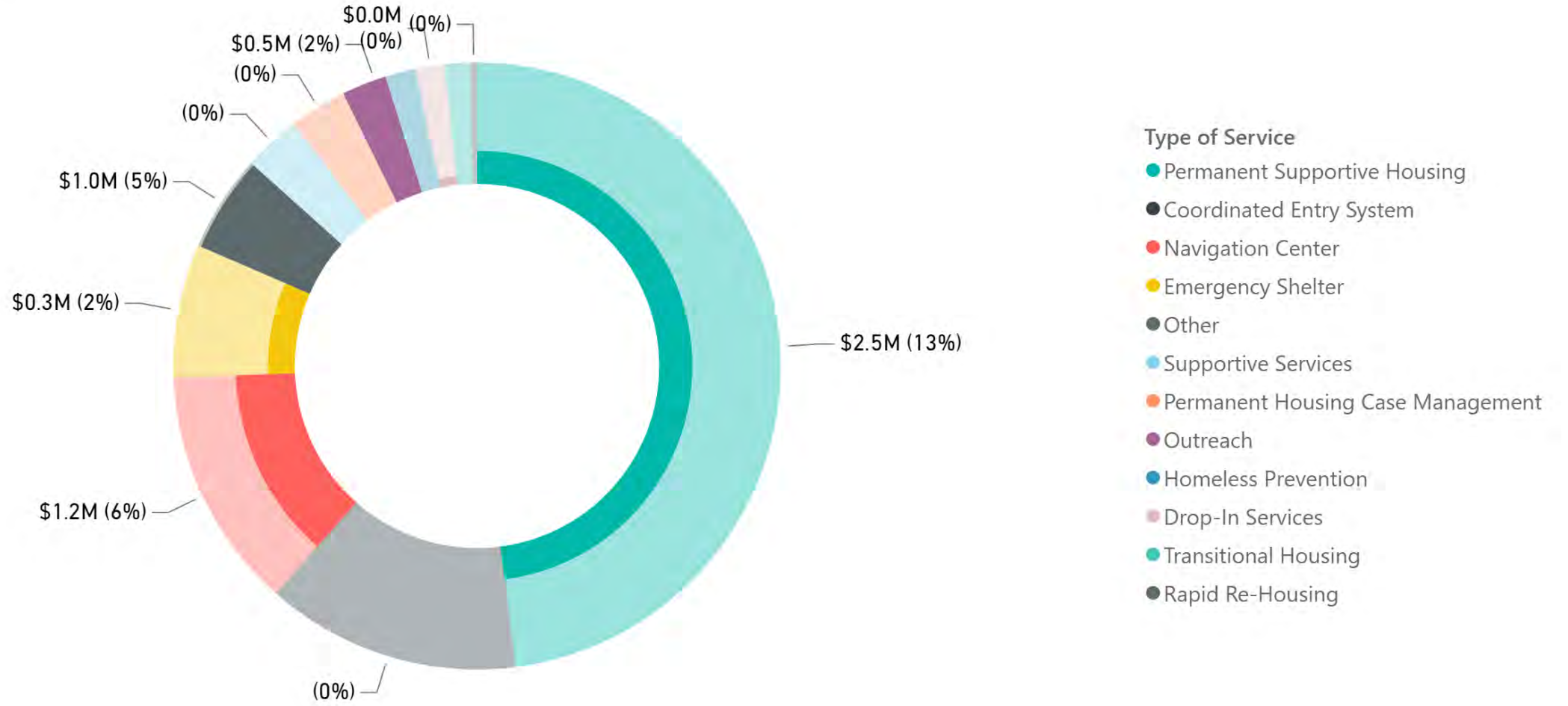
|                                                     | FY 2019<br>Actuals | FY 2020<br>Actual | FY 2021<br>Estimate | FY 2022<br>Estimate | FY 2023<br>Estimate | FY 2024<br>Estimate |
|-----------------------------------------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                                     |                    |                   |                     |                     |                     |                     |
| <i>Beginning Fund Balance</i>                       |                    | \$2,932,313       | \$9,859,779         | \$7,361,009         | \$2,780,186         | (\$2,889,595)       |
| <i>Measure P Revenues (1)</i>                       | 2,932,313          | 9,512,603         | 6,247,414           | 6,247,414           | 6,247,414           | 6,247,414           |
| <i>Permanent Local Housing Allocation (FY 21)</i>   | 0                  | 0                 | 0                   | 0                   | 0                   | 0                   |
| <b>Total Revenues and Balance of Funds</b>          | 2,932,313          | 12,444,916        | 16,107,193          | 13,608,423          | 9,027,600           | 3,357,819           |
| <b>LESS: Total Expenses</b>                         | 0                  | 2,585,137         | 8,746,184           | 10,828,237          | 11,917,194          | 11,933,326          |
| <b><u>Personnel Costs</u></b>                       | 0                  | 118,521           | 279,927             | 336,951             | 460,909             | 477,041             |
| Finance: Accountant II (2)                          |                    | 0                 | 152,965             | 158,319             | 163,860             | 169,595             |
| Finance: Contract Staffing                          |                    | 38,266            | 11,734              | 0                   | 0                   | 0                   |
| HHCS: Community Services Specialist II (Filled) (3) |                    | 80,255            | 115,228             | 178,633             | 184,885             | 191,356             |
| HHCS: 50% Senior Management Analyst (Requested) (4) |                    | 0                 | 0                   | 0                   | 112,164             | 116,090             |
| <b><u>Non-Personnel Costs/ Program Expenses</u></b> | 0                  | 2,466,616         | 8,466,257           | 10,491,285          | 11,456,285          | 11,456,285          |
| Fire: 5150 Response & Transport (2) (5)             | 0                  | 846,616           | 2,753,384           | 2,400,000           | 2,400,000           | 2,400,000           |
| Dorothy Day House Shelter (6)                       | 0                  | 0                 | 300,000             | 566,000             | 566,000             | 566,000             |
| Dorothy Day House Drop In (6)                       | 0                  | 0                 | 21,340              | 182,000             | 182,000             | 182,000             |
| Pathways STAIR Center                               | 0                  | 0                 | 1,200,000           | 1,499,525           | 2,499,525           | 2,499,525           |
| No Place Like Home                                  | 0                  | 0                 | 0                   | 0                   | 200,000             | 200,000             |
| Coordinated Entry System                            | 0                  | 0                 | 0                   | 1,442,426           | 1,442,426           | 1,442,426           |
| BDIC Locker Program                                 | 0                  | 0                 | 25,000              | 50,000              | 50,000              | 50,000              |
| LifeLong Medical - Street Medicine                  | 0                  | 0                 | 50,000              | 525,000             | 525,000             | 525,000             |
| YSA Tiny Home                                       | 0                  | 0                 | 117,000             | 78,000              | 78,000              | 78,000              |
| DBA- Homeless Outreach Worker                       | 0                  | 20,000            | 40,000              | 40,000              | 40,000              | 40,000              |
| Downtown Streets Team                               | 0                  | 0                 | 225,000             | 225,000             | 225,000             | 225,000             |
| Outdoor Shelter                                     | 0                  | 0                 | 300,000             | 850,000             | 615,000             | 615,000             |
| COVID-19 Housing Solutions (8)                      | 0                  | 0                 | 0                   | 0                   | 0                   | 0                   |
| Permanent Housing Subsidies                         | 0                  | 0                 | 1,501,078           | 1,600,000           | 1,600,000           | 1,600,000           |
| 1367 University Avenue Step Up Housing Project (9)  | 0                  | 0                 | 932,975             | 900,000             | 900,000             | 900,000             |
| HHCS: Square One Hotel Vouchers                     | 0                  | 0                 | 65,947              | 0                   | 0                   | 0                   |
| Training and Evaluation                             | 0                  | 0                 | 0                   | 133,334             | 133,334             | 133,334             |
| Homeless Response Team                              | 0                  | 0                 | 934,533             | 0                   | 0                   | 0                   |
| Berkeley Relief Fund                                | 0                  | 1,600,000         | 0                   | 0                   | 0                   | 0                   |
| Fiscal Year Surplus (Shortfall)                     | 2,932,313          | 6,927,466         | (2,498,770)         | (4,580,823)         | (5,669,780)         | (5,685,912)         |
| Ending Fund Balance                                 | \$2,932,313        | \$9,859,779       | \$7,361,009         | \$2,780,186         | (\$2,889,595)       | (\$8,575,507)       |



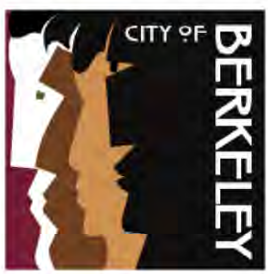
**\$19.14M**  
FY20/21







# Reports



# Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

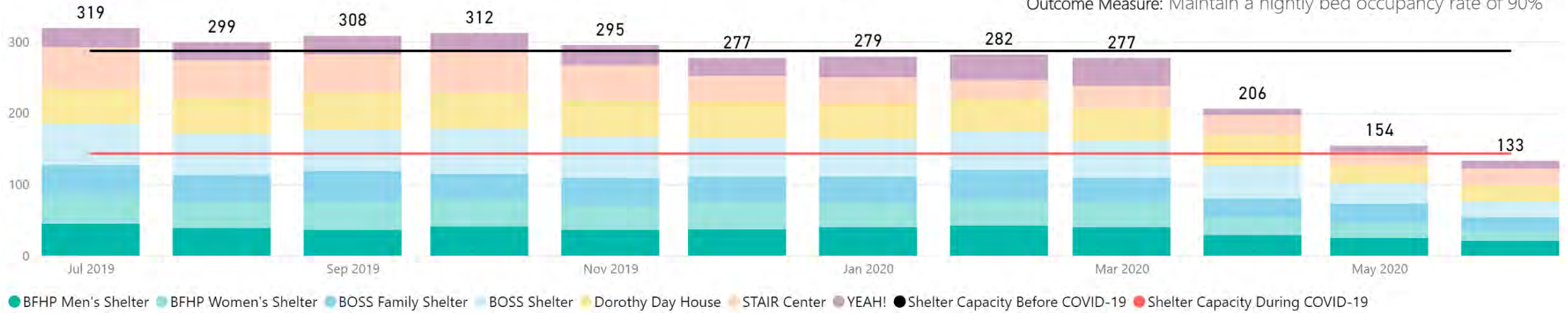
|                    |                      |                   |              |
|--------------------|----------------------|-------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter      | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | Dorothy Day House | YEAH!        |

Clients Served  
**600**

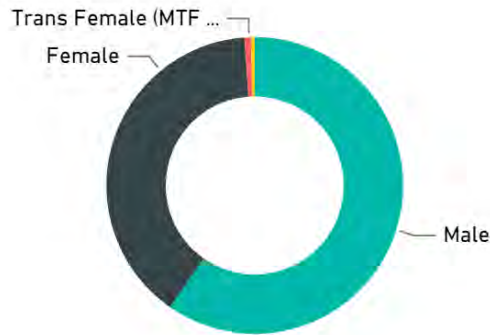
Average Age  
**42**

Average Length of Stay  
**192**

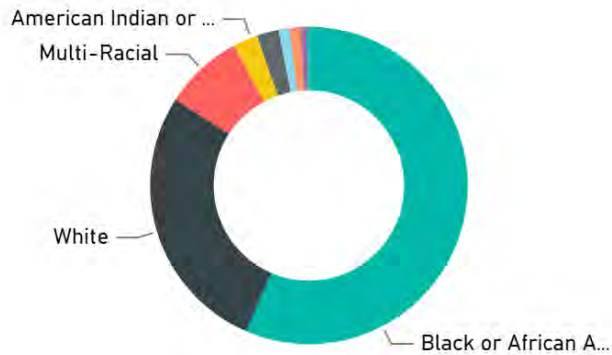
Outcome Measure: Maintain a nightly bed occupancy rate of 90%



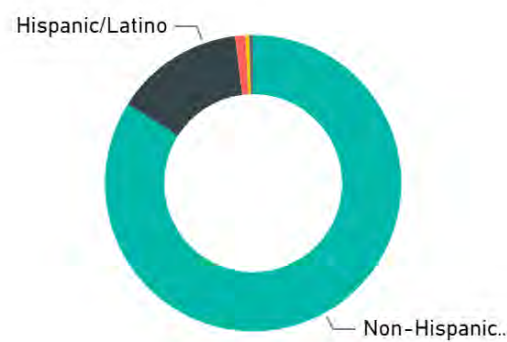
Gender



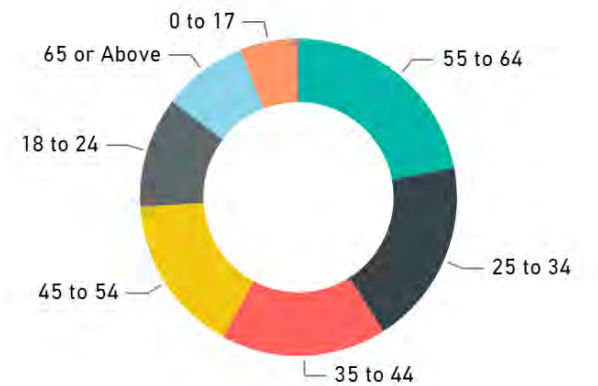
Race



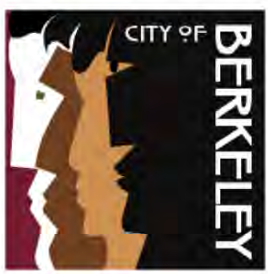
Ethnicity



Age



## FY 19-20 Shelter Stayers



# Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 20 of 25

|                    |                      |                          |              |
|--------------------|----------------------|--------------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter             | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | <b>Dorothy Day House</b> | YEAH!        |

Clients Served

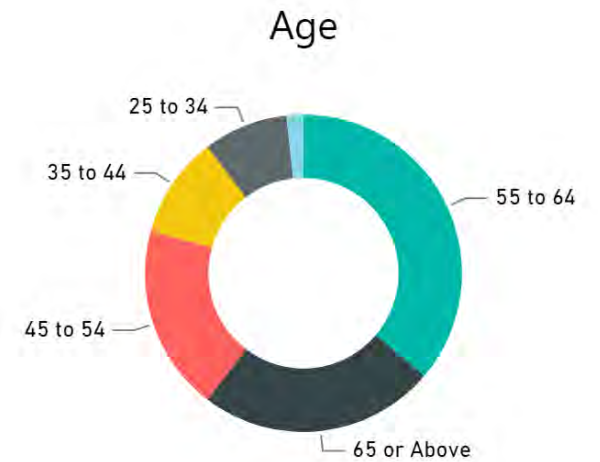
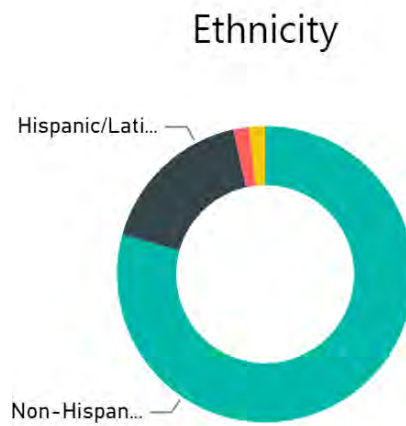
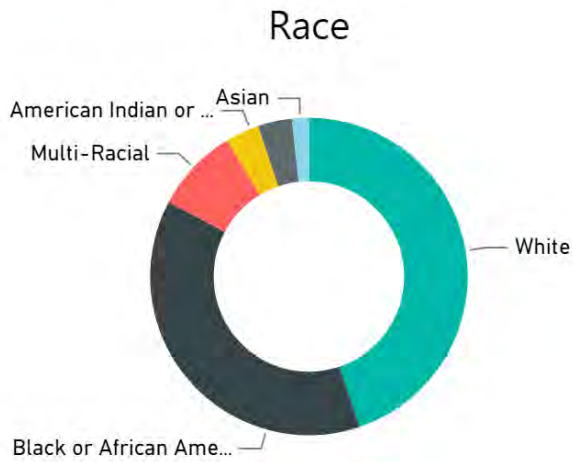
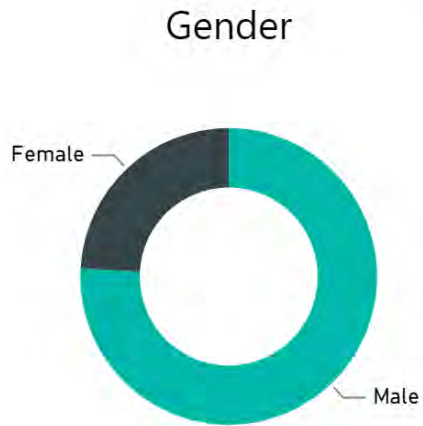
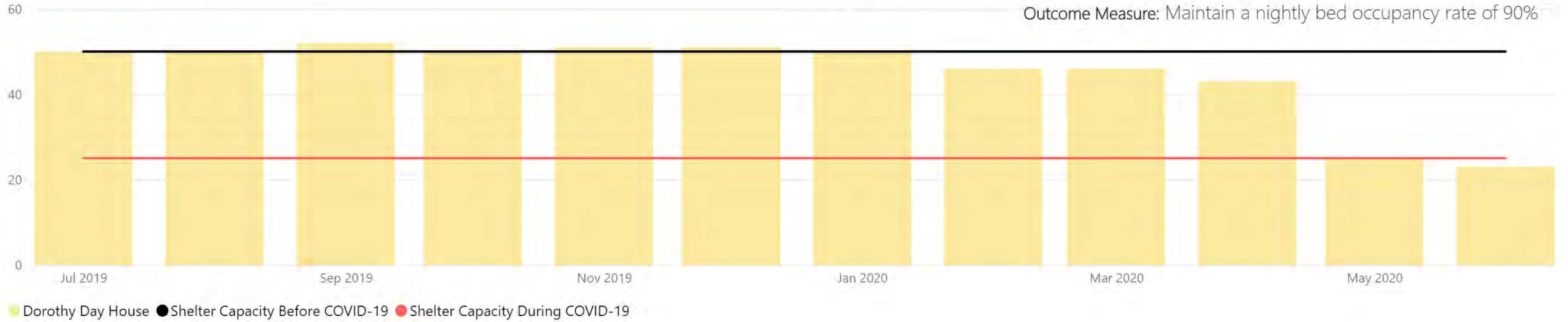
58

Average Age

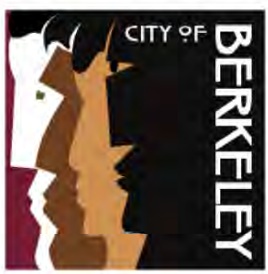
55

Average Length of Stay

502



## FY 19-20 Shelter Stayers



# Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 21 of 25

Clients Served

14

Average Age

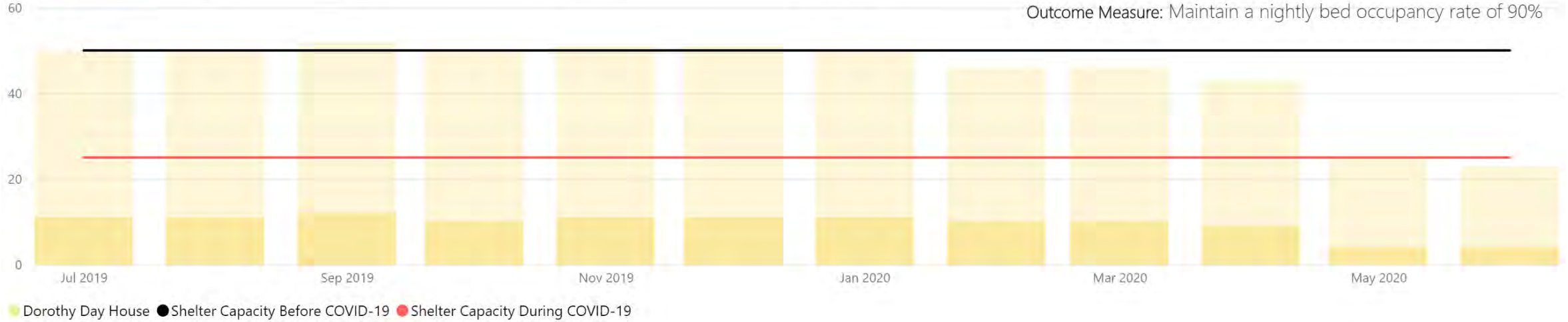
50

Average Length of Stay

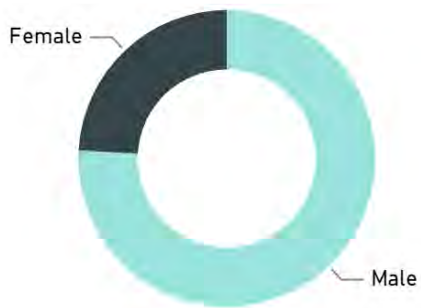
473

|                    |                      |                          |              |
|--------------------|----------------------|--------------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter             | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | <b>Dorothy Day House</b> | YEAH!        |

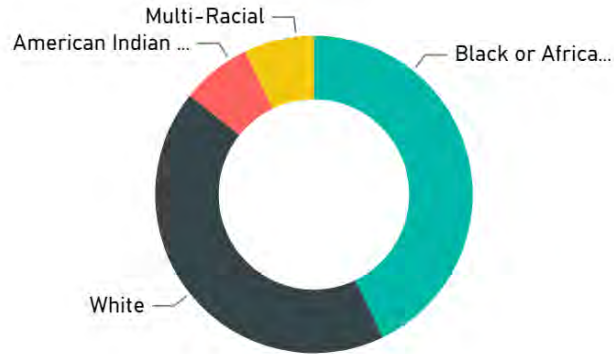
Outcome Measure: Maintain a nightly bed occupancy rate of 90%



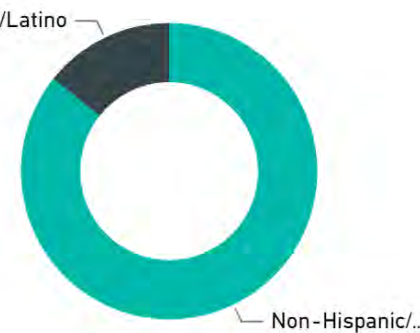
Gender



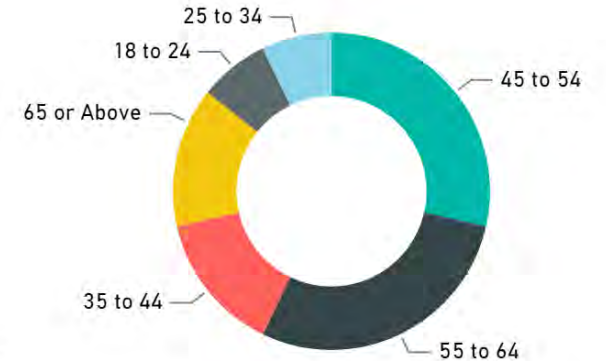
Race



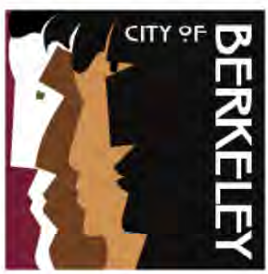
Ethnicity



Age



## FY 19-20 Shelter Stayers



# Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

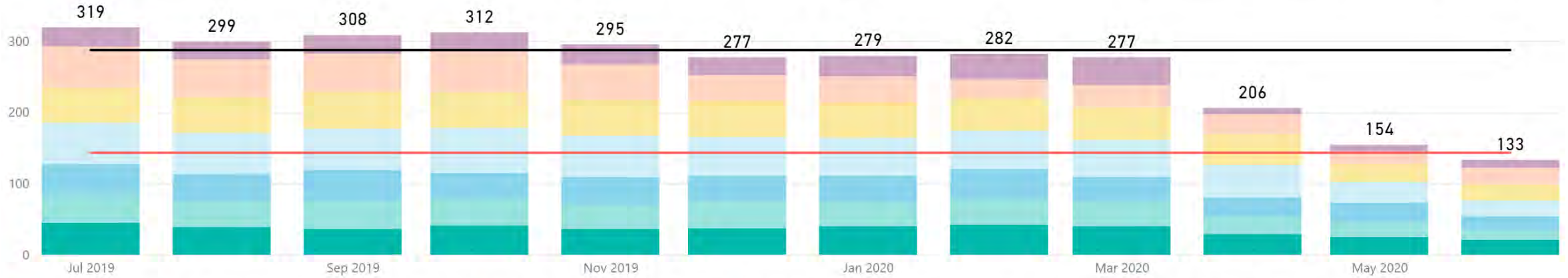
Page 22 of 29

|                    |                      |                   |              |
|--------------------|----------------------|-------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter      | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | Dorothy Day House | YEAH!        |

Clients Served  
**600**

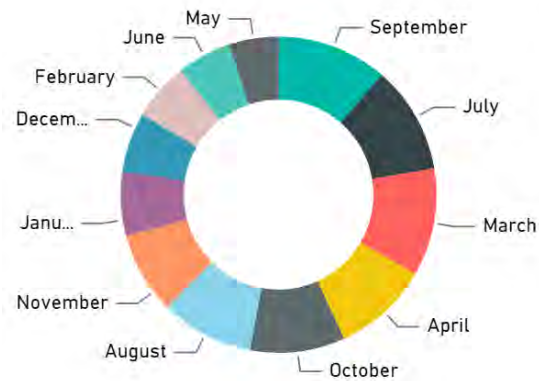
Average Age  
**42**

Average Length of Stay  
**192**

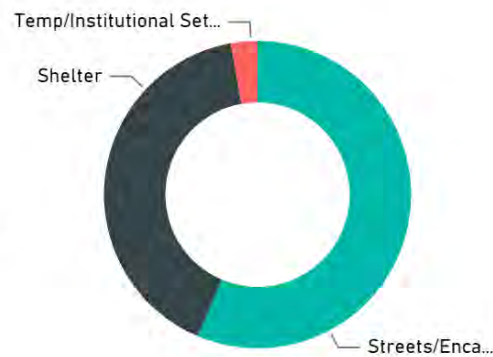


● BFHP Men's Shelter ● BFHP Women's Shelter ● BOSS Family Shelter ● BOSS Shelter ● Dorothy Day House ● STAIR Center ● YEAH! ● Shelter Capacity Before COVID-19 ● Shelter Capacity During COVID-19

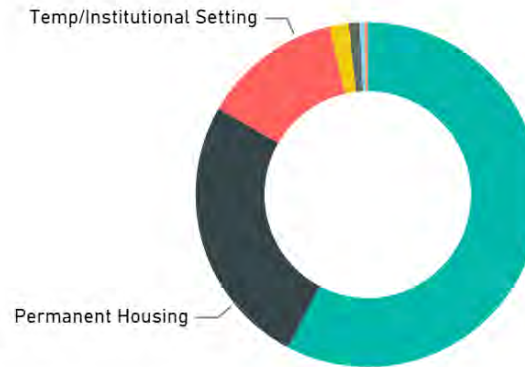
Clients Exited Per Month



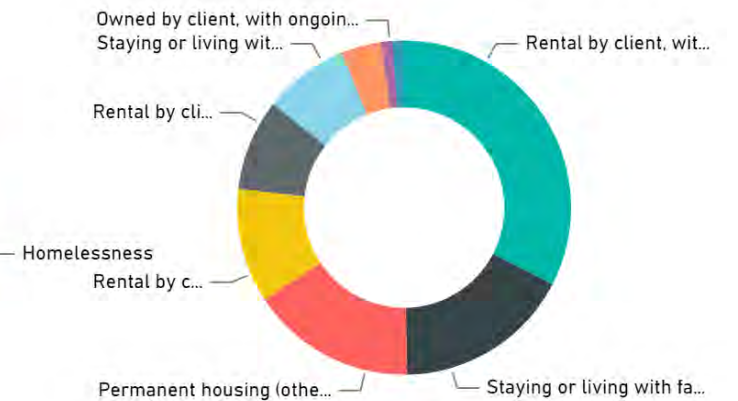
Prior Living Situation



Exit Destinations



Permanent Destinations



## FY 19-20 Shelter Stayers



# Health, Housing & Community Services

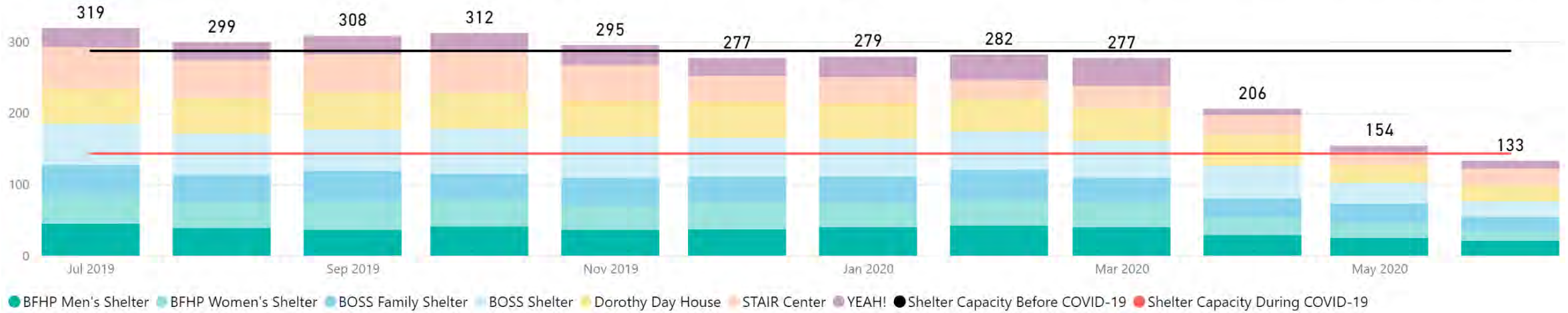
Homeless Services Panel of Experts Periodic Report

Clients Served  
**600**

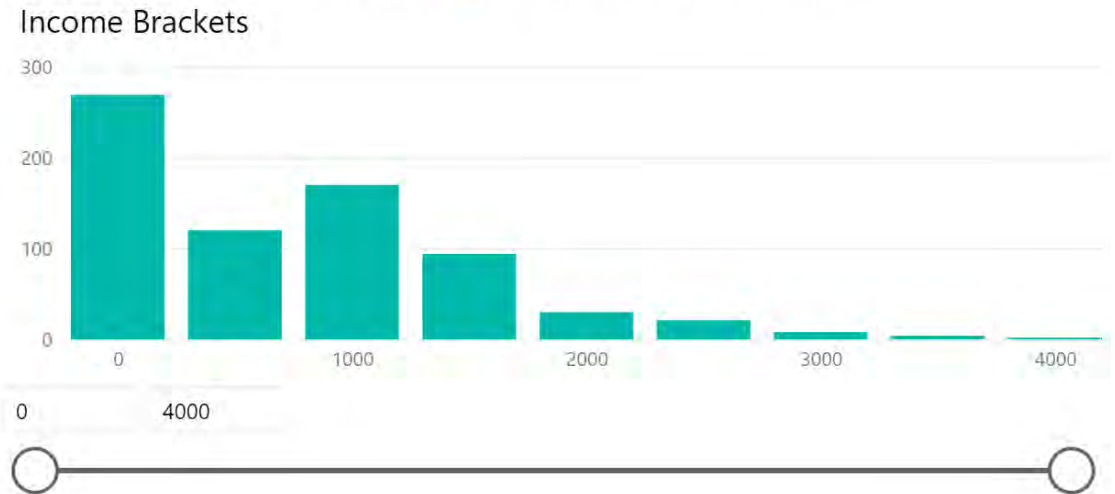
Average Income  
**\$591**

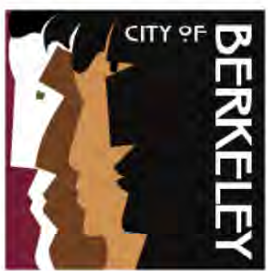
Average Length of Stay  
**192**

|                    |                      |                   |              |
|--------------------|----------------------|-------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter      | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | Dorothy Day House | YEAH!        |



**FY 19-20 Shelter Stayers**



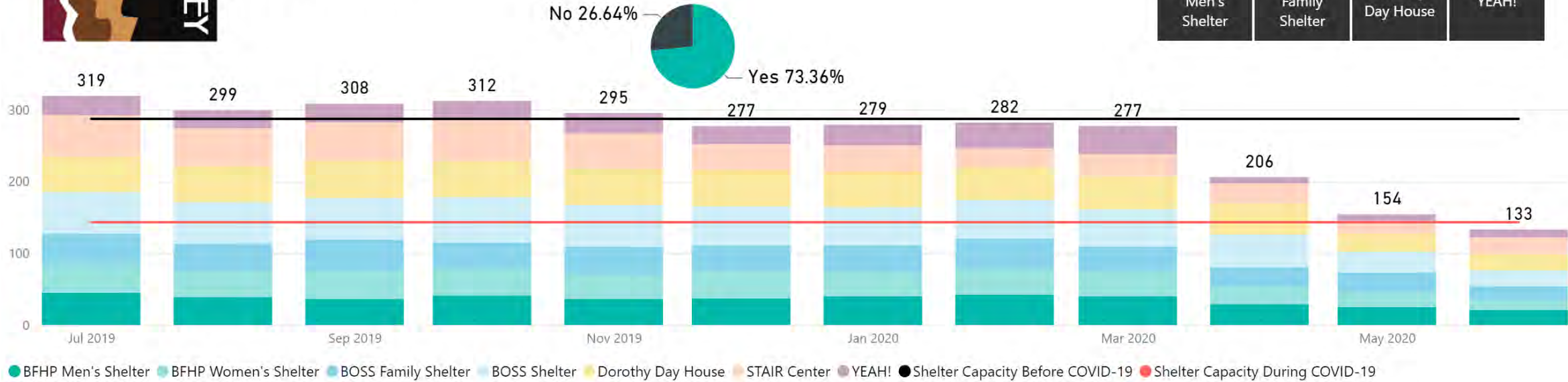


# Health, Housing & Community Services

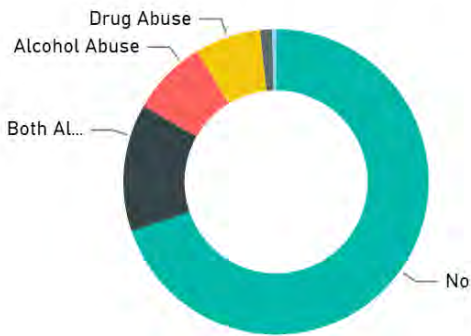
## Homeless Services Panel of Experts Periodic Report

### Health Condition

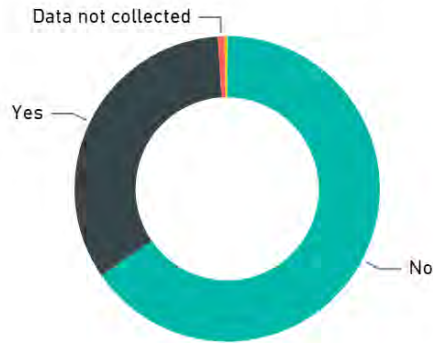
|                    |                      |                   |              |
|--------------------|----------------------|-------------------|--------------|
| Select all         | BFHP Women's Shelter | BOSS Shelter      | STAIR Center |
| BFHP Men's Shelter | BOSS Family Shelter  | Dorothy Day House | YEAH!        |



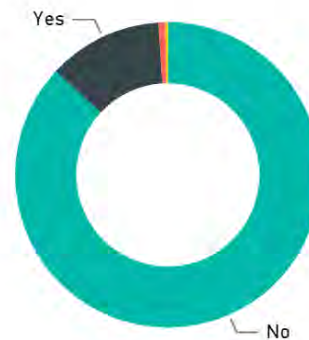
### Substance Use Condition



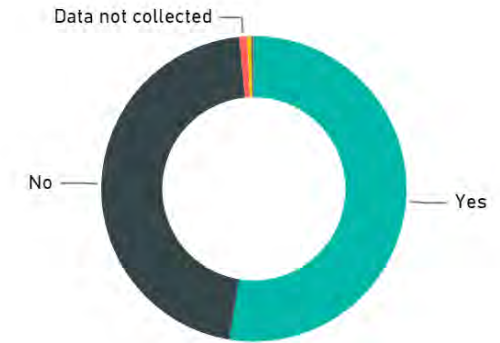
### Chronic Health Condition



### Developmental Condition



### Mental Health Condition



## FY 19-20 Shelter Stayers



# Questions?



Lori Droste  
Vice Mayor District 8

Consent Calendar  
February 9, 2021

To: Honorable Mayor and Members of the City Council  
From: Vice Mayor Lori Droste  
Subject: Potential Measure P FY2022 Allocations

**Recommendation**

Refer the Measure P funding discussion to the City Manager, Measure P Homeless Panel of Experts, and the Health and Life Enrichment policy committee to determine next steps to ensure that the Measure P fund stays solvent. Specifically, these bodies should prioritize preferred programs and services within the various categories that the Measure P panel previously outlined according to updated projected revenues. During the course of these deliberations, the Panel of Experts should hear presentations from staff on which homeless services (e.g. permanent supportive housing exits, shelters, emergency interventions, multi-departmental staffing, and supportive services) are funded outside of Measure P so that the bodies can make recommendations after understanding the entirety of services and programs.

To the extent possible, the committees and commissions should attempt to find a non-volatile source of funding for permanent supportive housing, using the [1,000 person plan](#) as a framework for best addressing the homelessness crisis on our streets.

The Panel of Experts and Health and Life Enrichment policy committee should finalize their priorities in time for the budget committee's consideration in June of 2021.

**Background**

Current Measure P revenues projections for the upcoming fiscal years are currently estimated at \$3 million dollars while total annual expenses hover around \$11.5 (Attachment A). While the beginning fund balance is healthy for FY21 and FY22, if current allocations are sustained, the fiscal year shortfalls begin this year and extend to \$8 million dollar annual fiscal year deficits in the following fiscal years.<sup>1</sup>

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<sup>1</sup> <https://www.cityofberkeley.info/uploadedFiles/Clerk/2020-11-12%20Budget%20Item%203a.pdf>

In 2019, the Measure P Panel of Experts recommended that Council allocate its Measure P revenues accordingly:

- 30% permanent supportive housing
- 30% temporary accommodations and shelter
- 14% street conditions and hygiene
- 14% supportive services
- 10% flexible housing funds
- 2% infrastructure.

If Council chooses to strictly follow the recommended percentage allocations, this means that Council has the following revenue to allocate to the aforementioned categories:

- \$900,000 to permanent supportive housing
- \$900,000 to temporary accommodations and shelter
- \$420,000 to street conditions and hygiene
- \$420,000 to supportive services
- \$300,000 to flexible housing funds
- \$60,000 to infrastructure

For example, Council allocated approximately \$2.6 million for temporary shelters (STAIR, Dorothy Day, YSA, outdoor shelter) in FY2021. If Council wants to maintain these existing and new shelter programs *and* if overall revenues are anticipated to be only \$3 million, Council will exhaust all Measure P revenue and have no money to allocate to permanent supportive housing, street conditions and hygiene, supportive services, flexible housing funds, and infrastructure. (Additionally, in October of 2020, City Council also approved a \$900,000 yearly [permanent supportive housing Measure P allocation](#) for homeless housing.)

### **Fiscal Impacts**

By addressing future funding shortfalls, this item will guide discussions to ensure that the Measure P fund remains financially solvent.

### **Contact**

Lori Droste, Vice Mayor, [ldroste@cityofberkeley.info](mailto:ldroste@cityofberkeley.info)

Attachment 1. Measure P Program Projection

**EXHIBIT 1**  
**TRANSFER TAX -- MEASURE P PROGRAM PROJECTION**

1/13/21 2:56 PM

|                                                     | FY 2019            | FY 2020            | FY 2021            | FY 2022              | FY 2023               | FY 2024               |
|-----------------------------------------------------|--------------------|--------------------|--------------------|----------------------|-----------------------|-----------------------|
|                                                     | Actuals            | Actual             | Estimate           | Estimate             | Estimate              | Estimate              |
| <b>Revenues</b>                                     |                    |                    |                    |                      |                       |                       |
| Beginning Fund Balance                              |                    | \$2,932,313        | \$9,859,779        | \$5,008,436          | (\$3,514,040)         | (\$12,100,474)        |
| Measure P Revenues (1)                              | 2,932,313          | 9,512,603          | 4,747,414          | 3,000,000            | 3,060,000             | 3,121,200             |
| Permanent Local Housing Allocation (FY 21)          | 0                  | 0                  | 1,000,000          | 0                    | 0                     | 0                     |
| <b>Total Revenues and Balance of Funds</b>          | <b>2,932,313</b>   | <b>12,444,916</b>  | <b>15,607,193</b>  | <b>8,008,436</b>     | <b>(454,040)</b>      | <b>(8,979,274)</b>    |
| <b>LESS: Total Expenses</b>                         |                    |                    |                    |                      |                       |                       |
| <b>Personnel Costs</b>                              | <b>0</b>           | <b>118,521</b>     | <b>279,927</b>     | <b>336,951</b>       | <b>460,909</b>        | <b>477,041</b>        |
| Finance: Accountant II (2)                          |                    | 0                  | 152,965            | 158,319              | 163,860               | 169,595               |
| Finance: Contract Staffing                          |                    | 38,266             | 11,734             | 0                    | 0                     | 0                     |
| HHCS: Community Services Specialist II (Filled) (3) |                    | 80,255             | 115,228            | 178,633              | 184,885               | 191,356               |
| HHCS: 50% Senior Management Analyst (Requested) (4) |                    | 0                  | 0                  | 0                    | 112,164               | 116,090               |
| <b>Non-Personnel Costs/ Program Expenses</b>        | <b>0</b>           | <b>2,466,616</b>   | <b>10,318,830</b>  | <b>11,185,524</b>    | <b>11,185,524</b>     | <b>11,185,524</b>     |
| Fire: 5150 Response & Transport (2) (5)             | 0                  | 846,616            | 2,753,384          | 2,400,000            | 2,400,000             | 2,400,000             |
| Dorothy Day House Shelter (6)                       | 0                  | 0                  | 300,000            | 566,000              | 566,000               | 566,000               |
| Dorothy Day House Drop In (6)                       | 0                  | 0                  | 21,340             | 182,000              | 182,000               | 182,000               |
| Pathways STAIR Center                               | 0                  | 0                  | 2,200,000          | 2,499,525            | 2,499,525             | 2,499,525             |
| Coordinated Entry System                            | 0                  | 0                  | 0                  | 1,442,426            | 1,442,426             | 1,442,426             |
| BDIC Locker Program                                 | 0                  | 0                  | 25,000             | 50,000               | 50,000                | 50,000                |
| LifeLong Medical - Street Medicine                  | 0                  | 0                  | 454,239            | 454,239              | 454,239               | 454,239               |
| YSA Tiny Home                                       | 0                  | 0                  | 117,000            | 78,000               | 78,000                | 78,000                |
| DBA- Homeless Outreach Worker                       | 0                  | 20,000             | 40,000             | 40,000               | 40,000                | 40,000                |
| Downtown Streets Team                               | 0                  | 0                  | 225,000            | 225,000              | 225,000               | 225,000               |
| Outdoor Shelter                                     | 0                  | 0                  | 615,000            | 615,000              | 615,000               | 615,000               |
| COVID-19 Housing Solutions (7)                      | 0                  | 0                  | 0                  | 0                    | 0                     | 0                     |
| Permanent Housing Subsidies                         | 0                  | 0                  | 2,434,053          | 2,500,000            | 2,500,000             | 2,500,000             |
| HHCS: Square One Hotel Vouchers                     | 0                  | 0                  | 65,947             | 0                    | 0                     | 0                     |
| Training and Evaluation                             | 0                  | 0                  | 133,334            | 133,334              | 133,334               | 133,334               |
| Homeless Response Team                              | 0                  | 0                  | 934,533            | 0                    | 0                     | 0                     |
| Berkeley Relief Fund                                | 0                  | 1,600,000          | 0                  | 0                    | 0                     | 0                     |
| Fiscal Year Surplus (Shortfall)                     | 2,932,313          | 6,927,466          | (5,851,343)        | (8,522,476)          | (8,586,433)           | (8,541,365)           |
| Ending Fund Balance                                 | <b>\$2,932,313</b> | <b>\$9,859,779</b> | <b>\$5,008,436</b> | <b>(\$3,514,040)</b> | <b>(\$12,100,474)</b> | <b>(\$20,641,839)</b> |

## Notes:

Measure P: General Fund (Fund 011)/ Program Code 5002

(1). Revenues revised to reflect FY 20 actuals and revised projections part of FY 21 adopted budget.

(2). Approved as part of FY 20 budget.

(3). This position supports the Measure P Panel of Experts, monitors contracts with BACS, tracks and reports on outcomes of homeless programs and represents Berkeley at county-wide homeless coordinating meetings

(4). Responsibilities include processing contracts and payments for homeless contracts, tracks expenditures and assists in reporting to funders. Funding to be shared with Measure U1 as proposed and discussed at Land Use Policy Committee.

(5). Assumes 1,200 calls per year and a cost per call of \$2,000. Reimbursement levels will vary and may impact this estimated cost.

(6). Existing program. FY 20 represents partial year funding. FY 21 and thereafter represents full year funding.

(7). [Per Mayor's Recommended Adopted Budget for FY 21, STAIR Center Expansion \(\\$705,000\) and Safe RV Parking \(\\$100,000\) were combined for COVID-19 Homeless Solutions.](#) On December 15, 2020, City Council adopted FY 21 AAO#1 and reallocated these funds to the Homeless Response Team.

**EXHIBIT 2**  
**Homeless Response Team**

|                                                              | FY 2021<br>Estimate | FY 2022<br>Estimate | FY 2023<br>Estimate | FY 2024<br>Estimate |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Personnel Costs</i>                                       | \$257,016           | \$1,000,673         | \$1,000,673         | \$1,000,673         |
| CMO: Community Services Specialist II (Existing, Not Filled) | 47,750              | 191,000             | 191,000             | 191,000             |
| CMO: Community Services Specialist III (New)                 | 53,487              | 213,949             | 213,949             | 213,949             |
| CMO: Health Services Program Specialist (Existing, Filled)   | 11,000              | 11,000              | 11,000              | 11,000              |
| CMO: Social Services Specialist (New)                        | 75,362              | 150,724             | 150,724             | 150,724             |
| PRW: Landscape Gardener                                      | 69,417              | 119,000             | 119,000             | 119,000             |
| PW: Helper and Driver                                        | 0                   | 315,000             | 315,000             | 315,000             |
| PD: Community Services Officer                               | 0                   | 0                   | 0                   | 0                   |
| PD: Staff Support Overtime                                   | 57,920              | 57,920              | 57,920              | 57,920              |
| <i>Non-Personnel Costs/ Program Expenses</i>                 | \$677,517           | \$414,300           | \$414,300           | \$414,300           |
| CMO: Neighborhood Services Outreach Fund                     | 15,000              | 15,000              | 15,000              | 15,000              |
| CMO: Neighborhood Services Mitigation Flex Fund              | 29,167              | 50,000              | 50,000              | 50,000              |
| CMO: Staff Operating Costs                                   | 43,600              | 21,600              | 21,600              | 21,600              |
| CMO: Outreach Vehicle                                        | 32,000              | 0                   | 0                   | 0                   |
| CMO: Outreach Vehicle - Replacement and Maintenance Fees     | 1,000               | 6,700               | 6,700               | 6,700               |
| Public Works: Downtown Streets Handsweep                     | 50,000              | 100,000             | 100,000             | 100,000             |
| Public Works: Tipping Fees                                   | 43,750              | 75,000              | 75,000              | 75,000              |
| Public Works: Rear Loader and Stake Bed Truck                | 380,000             | 0                   | 0                   | 0                   |
| Public Works: Truck - Replacement and Maintenance Fees       | 83,000              | 146,000             | 146,000             | 146,000             |
| <b>Total Expenses</b>                                        | <b>\$934,533</b>    | <b>\$1,414,973</b>  | <b>\$1,414,973</b>  | <b>\$1,414,973</b>  |





Parks and Waterfront Commission

05

ACTION CALENDAR

April 20, 2021

To: Honorable Mayor and Members of the City Council

From: Parks and Waterfront Commission

Submitted by: Gordon Wozniak, Chairperson

Subject: Proposal to allocate revenues generated by the Transient Occupancy Tax in the Waterfront Area to the Marina Fund to avoid insolvency, rebuild its fund balance and to stabilize its finances

RECOMMENDATION

That Council adopt a resolution adopting a policy that all Transient Occupancy Taxes (TOT hotel tax) generated at the Berkeley Waterfront be allocated to the City's Marina Enterprise Fund. All other property, sales, utility users, and parking taxes, as well as business license and franchise fees, would continue to be allocated to the City's General Fund.

FINANCIAL IMPLICATIONS

Allocating funding from the Transient Occupancy Tax annually, generated at the Waterfront, will create a healthy Marina Fund that is able to operate, maintain, and keep safe the existing assets. The sizeable past and ongoing contributions from Waterfront-generated revenues to the City's General Fund should be taken into consideration when assessing the financial implications.

CURRENT SITUATION AND ITS EFFECTS

The area now comprising the Berkeley Waterfront was granted to the City by the State of California in 1913, as a grant of state tidelands. In 1962, the City obtained a state loan to develop the current marina with 1,000 slips, parking lots, launch ramps, restrooms, parks, and several commercial plots for lease.

- By 1966, 15 boat dock systems were constructed.
- By 1970, two restaurants, a hotel, and an office building were developed.
- By 1980, the two sailing clubs and sailing docks, the boat yard, and a third restaurant were developed.
- By 1991, the City landfill at the marina was capped and graded to become North Waterfront Park. In 1996, it was renamed Cesar Chavez Park.

The total area under City management includes the entrance to the Marina (University Avenue and the Bay Trail, from Frontage Road to Marina Blvd) and all the infrastructure and Marina waters west of Marina Blvd. In all, there are:

Allocate Transient Occupancy Tax (TOT) generated at the Waterfront back to the Marina Fund

ACTION CALENDAR  
April 20, 2021

- 100 acres of open space and parks,
- over 1,000 berths in the Berkeley Marina,
- a large hotel, 4 restaurants,
- the Adventure Playground,
- Shorebird Nature Center,
- the Berkeley Marine Center boat yard,
- a two-story office building,
- a 4-lane public launch ramp,
- 9 restroom buildings, and
- 11 parking lots.

The Waterfront requires the daily administration of what essentially is a “small city”.

#### Marina Fund

***A requirement of the State Tidelands Grant is that revenue generated at the Waterfront be spent at the Waterfront.*** The Marina Enterprise Fund was set up to comply with this requirement for managing revenue and expenditures at the Berkeley Waterfront. Marina Revenues come primarily from boat slip rental fees and business leases, and a number of smaller sources. Community users of the open space and amenities at the Berkeley Waterfront such as independent fishermen, windsurfers, small boat users, tourists, walkers, runners, dogwalkers, and other park users do not provide direct income to the Marina Fund.

During the 1970s – 90s, the Waterfront infrastructure was new and maintenance and replacements costs were low. Even with low berthing fees, surplus monies were generated. Instead of investing this surplus in a Reserve Fund for future capital expenditures, these monies were diverted to the General Fund.

By FY2019, one-third of the total revenue generated annually at the Waterfront was being transferred to the General fund as follows:

- \$10.9 Million in Total Waterfront Revenue
- \$6.9 Million allocated to the Marina Fund
- \$4 Million allocated to the General Fund

In addition, \$0.59 Million was being transferred annually from the Marina Fund to the City’s internal service funds.

In FY2020, the Covid Pandemic decimated the hospitality industry and the lease portion of the Marina revenue. While revenues have plummeted during the pandemic, community use of recreation and open space at the Waterfront has soared.

#### Marina Fund Financial Sustainability

From FY18-20, the Marina Fund contributed ~\$11 Million to the General Fund. Now, the Marina Fund needs help from the General Fund to survive this pandemic-induced fiscal crisis.



**To immediately avoid the eminent insolvency of the Marina Fund, the TOT tax generated in the Waterfront should be allocated to the Marina Fund.**

Waterfront Capital Fund

The estimated \$87.5 M - \$131 M in future infrastructure costs are too large to be solved by stabilizing the Marina operations budget. To fund such large capital costs, a Reserve Fund needs to be created with new revenues developed as a result of the BMASP process that is underway.

Commission

At a regular meeting on March 10, 2021, the Parks and Waterfront Commission M/S/C to send this action to Council for consideration: (McGrath/Kamen/U). Ayes: Cox; Diehm; Kamen; Kawczynska; Landoni; McGrath; Skjerping; Srioudom; Wozniak; Noes: None; Absent: None; Leave of Absence: None.

ENVIRONMENTAL SUSTAINABILITY

No environmental impacts or opportunities were identified as a result of this recommendation.

RATIONALE FOR RECOMMENDATION

See body of report

ALTERNATIVE ACTIONS CONSIDERED

None

CITY MANAGER

The City Manager recommends referring the contents of this commission report to the budget process because this action will potentially impact revenue available to the General Fund. The Marina Fund revenue losses associated with Covid-19 are projected to exceed \$3.6M from FY20-23 in comparison to FY 19 and a potential funding source to offset actual and projected revenue losses is the American Rescue Plan. Additionally, City Council may want to explore other long-term revenue sources to stabilize the Marina Fund, as discussed during February 16, 2021 work session presentation on the Berkeley Marina Area Specific Plan.

CONTACT PERSON

Roger Miller, Secretary, Parks and Waterfront Commission, (510) 981-6704  
Gordon Wozniak, Chairperson, (510) 654-4103

Attachments

1: Resolution

RESOLUTION NO. ##,###-N.S.

ALLOCATE REVENUES GENERATED BY THE TRANSIENT OCCUPANCY TAX IN THE WATERFRONT AREA TO THE MARINA FUND TO AVOID INSOLVENCY, REBUILD ITS FUND BALANCE, AND STABILIZE ITS FINANCES

WHEREAS, the Parks and Waterfront Commission reviews the policies, projects, programs, planning efforts, activities, funding and the physical condition of parks, pools, camps, recreation centers, the Marina, and public greenery, and advises the City Council on these matters; and

WHEREAS, a requirement of the State Tidelands Grant is that revenue generated in the Waterfront be spent at the Waterfront; and

WHEREAS, in FY2019, one-third of the total revenue (\$10.9 million) generated annually at the Waterfront was transferred to the General Fund (GF) and an additional \$0.58 million was transferred to the City's Internal Service Funds; and

WHEREAS, in FY2020, Waterfront revenues have plummeted due the shutdown of the hospitality industry by the Covid Pandemic; and

WHEREAS, the Marina Fund is projected to be insolvent in FY2022 and beyond; and

WHEREAS, over the last three years, the revenues generated in the Waterfront Area contributed ~\$11 million to the City's General Fund; and

WHEREAS, Transient Occupancy Tax (TOT) was generated annually at the Waterfront during pre-pandemic times, and

WHEREAS, by allocating the TOT revenue generated at the Waterfront to the Marina fund, it could be made solvent; and

WHEREAS the Marina Fund is facing an unprecedented financial crisis, with more than \$100M of unfunded capital need and an annual structural deficit of \$1 million.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley hereby adopts a policy that all Transient Occupancy Taxes (TOT hotel tax) generated at the Berkeley Waterfront be allocated to the City's Marina Enterprise Fund. All other property, sales, utility users, and parking taxes, as well as business license and franchise fees, would continue to be allocated to the City's General Fund.

NOW THEREFORE, BE IT FURTHER RESOLVED that all other property, sales, utility users, and parking taxes, as well as business license and franchise fees, would continue to be allocated to the General Fund.



Kate Harrison  
Councilmember District 4

CONSENT CALENDAR  
May 11, 2021

To: Honorable Mayor and Members of the City Council

From: Councilmember Harrison (Author), Mayor Arreguín (Author), Councilmember Terry Taplin (Co-Sponsor), and Councilmember Rigel Robinson (Co-Sponsor)

Subject: Budget Referral and Resolution Establishing A Pilot Climate Equity Action Fund to Assist Low-Income Residents with Transition to Zero-Carbon Transportation and Buildings

RECOMMENDATION

1. Adopt a Resolution establishing:
  - a. a Climate Equity Action Fund as a repository of grant and municipal funds for equitable climate-related pilot programs for low-income households at or below 50% of Area Median Income or as otherwise designated by Council; and
  - b. an annual process for the Energy Commission (or successor) and Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible categories of fund expenditures (e.g., transportation modal shift or building electrification) to maximize equitable emissions reductions and impacts for eligible households.
2. Refer to the June, 2021 budget process:
  - a. \$500,000 of general fund monies from excess equity as seed funding for the Climate Equity Action Fund pilot program; and
  - b. \$100,000 for staff costs associated with the Finance Department and OESD in administering applications and disbursement of monies.

CURRENT SITUATION, EFFECTS, AND RATIONALE FOR RECOMMENDATION

The City of Berkeley and broader world is facing a grave climate emergency, requiring municipalities to rapidly transition towards zero carbon economy by 2030. Transitioning Berkeley's economy will require significant investment on the part of both government and residents. Lower-income communities are most impacted by global climate change and have the least financial ability to address it. It is in the public interest to establish a Climate Equity Action Fund to assist low-income residents with the cost of transitioning from a carbon-based city. This item establishes a Climate Equity Action Fund as a

depository of funds related to climate equity, allocates an initial funding amount of \$500,000, contingent on the availability of excess equity, from the General Fund, and asks the Energy Commission (or successor) and FITES Committee, in consultation with community groups, to provide input to staff and Council on at least an annual basis about categories of fund expenditures that have the most benefit for low-income households and to maximize equitable emissions reduction impacts. It also provides \$100,000, contingent on the availability of excess equity, for staff costs associated with the Finance Department and Office of Energy and Sustainable Development (OESD) in administering applications and disbursement of monies

### BACKGROUND

According to the best available science, a 50% reduction in emissions is needed worldwide by 2030 or earlier in order to delay extremely catastrophic warming. Implicit in the U.N.'s global 2050 net-zero targets to keep emissions as close as possible to 1.5 degrees Celsius is the assumption that wealthy nations and cities will near zero by 2030.<sup>1</sup>

The people of Berkeley, especially low-income people, are already disproportionately impacted by the effects of climate change and fossil fuel pollution. Low-carbon technology can often be out of reach of many low-income households, and without direct assistance, many will be left behind.

The City's Electric Mobility Roadmap notes that key to ensuring equity in access to electric mobility is to improve its affordability, including through subsidized e-bike and EV charging incentive pilots and public transit passes.

In addition, Berkeley's Existing Building Electrification strategy includes recommendations for potential pilot projects prioritizing low-income communities with rebates and incentives. According to recent research conducted by the California Energy Commission, low-income residents will face the brunt of natural gas price increases as a result of communitywide electrification trends, highlighting the necessity of increasing access and affordability of all-electric technologies for low-income communities.

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<sup>1</sup> IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. *World Meteorological Organization, Geneva, Switzerland, 32 pp.*  
<https://www.ipcc.ch/sr15/chapter/spm/>.

While incentives are currently available to Berkeley residents for all-electric water heating and cooking appliances from BayRen and East Bay Community Energy (EBCE), lower-income households face structural barriers in accessing those incentives. As an example, rebates often provide only for high-end purchases rather than leases of items such as solar arrays and for premium appliances rated as Energy Star, which many lower-income households cannot afford.<sup>2</sup> Lower-income households are often denied the opportunity both to save money in energy costs and create cleaner, more efficient homes.

Additionally, with regard to building decarbonization, rebates are typically aimed at property owners that have sufficient capital available to replace natural gas building systems as part of a larger renovation or on an ad hoc basis when systems fail. These programs are not necessarily geared towards those with limited upfront capital and those less acquainted with the often confusing and complex all-electric building systems available to property owners. Rebates are also not necessarily geared towards the benefit of renters, such as those living in affordable housing complexes.

Existing BayRen incentives are in most cases not enough to cover the bulk of the all-electric retrofit. Further, BayRen's \$1,000 electric-heat pump space heater incentive will be out of reach for most Berkeleyans, regardless of income, as it requires the property owner to replace an existing gas heating system *combined* with an existing air conditioning unit. Air conditioning units have historically been a rarity in Bay Area homes in the more temperate climate zones such as Berkeley, and therefore this incentive will have little impact on Berkeleyans, and leaves a large gap across Berkeley's decarbonization strategy. Therefore, larger and more flexible incentives for low-income households and/or opportunities to lease, rent (and still receive rebates) or purchase low-carbon systems are needed.

### **Berkeley Climate Equity Action Fund Pilot – Initial Proposal for FY 2022**

In March 2021, Congress passed a \$1.9 trillion economic stimulus and recovery bill in response to the COVID-19 crisis. The law provides the City of Berkeley with approximately \$68 million dollars of one-time flexible funding that can be used to offset revenue reductions and costs associated with the City's COVID-19 response in addition to certain infrastructure projects. Congress provided local jurisdictions with flexibility about how to allocate these funds, and any excess equity resulting from using federal funds to supplant existing or planned appropriations. In other words, the Mayor and

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<sup>2</sup> Marti Frank, "Expanding Access to Energy Efficient Appliances," <https://ilsr.org/local-energy-rules-podcast-homepage/>.

Council could appropriate a certain proportion of any equity resulting from the Act towards municipal services, including services or programs that assist residents with transitioning towards a zero-carbon city.

The initial purpose of the Climate Equity Action Fund is to provide direct subsidies to low-income residents to help them transition away from fossil fuel building and transportation infrastructure.

Low-income households that qualify would be defined as those at or below 50% of Area Median Income (about \$59,000 per year for a family of 3), with a certain percentage of funds reserved for very-low-income families earning below 138% of the Federal Poverty Level (about \$30,000 per year for a family of 3). However, in recognition that equity requires consideration of more than just income alone, the Resolution provides for Council to approve other equitable investments and uses as recommended by staff in consultation with the community.

This item refers to the Energy (or successor) Commission and the FITES Committee on an annual basis to recommend how to best appropriate funds to maximize equitable emissions reduction impacts of funds to include, but not limited to:

- ***Transportation Modal Shift***

Income qualified subsidies for:

1. Renting or purchasing bicycles, electric bicycles, scooters, and other forms of micro mobility. The City of Berkeley is working with nearby jurisdictions to create a municipal micro-mobility rental program;
2. EV charging infrastructure, including membership in ChargePoint and other charging systems;
3. Public transit passes, including the AC Transit EasyPass.

- ***Building Decarbonization***

Income qualified subsidies for:

1. purchasing and installing induction stoves and electric ovens, heat pump water heaters, heat pump space heaters, energy-efficient refrigerators and heat pump washers and dryers;
2. electric panel upgrades associated with electrification of appliances;

3. leasing or purchasing solar arrays;
4. weatherization;
5. purchasing and installing smart thermostats and smart plugs/energy monitoring devices;
6. permit fees in connection with electrification retrofits and solar installation.

On November 3, 2020, Berkeley voters narrowly defeated Measure HH, which would have established a Climate Equity Action Fund and provided \$2.4 million annually through an increase in the electricity and gas portion of the Utility Users Tax. In contrast to Measure HH, this budget referral will not result in any tax increases as it relies on a one-time appropriation of General Fund monies associated with the American Rescue Act. However, by establishing a Climate Equity Action Fund, the Council would create a locus for grant funds and for future appropriate appropriations, whether through the General Fund or otherwise.

### **Berkeley Climate Equity – Moving into the Future**

The FITES Committee is currently considering a separate ordinance expanding eligibility for the Seismic Transfer Tax Rebate Program for electrification. Since only individuals who can afford to buy and sell property in Berkeley qualify for the proposed transfer tax rebate program, the Climate Equity Action Fund in subsequent years would be an equitable companion program aimed at lower-income populations, but could draw upon the same source of revenue.

### **Examples of Equitable Climate Programs Provided by Other Jurisdictions**

Neighboring jurisdictions already offer their residents various equitable income-based subsidies related to the climate transition. For example, Marin County maintains the Natural Gas Appliance Replacement Rebate Program known as Electrify Marin. This program is funded through a one-time grant from the Bay Area Air Quality Management District and provides generous subsidies for all-electric appliances and electric service panel upgrades. While funding is universal, it also provides qualified supplemental assistance such that low-income residents can equitably receive substantially more funding:

| Appliance Type                | Standard Rebate | Income Qualified Rebate |
|-------------------------------|-----------------|-------------------------|
| <b>Heat Pump Water Heater</b> | \$1,000         | \$2,000                 |
| <b>Heat Pump Space Heater</b> |                 |                         |
| Central Heat Pump             | \$1,000         | \$4,500                 |
| Mini-Split Heat Pump          | \$800           | \$3,000                 |
| <b>Induction Cooking</b>      |                 |                         |
| Range (Cooktop & Oven)        | \$500           | \$500                   |
| Cooktop only                  | \$250           | \$250                   |
| <b>Service Panel Upgrade</b>  | \$500           | \$1,200                 |

In addition, the City and County of San Francisco Public Utilities Commission provides residents with solar installation rebates through its GoSolarSF program; these rebates are in addition to those from PG&E. The program offers generous additional subsidies to low-income residents, nonprofit/municipal and nonprofit affordable housing applicants:

| Incentive Levels for Calendar Year 2021                   |                                             |
|-----------------------------------------------------------|---------------------------------------------|
| CleanPowerSF & Hetch Hetchy Residential Basic*            | \$0/kW                                      |
| Add on if eligible: Environmental Justice or CalHome Loan | \$100/kW. Cap: 4.0 kW per meter.            |
| Add on if eligible: City Installer                        | \$250/kW. Cap: 4.0 kW per meter.            |
| Add on if eligible: Low-Income                            | \$2,000/kW. Cap: 4.0 kW per meter.          |
| Business*                                                 | \$0/kW                                      |
| Nonprofit/Municipal                                       | \$1,000/kW. Cap: \$50,000 per service site. |
| Nonprofit Residential                                     | \$1,000/kW. Cap: \$50,000 per service site. |
| Multi-Unit Residential Virtual Net Metering*              | \$0/kW                                      |
| Net Energy Metering Aggregation (NEM-A)*                  | \$0/kW                                      |

Several cities and countries offer financial incentives to purchase electric bikes as part of their GHG emissions reduction strategy.<sup>3</sup> Sonoma’s Community Choice Aggregator, Sonoma Clean Power, recently offered up to \$1,000 for qualified customers to purchase electric bikes. Eligible customers included those who participate in CARE/FERA rates or income-qualified programs such as SNAP (aka food stamps), Medicaid/Medical, Cash Assistance Program for Immigrants (CAPI), Women Infants and Children (WIC), Head

<sup>3</sup> “Electric Bike Subsidies and Grants Around the World. US, UK, Canada, and more,” eBikeHQ, <https://ebikeshq.com/electric-bike-subsidies-grants-around-world/>



Start, and many others. In addition, long term electric bike leasing and lease to own programs help to remove the cost barrier to electric bike use and ownership. Swapfiets has been offering leasing for \$20/month in several European cities, with roughly 35,000 leases in Amsterdam and 200,000 elsewhere in Europe.<sup>4</sup>

Currently, all Berkeley residential property owners are eligible for electrification incentives through BayRen, which does not provide a differential subsidy based on income. These rebates could be leveraged in combination with supplemental Berkeley Climate Equity Action fund subsidies for maximum impact:

**Eligible Program Measures & Rebate Amounts**

| Measure                                                                                                        | Rebate Amount                                             |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Operations and Maintenance Measures</b>                                                                     |                                                           |
| Smart Thermostat (must be listed on the ENERGY STAR qualified product list for Smart Communicating Thermostat) | \$150                                                     |
| Duct sealing ≤ 10% total leakage (Ducts or Furnace/Air Handler/FAU located in garage disqualify this measure)  | \$200                                                     |
| Duct Replacement ≤ 5% total leakage                                                                            | \$800                                                     |
| <b>Building Shell Measures</b>                                                                                 |                                                           |
| Attic insulation ≥ R-44 (includes attic air sealing)                                                           | \$0.75 / ft <sup>2</sup> (not to exceed \$1,000 per home) |
| Wall insulation ≥ R-13 (2x4 framing) or ≥ R-19 (2x6 framing)                                                   | \$0.70 / ft <sup>2</sup> (not to exceed \$1,000 per home) |

<sup>4</sup> Feargus O'Sullivan, "How Paris Hopes to Build an E-Bike Boom," September 24, 2019, <https://www.citylab.com/transportation/2019/09/electric-bikes-paris-bicycle-rental-france-e-bike-subsidy/598192>. See also, Alex Ledson, "This Is The New Transport Trend Sweeping Europe" Oct 10, 2020, <https://www.forbes.com/sites/alexledson/2020/10/10/this-is-the-new-transport-trend-sweeping-europe/?sh=3667577c100b>

| <b>Heating and Cooling Measures</b>                                                                                                                                                                                                                                                                                                                                            |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| High efficiency central gas furnace ≥ 95% AFUE w/ Variable Speed Motor (must replace existing central gas furnace)                                                                                                                                                                                                                                                             | \$300   |
| High efficiency split central air conditioner ≥ 17 SEER<br>High efficiency packaged central air conditioner ≥ 16 SEER<br>(must replace entire load associated with existing central AC)                                                                                                                                                                                        | \$800   |
| High efficiency heat pump ≥ 17 SEER / 9.4 HSPF<br>(must replace entire load associated with electric heating system or heat pump or for electrification must replace existing central natural gas furnace and air conditioner with ducted direct exchange (non mini-split) heat pump or replace wall furnace and window air conditioner with a ductless mini-split heat pump.) | \$1,000 |
| <b>Water Heating Measures</b>                                                                                                                                                                                                                                                                                                                                                  |         |
| High efficiency storage gas water heater medium usage ≥ 0.64 UEF, high usage ≥ 0.68 UEF<br>Instantaneous water heater ≥ 0.87 UEF (must replace existing gas storage water heater)                                                                                                                                                                                              | \$400   |
| Heat pump water heater ≥ 3.1 UEF (must replace existing gas or electric water heater)                                                                                                                                                                                                                                                                                          | \$1,000 |
| <b>Bonus Rebates</b>                                                                                                                                                                                                                                                                                                                                                           |         |
| Combine one or more Building Shell measures with a Heating or Cooling measure (measures must be completed simultaneously)                                                                                                                                                                                                                                                      | \$500   |
| Combine attic with exterior wall insulation (measures must be completed simultaneously)                                                                                                                                                                                                                                                                                        | \$500   |
| Downsize heating and/or cooling system compared to existing system (requires a minimum 12 kBtu or 1 ton input reduction)                                                                                                                                                                                                                                                       | \$100   |
| Building air sealing ≥ 30% total leakage reduction (must be combined with another measure, otherwise requires blower door test-in and test-out to qualify as a standalone building shell measure)                                                                                                                                                                              | \$150   |
| Combustion Appliance Safety (CAS) test-out<br>(CAS test-out required for all measures. Not available as a standalone rebate. Only one per service address)                                                                                                                                                                                                                     | \$150   |
| <b>Electrification Appliance Measures</b>                                                                                                                                                                                                                                                                                                                                      |         |
| *Induction electric range (no hybrid) or cooktop (must replace existing natural gas range or cooktop)                                                                                                                                                                                                                                                                          | \$300   |
| *Heat pump clothes dryer ≥ 4.50 Combined Energy Factor (CEF) (must replace existing natural gas clothes dryer and listed as ENERGY STAR Efficient heat pump clothes dryer.)                                                                                                                                                                                                    | \$300   |

Electrification measures can replace gas equipment.

In addition, EBCE and Stopwaste currently offer Berkeley customers through the Home+ Energy Efficiency Program an additional \$1,000 incentive to help cover the installation cost of heat pump water heaters for a total of \$2,000 when combined with BayRen incentives. Again, these rebates do not provide for supplemental funding for lower-income households.

Finally, the city of Portland recently allocated \$8.6 million through the newly voter-approved Portland Clean Energy Community Benefits Fund grants to fund organizations conducting low-income energy retrofits.

**FINANCIAL IMPLICATIONS**

This item would result in a one-time investment of \$500,000 from excess equity to seed a Climate Equity Action Fund, and an additional \$100,000 for Finance Department and OESD staff costs associated with administering applications and disbursement of Fund monies.

ENVIRONMENTAL SUSTAINABILITY

Supporting low-income incentives for building decarbonization and transportation modal shift will complement and accelerate Berkeley's ongoing efforts to reduce carbon emissions at an emergency and equitable pace in line with the Climate Action Plan, Climate Emergency Declaration, Mobility Roadmap and Existing Building Electrification Strategy.

CONTACT PERSON

Councilmember Kate Harrison, Council District 4, 510-981-7140

RESOLUTION NO. ##,###-N.S.

RESOLUTION ESTABLISHING A CLIMATE EQUITY ACTION FUND

WHEREAS, the City of Berkeley and broader world is facing a grave climate emergency, requiring municipalities to rapidly transition towards a zero-carbon economy by 2030; and

WHEREAS, transitioning Berkeley's economy will require significant investment on the part of both government and residents; and

WHEREAS, lower-income communities are most impacted by global climate change and have the least financial ability to address it; and

WHEREAS, low-carbon technology and infrastructure can often be out of reach for many low-income households and, without direct assistance, many will be left behind; and

WHEREAS, City's Electric Mobility Roadmap and Existing Building Electrification strategy both cite the importance of ensuring equity in access to carbon-free technology and infrastructure; and

WHEREAS, it is in the public interest to establish a Climate Equity Action Fund to assist low-income residents with the cost of transitioning from a carbon-based city; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager establish a Climate Equity Action Fund as a repository of city, regional, state, and federal funds related to climate equity for low-income households at or below 50% of Area Median Income, or as designated by Council.

BE IT FURTHER RESOLVED that the Berkeley Energy Commission, or successor, and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, in consultation with community groups, provide input to staff and Council on at least an annual basis about eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households.

BE IT FURTHER AND FINALLY RESOLVED that any unexpended funds shall carry over from year to year.



Kate Harrison  
Councilmember District 4

07

ACTION CALENDAR  
June 1, 2021

To: Honorable Mayor and Members of the City Council  
From: Councilmember Harrison (Author), Councilmember Bartlett (Co-Sponsor)  
Subject: Budget Referral and Resolution Establishing a Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings

RECOMMENDATION

1. Adopt a Resolution establishing:
  - a. a two-year Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings; and
  - b. an annual process for the Energy (or successor) Commission and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible *categories* of fund expenditures to maximize equitable emissions reductions and impacts for eligible households while leaving the mechanisms for doing so to staff discretion.
2. Refer to the June, 2021 budget process:
  - a. \$1,500,000 of general fund monies from excess equity as seed funding for the two-year pilot, inclusive of staff costs, for FY 2022.

CURRENT SITUATION, EFFECTS, AND RATIONALE FOR RECOMMENDATION

The world is facing a grave climate emergency, requiring municipalities to rapidly transition towards zero carbon economy by 2030. Transitioning Berkeley's economy will require significant investment on the part of both government and residents. It is in the public interest to establish a financial incentive program to assist new homeowners, renters and existing homeowners with the transition to zero-carbon buildings. This item establishes the general scope of a two-year Existing Building Electrification Incentive Program Pilot and refers to staff to design an equitable program with \$1,500,000 for FY22, inclusive of staffing costs, and contingent on the availability of excess equity, from the General Fund. It also asks the Energy (or successor) Commission and FITES Committee, in consultation with community groups, to provide input to staff and Council on at least an annual basis about categories of fund expenditures that would provide the

most benefit for low-income households and to maximize equitable emissions reduction impacts. The establishment of this program is consistent with staff and Council goals and budgetary priorities.

## BACKGROUND

According to the best available science, a 50% reduction in emissions must happen worldwide by 2030 or earlier in order to delay extremely catastrophic warming. To meet the U.N.'s global 2050 target to keep emissions as close as possible to 1.5 degrees Celsius, wealthy nations and cities will near zero by 2030.<sup>1</sup>

As a result of the scientific and economic realities of climate change, and despite the people of Berkeley's average relative wealth, it is not realistic to expect the owners of the City's approximately 46,000 residential housing units to electrify their buildings in a decade without significant government co-investment. Low-carbon technology can often be out of reach of many low-income households and, without direct assistance, many will be left behind. Transitioning Berkeley's economy will require significant investment on the part of both residents and the government. Following Berkeley's 2019 landmark prohibition on natural gas infrastructure, staff have released a Draft Berkeley Existing Buildings Electrification Strategy that is currently unfunded.

Such investments would significantly lower Berkeley's carbon emissions, at least 37% of which are from buildings, and provide residents with a plethora of health and safety benefits that will likely outweigh upfront costs. The program can be crafted in a way that supports good paying jobs, for example including unionized contractors, workforce development and local hire requirements. The transition to a zero-carbon city thus has the potential to uplift both workers and residents.

In January 2021, the City's Office of Energy and Sustainable Development reported to the Energy Commission that the cost of electrifying the City's entire low-rise building stock (approximately 36,000 units, or 90% of all Berkeley buildings and 65% of floor area) would be between \$700 and \$880 million. An additional \$120 million is needed for efficiency improvements and solar.


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<sup>1</sup> IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. *World Meteorological Organization, Geneva, Switzerland, 32 pp.* <https://www.ipcc.ch/sr15/chapter/spm/>.

Item 9 - Communications  
Energy Commission  
January 27, 2021

1/27/2021

## Draft Total Costs



Approximate total modeled costs for converting Berkeley's low-rise housing stock today:

- Covers 36,000 1-3 floor homes (90% of all Berkeley buildings and 65% of floor area)
- \$280-430 Million more than business-as-usual gas replacements (no solar or envelope improvements)
- Additional \$220-660 Million for envelope efficiency and solar PV

|                                         | No Solar      | Minimum Solar (Offset) | Maximum Solar (Net Zero Energy) |
|-----------------------------------------|---------------|------------------------|---------------------------------|
| <b>Economy Appliances</b>               | \$700 Million | \$930 Million          | \$1.2 Billion                   |
| <b>Mid-Tier Appliances</b>              | \$880 Million | \$1 Billion            | \$1.2 Billion                   |
| <b>Mid-Tier + Envelope Improvements</b> | \$1 Billion   | \$1.2 Billion          | \$1.4 Billion                   |

|                                                           | Single-family   |                 |                | Multi-family    |                    |
|-----------------------------------------------------------|-----------------|-----------------|----------------|-----------------|--------------------|
|                                                           | Under 1,500 ft² | 1,500-3,500 ft² | Over 3,500 ft² | Under 1,000 ft² | 1,000 ft² and over |
| <b>1.1: Economy Appliances</b>                            | \$12,770        | \$15,350        | \$19,220       | \$9,730         | \$11,980           |
| <b>1.2: Economy Appliances + Offset Solar</b>             | \$5,710         | \$4,130         | \$2,770        | \$6,550         | \$5,940            |
| <b>1.3: Economy Appliances + NZE Solar</b>                | \$1,190         | \$0             | \$0            | \$2,770         | \$1,300            |
| <b>2.1: Mid-Tier Appliances</b>                           | \$10,090        | \$10,620        | \$11,850       | \$9,190         | \$9,790            |
| <b>2.2: Mid-Tier Appliances + Offset Solar</b>            | \$6,100         | \$3,970         | \$1,990        | \$7,550         | \$6,500            |
| <b>2.3: Mid-Tier Appliances + NZE Solar</b>               | \$1,720         | \$0             | \$0            | \$3,990         | \$1,780            |
| <b>3.1: Mid-Tier Appliances + Envelope</b>                | \$12,010        | \$16,180        | \$22,500       | \$9,700         | \$13,020           |
| <b>3.2: Mid-Tier Appliances + Envelope + Offset Solar</b> | \$8,930         | \$10,960        | \$14,190       | \$8,270         | \$10,150           |
| <b>3.3: Mid-Tier Appliances + Envelope + NZE Solar</b>    | \$4,300         | \$4,310         | \$4,870        | \$4,550         | \$5,090            |

Clearly, this relatively modest pilot program would only make a small dent in the City's retrofit challenge, perhaps facilitating 400-500 retrofits per year. However, the success of this pilot program will likely spur the Council and residents to seek additional federal, state and local funds to expand the program in subsequent years. The expertise and lessons learned through this pilot will help guide future efforts aimed at closing the 46,000 gas-powered residential unit challenge.

Since 2018, the Council has explored opportunities to increase public investment in building electrification retrofits. Councilmember Harrison's November 27, 2018 referral, following the passage of the Climate Emergency Declaration, requested that the City Manager draft an ordinance expanding eligibility for the existing Seismic Transfer Tax Rebate Program to include electrification and other resiliency measures. Staff subsequently presented the draft ordinance to Council in July of 2020 at the outset of the COVID-19 pandemic with a recommendation to take no action for a year due to COVID-19-related fiscal uncertainty, and the item was held over at the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES).

At the same time, staff also presented to FITES a related referral to design a companion Resilient Homes Equity Pilot Program that would provide funding for home retrofit improvements to low-income residents. FITES and Council agreed to move the Resilient Homes Equity Pilot Program design and research process forward in November, 2020.

Many economic and public health indicators suggest that the City is entering a more optimistic phase in the pandemic, to include the influx of substantial – but temporary – federal stimulus monies through the 2021 American Rescue Plan Act and the anticipation of a fairly rapid rebound in revenues to pre-pandemic levels. Transfer tax revenues for FY21 are estimated at \$20 million (compared with \$20 million in FY 19) and the city expects to receive a one-time two-year allocation of approximately \$68 million from the 2021 American Rescue Plan Act.

As a result, it is in the public interest to revisit the July 2020 item to see how the City can best move forward with providing residents with critical greenhouse gas reduction incentives in order to address our larger and longer-term crisis: climate change.

According to recent 2020 transfer tax data from OESD, on average between 2014-2019, 845 residential units were transferred per year, generating approximately an average of \$4.6 million total per year in eligible rebates for the Seismic Transfer Tax Program. The city has approximately 46,000 occupied housing units, with the vast majority being gas-powered.



**Existing Building Electrification Incentive Program Pilot**

Since early 2021, Councilmember Harrison's office and the FITES Committee have been working with City staff to explore opportunities to fund retrofits through general fund transfer tax revenues and establishing a cap on total and per beneficiary allocations. In working with the City Manager, we have concluded that while the existing transfer tax rebate system is a good vehicle for allocating at point of sale, it does not provide funding for existing homeowners who may need to replace a broken appliance or who want to make voluntary retrofits. A better vehicle is a two-year pilot; this requires fewer staff resources to administer and builds on significant staff experience and expertise administering incentive programs.

This item provides an alternative to the Seismic Transfer Tax Rebate model in the form of a budget referral and resolution establishing two-year pilot incentive program funded via general fund allocations, which are currently partially funded by transfer tax revenue.

Currently, the Council approved amount in transfer tax revenues is allocated to the General Fund (as in the past, at \$12.5 million) and some portion is typically set aside for capital projects (generally at \$2 million). For the first year of this pilot program this item proposes to allocate a total of \$1.5 million in excess Transfer Tax equity which would be inclusive of staff's administrative costs.<sup>2</sup> On adoption of this proposal, total transfer tax expenditures would amount to approximately \$17 million, including the \$12.5 million typically allocated to the General Fund programs and the \$2 million to capital programs.

While the program will ultimately be designed by OESD staff through administrative regulation, this item also includes a resolution officially establishing the program and providing general parameters for how staff should allocate the proposed \$1.5 million retrofit fund. This program and the \$1.5 million allocation are already included as a line item in the Planning & Development Department's Fiscal Year 2022 proposed budget.

New property owners are most likely to remodel their units shortly completing the purchase. Thus, the Draft Berkeley Existing Buildings Electrification Strategy recommends allocating some portion of the fund for transferees of residential properties within two years of point of sale. The City is also exploring opportunities to adopt certain mandatory electrification requirements for transferees of new buildings through its BESO program, starting with the largest buildings.

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<sup>2</sup> This amount would be in addition to a separate \$500,000 Climate Equity Action incentive fund proposed by Councilmember Harrison, Mayor Arreguin, and Councilmembers Taplin and Robinson.

Equitably supporting existing homeowners and renters whose appliances, e.g., their water heater, break down suddenly, and those who wish to embark upon voluntary electrification projects to include new appliances, electrical work (e.g., panel upgrades) are also elements of the Building Electrification strategy. This part of the program would be similar to Marin County’s Electrify Marin program which provides residents with income-qualified incentives for building electrification and panel upgrades. Since 2019, Marin has disbursed over \$100,000 in rebates.

| <b>Electrify Marin</b>        |                        |                                |
|-------------------------------|------------------------|--------------------------------|
| <b>Appliance Type</b>         | <b>Standard Rebate</b> | <b>Income Qualified Rebate</b> |
| <b>Heat Pump Water Heater</b> | \$1,000                | \$2,000                        |
| <b>Heat Pump Space Heater</b> |                        |                                |
| Central Heat Pump             | \$1,000                | \$4,500                        |
| Mini-Split Heat Pump          | \$800                  | \$3,000                        |
| <b>Induction Cooking</b>      |                        |                                |
| Range (Cooktop & Oven)        | \$500                  | \$500                          |
| Cooktop only                  | \$250                  | \$250                          |
| <b>Service Panel Upgrade</b>  | \$500                  | \$1,200                        |

These incentives would be paired with rebates available through BayRen and EBCE, which are helpful but fall far short of the actual cost. For example, BayRen and EBCE offer \$2,000 for water heaters, which typically cost approximately \$5,000-\$10,000 when one includes the cost of potential electrical and panel upgrades. Berkeley’s incentive program is also needed to pay for space heating electrification, and needed panel and other electrical upgrades for which there are currently no incentives. Electrical, panel and space heating upgrades are typically the most expensive part of any electrification project.

Staff have indicated that they believe an additional incentive of approximately \$2,500 per property owner would be significant to persuade many property owners to electrify.

**Alternatives Considered**

FITES discussed whether to expand this program beyond building electrification to include fire safety and resilience upgrades. However, at this time, fire programs have separate revenue sources and greenhouse gas reduction is a top priority given the need to reduce emissions to near zero by 2030 per the 2018 IPCC report. For example, fire safety measures have received generous support from the voters through Measure FF, whereas climate is still severely underfunded. In addition, global warming is one of the chief causes of increased fire threats.

**FINANCIAL IMPLICATIONS**

This item would result in a one-time investment of \$1,500,000 from excess equity to provide initial funding for a two-year Existing Building Electrification Incentive Program Pilot to assist property owners and renters with the transition to a zero-carbon economy. This investment includes staff costs to run the program.

**ENVIRONMENTAL SUSTAINABILITY**

Supporting incentives for building decarbonization will complement and accelerate Berkeley's ongoing efforts to reduce carbon emissions at an emergency and equitable pace in line with the Climate Action Plan, Climate Emergency Declaration, and Existing Building Electrification Strategy.

**CONTACT PERSON**

Councilmember Kate Harrison, Council District 4, 510-981-7140

**ATTACHMENTS**

1. Resolution

RESOLUTION NO. ##,###-N.S.

RESOLUTION ESTABLISHING A BUILDING ELECTRIFICATION INCENTIVE PILOT PROGRAM

WHEREAS, the world is facing a grave climate emergency, requiring municipalities to rapidly transition towards a zero-carbon economy by 2030; and

WHEREAS, transitioning Berkeley's economy will require significant investment on the part of both government and residents as staff have estimated that converting Berkeley's approximately 46,000 residential housing units will likely cost hundreds of millions of dollars; and

WHEREAS, low-carbon technology and infrastructure can often be out of reach for many households and, without direct assistance, many will be left behind; and

WHEREAS, moderate and lower-income communities are most impacted by global climate change and have the least financial ability to address it; and

WHEREAS, City's Draft Existing Building Electrification strategy both cite the importance of ensuring equity in access to carbon-free technology; and

WHEREAS, it is in the public interest to establish a two-year Existing Building Electrification Incentive Program to assist residents with the cost of transitioning from a carbon-based city; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager establish an Existing Building Electrification Incentive Program to invest in the following priorities, to be further defined by staff:

1. incentives for transferees of residential property to include appliance retrofits and electrical upgrades (including panel upgrades);
2. equitable incentives for existing residential property owners and renters pursuing electrification retrofits or replacing broken or outdated appliances, to include electrical upgrades (including panel upgrades);
3. a nexus with good paying jobs, for example use of unionized contractors, workforce development programs and local hire requirements.

BE IT FURTHER RESOLVED that the Berkeley Energy Commission, or successor, and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, in consultation with community groups, provide input to staff and Council on at least an annual basis about eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households.

BE IT FURTHER AND FINALLY RESOLVED that any unexpended funds shall carry over from year to year.



Kate Harrison  
Councilmember District 4

ACTION CALENDAR  
June 1, 2021

To: Honorable Mayor and Members of the City Council  
From: Councilmember Harrison (Author), Councilmember Bartlett (Co-Sponsor)  
Subject: Budget Referral and Resolution Establishing A Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings

RECOMMENDATION

1. Adopt a Resolution establishing:
  - a. a two-year Pilot Existing Building Electrification Incentive Program to Assist New Homeowners, Renters and Existing Homeowners with Transition to Zero-Carbon Buildings; and
  - b. an annual process for the Energy (or successor) Commission and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES), in consultation with community groups, to provide input to staff and Council about eligible *categories* of fund expenditures to maximize equitable emissions reductions and impacts for eligible households while leaving the mechanisms for doing so to staff discretion.
2. Refer to the June, 2021 budget process:
  - a. \$1,500,000 of general fund monies from excess equity as seed funding for the two-year pilot, inclusive of staff costs, for FY 2022.

CURRENT SITUATION, EFFECTS, AND RATIONALE FOR RECOMMENDATION

The world is facing a grave climate emergency, requiring municipalities to rapidly transition towards zero carbon economy by 2030. Transitioning Berkeley's economy will require significant investment on the part of both government and residents. It is in the public interest to establish a financial incentive program to assist new homeowners, renters and existing homeowners with the transition to zero-carbon buildings. This item establishes the general scope of a two-year Existing Building Electrification Incentive Program Pilot and refers to staff to design an equitable program with \$1,500,000 for FY22, inclusive of staffing costs, and contingent on the availability of excess equity, from the General Fund. It also asks the Energy (or successor) Commission and FITES Committee, in consultation with community groups, to provide input to staff and Council on at least an annual basis about categories of fund expenditures that would provide the

most benefit for low-income households and to maximize equitable emissions reduction impacts. The establishment of this program is consistent with staff and Council goals and budgetary priorities.

## BACKGROUND

According to the best available science, a 50% reduction in emissions must happen worldwide by 2030 or earlier in order to delay extremely catastrophic warming. To meet the U.N.'s global 2050 target to keep emissions as close as possible to 1.5 degrees Celsius, wealthy nations and cities will near zero by 2030.<sup>1</sup>

As a result of the scientific and economic realities of climate change, and despite the people of Berkeley's average relative wealth, it is not realistic to expect the owners of the City's approximately 46,000 residential housing units to electrify their buildings in a decade without significant government co-investment. Low-carbon technology can often be out of reach of many low-income households and, without direct assistance, many will be left behind. Transitioning Berkeley's economy will require significant investment on the part of both residents and the government. Following Berkeley's 2019 landmark prohibition on natural gas infrastructure, staff have released a Draft Berkeley Existing Buildings Electrification Strategy that is currently unfunded.

Such investments would significantly lower Berkeley's carbon emissions, at least 37% of which are from buildings, and provide residents with a plethora of health and safety benefits that will likely outweigh upfront costs. The program can be crafted in a way that supports good paying jobs, for example including unionized contractors, workforce development and local hire requirements. The transition to a zero-carbon city thus has the potential to uplift both workers and residents.

In January 2021, the City's Office of Energy and Sustainable Development reported to the Energy Commission that the cost of electrifying the City's entire low-rise building stock (90% of all Berkeley buildings and 65% of floor area) would be between \$700 and \$880 million. An additional \$120 million is needed for efficiency improvements and solar.


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<sup>1</sup> IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. *World Meteorological Organization, Geneva, Switzerland, 32 pp.* <https://www.ipcc.ch/sr15/chapter/spm/>.

Item 9 - Communications  
Energy Commission  
January 27, 2021

1/27/2021

## Draft Total Costs



Approximate total modeled costs for converting Berkeley's low-rise housing stock today:

- Covers 36,000 1-3 floor homes (90% of all Berkeley buildings and 65% of floor area)
- \$280-430 Million more than business-as-usual gas replacements (no solar or envelope improvements)
- Additional \$220-660 Million for envelope efficiency and solar PV

|                                         | No Solar      | Minimum Solar<br>(Offset) | Maximum Solar<br>(Net Zero Energy) |
|-----------------------------------------|---------------|---------------------------|------------------------------------|
| <b>Economy Appliances</b>               | \$700 Million | \$930 Million             | \$1.2 Billion                      |
| <b>Mid-Tier Appliances</b>              | \$880 Million | \$1 Billion               | \$1.2 Billion                      |
| <b>Mid-Tier + Envelope Improvements</b> | \$1 Billion   | \$1.2 Billion             | \$1.4 Billion                      |

Clearly, this relatively modest pilot program would only make a small dent in the City's retrofit challenge, perhaps facilitating 400-500 retrofits per year. However, the success of this pilot program will likely spur the Council and residents to seek additional federal, state and local funds to expand the program in subsequent years. The expertise and lessons learned through this pilot will help guide future efforts aimed at closing the 46,000 gas-powered residential unit challenge.

Since 2018, the Council has explored opportunities to increase public investment in building electrification retrofits. Councilmember Harrison's November 27, 2018 referral, following the passage of the Climate Emergency Declaration, requested that the City Manager draft an ordinance expanding eligibility for the existing Seismic Transfer Tax Rebate Program to include electrification and other resiliency measures. Staff subsequently presented the draft ordinance to Council in July of 2020 at the outset of the COVID-19 pandemic with a recommendation to take no action for a year due to COVID-19-related fiscal uncertainty, and the item was held over at the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee (FITES).

At the same time, staff also presented to FITES a related referral to design a companion Resilient Homes Equity Pilot Program that would provide funding for home retrofit improvements to low-income residents. FITES and Council agreed to move the Resilient Homes Equity Pilot Program design and research process forward in November, 2020.

Many economic and public health indicators suggest that the City is entering a more optimistic phase in the pandemic, to include the influx of substantial – but temporary - federal stimulus monies through the 2021 American Rescue Plan Act and the anticipation of a fairly rapid rebound in revenues to pre-pandemic levels. Transfer tax revenues for FY21 are estimated at \$20 million (compared with \$20 million in FY 19) and the city expects to receive a one-time two-year allocation of \$68 from the 2021 American Rescue Plan Act.

As a result, it is in the public interest to revisit the July 2020 item to see how the City can best move forward with providing residents with critical greenhouse gas reduction incentives in order to address our larger and longer-term crisis: climate change.

According to recent 2020 transfer tax data from OESD, on average between 2014-2019, 845 residential units were transferred per year, generating approximately an average of \$4.6 million total per year in eligible rebates for the Seismic Transfer Tax Program. The city has approximately 46,000 occupied housing units, with the vast majority being gas-powered.

### **Existing Building Electrification Incentive Program Pilot**

Since early 2021, Councilmember Harrison’s office and the FITES Committee have been working with City staff to explore opportunities to fund retrofits through general fund transfer tax revenues and establishing a cap on total and per beneficiary allocations. In working with the City Manager, we have concluded that while the existing transfer tax rebate system is a good vehicle for allocating at point of sale, it does not provide funding for existing homeowners who may need to replace a broken appliance or who want to make voluntary retrofits. A better vehicle is a two-year pilot; this requires fewer staff resources to administer and builds on significant staff experience and expertise administering incentive programs.

This item provides an alternative to the Seismic Transfer Tax Rebate model in the form of a budget referral and resolution establishing two-year pilot incentive program funded via general fund allocations, which are currently partially funded by transfer tax revenue.



Currently, the Council approved amount in transfer tax revenues is allocated to the General Fund (as in the past, at \$12.5 million) and some portion is typically set aside for capital projects (generally at \$2 million). For the first year of this pilot program this item proposes to allocate a total of \$1.5 million in excess Transfer Tax equity which would be inclusive of staff’s administrative costs.<sup>2</sup> On adoption of this proposal, total transfer tax expenditures would amount to approximately \$17 million, including the \$12.5 million typically allocated to the General Fund programs and the \$2 million to capital programs.

While the program will ultimately be designed by OESD staff through administrative regulation, this item also includes a resolution officially establishing the program and providing general parameters for how staff should allocate the proposed \$1.5 million retrofit fund. This program and the \$1.5 million allocation are already included as a line item in the Planning & Development Department’s Fiscal Year 2022 proposed budget.

New property owners are most likely to remodel their units shortly completing the purchase. Thus, the Draft Berkeley Existing Buildings Electrification Strategy recommends allocating some portion of the fund for transferees of residential properties within two years of point of sale. The City is also exploring opportunities to adopt certain mandatory electrification requirements for transferees of new buildings through its BESO program, starting with the largest buildings.

Equitably supporting existing homeowners and renters whose appliances, e.g., their water heater, break down suddenly, and those who wish to embark upon voluntary electrification projects to include new appliances, electrical work (e.g., panel upgrades) are also elements of the Building Electrification strategy. This part of the program would be similar to Marin County’s Electrify Marin program which provides residents with income-qualified incentives for building electrification and panel upgrades. Since 2019, Marin has disbursed over \$100,000 in rebates.

**Electrify Marin**

| Appliance Type                | Standard Rebate | Income Qualified Rebate |
|-------------------------------|-----------------|-------------------------|
| <b>Heat Pump Water Heater</b> | \$1,000         | \$2,000                 |
| <b>Heat Pump Space Heater</b> |                 |                         |
| Central Heat Pump             | \$1,000         | \$4,500                 |
| Mini-Split Heat Pump          | \$800           | \$3,000                 |
| <b>Induction Cooking</b>      |                 |                         |
| Range (Cooktop & Oven)        | \$500           | \$500                   |
| Cooktop only                  | \$250           | \$250                   |
| <b>Service Panel Upgrade</b>  | \$500           | \$1,200                 |

<sup>2</sup> This amount would be in addition to a separate \$500,000 Climate Equity Action incentive fund proposed by Councilmember Harrison, Mayor Arreguin, and Councilmembers Taplin and Robinson.

These incentives would be paired with rebates available through BayRen and EBCE, which are helpful but fall far short of the actual cost. For example, BayRen and EBCE offer \$2,000 for water heaters, which typically cost approximately \$5,000-\$10,000 when one includes the cost of potential electrical and panel upgrades. Berkeley's incentive program is also needed to pay for space heating electrification, and needed panel and other electrical upgrades for which there are currently no incentives. Electrical, panel and space heating upgrades are typically the most expensive part of any electrification project.

Staff have indicated that they believe an additional incentive of approximately \$2,500 per property owner would be significant to persuade many property owners to electrify.

### **Alternatives Considered**

FITES discussed whether to expand this program beyond building electrification to include fire safety and resilience upgrades. However, at this time, fire programs have separate revenue sources and greenhouse gas reduction is a top priority given the need to reduce emissions to near zero by 2030 per the 2018 IPCC report. For example, fire safety measures have received generous support from the voters through Measure FF, whereas climate is still severely underfunded. In addition, global warming is one of the chief causes of increased fire threats.

### **FINANCIAL IMPLICATIONS**

This item would result in a one-time investment of \$1,500,000 from excess equity to provide initial funding for a two-year Existing Building Electrification Incentive Program Pilot to assist property owners and renters with the transition to a zero-carbon economy. This investment includes staff costs to run the program.

### **ENVIRONMENTAL SUSTAINABILITY**

Supporting incentives for building decarbonization will complement and accelerate Berkeley's ongoing efforts to reduce carbon emissions at an emergency and equitable pace in line with the Climate Action Plan, Climate Emergency Declaration, and Existing Building Electrification Strategy.

### **CONTACT PERSON**

Councilmember Kate Harrison, Council District 4, 510-981-7140

RESOLUTION NO. ##,###-N.S.

RESOLUTION ESTABLISHING A BUILDING ELECTRIFICATION INCENTIVE PILOT PROGRAM

WHEREAS, the world is facing a grave climate emergency, requiring municipalities to rapidly transition towards a zero-carbon economy by 2030; and

WHEREAS, transitioning Berkeley's economy will require significant investment on the part of both government and residents as staff have estimated that converting Berkeley's approximately 46,000 residential housing units will likely cost hundreds of millions of dollars; and

WHEREAS, low-carbon technology and infrastructure can often be out of reach for many households and, without direct assistance, many will be left behind; and

WHEREAS, moderate and lower-income communities are most impacted by global climate change and have the least financial ability to address it; and

WHEREAS, City's Draft Existing Building Electrification strategy both cite the importance of ensuring equity in access to carbon-free technology; and

WHEREAS, it is in the public interest to establish a two-year Existing Building Electrification Incentive Program to assist residents with the cost of transitioning from a carbon-based city; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager establish an Existing Building Electrification Incentive Program to invest in the following priorities, to be further defined by staff:

1. incentives for transferees of residential property to include appliance retrofits and electrical upgrades (including panel upgrades);
2. equitable incentives for existing residential property owners and renters pursuing electrification retrofits or replacing broken or outdated appliances, to include electrical upgrades (including panel upgrades);
3. a nexus with good paying jobs, for example use of unionized contractors, workforce development programs and local hire requirements.

BE IT FURTHER RESOLVED that the Berkeley Energy Commission, or successor, and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, in consultation with community groups, provide input to staff and Council on at least an annual basis about eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households.

BE IT FURTHER AND FINALLY RESOLVED that any unexpended funds shall carry over from year to year.

