



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

**Monday, June 14, 2021
9:00 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/88645042310> 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: **886 4504 2310**. 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 10, 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

Items for Future Agendas

- **Discussion of items to be added to future agendas**

Adjournment

~~~~~  
*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.

~~~~~  
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 10, 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.

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

**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: 10:00 a.m. All present.

Action: M/S/C (Arreguin/Droste) to limit public comment for all items on this meeting to one (1) minute.

Vote: All Ayes.

Public Comment on Non-Agenda Matters: 36 speakers.

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - June 2, 2021

Action: M/S/C (Droste/Harrison) to approve the minutes of June 2, 2021.

Vote: All Ayes.

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

Action: 34 speakers. Discussion held. Item continued to next meeting on June 14, 2021.

3. Discussion of Council Referrals to the Budget Process

From: City Manager

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

Item continued to next meeting on June 14, 2021.

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

Item continued to next meeting on June 14, 2021.

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

Item continued to next meeting on June 14, 2021.

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

Item continued to next meeting on June 14, 2021.

- 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

Committee Action Items

Item continued to next meeting on June 14, 2021.

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

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

Vote: All Ayes.


Adjourned at 12:10 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on June 10, 2021.

April Richardson, Assistant 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.




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



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



Office of the City Manager

Date: June 10, 2021
To: Budget & Finance Policy Committee
From: Dee Williams-Ridley, City Manager
Submitted by: David White, Deputy City Manager
Subject: Measure P Projection and Allocations as of June 10, 2021

Attached to this memorandum is an update to Measure P projections and allocations prepared by city staff. At a high level, the attachment reflects the following:

- Increase in revenue projections to conform to the recent update provided to the Budget and Finance Policy Committee on June 2, 2021.
- A requested allocation of \$5.0 million in FY 2022 to support the City's efforts in acquiring a hotel under Project Homekey. The Homeless Panel of Experts recommends allocating \$3.0 million but staff believes additional resources may be needed to effectuate an acquisition. Importantly, under the American Rescue Plan, the City will receive approximately \$2.7 million that will be utilized as well.
- For 5150 transports, there is an allocation of \$2.4 million to enable the existing contract with Falck to be extended for an additional year to continue providing this service.
- Resources for the Coordinated Entry System have been reduced by a little more than \$400,000 to \$1.0 million.
- Adjustments to the costs of the Homeless Response Team that results in FY 2022 expenditures estimated at \$900,450. Previous estimates were slightly higher. (See Exhibit 2 for detail costs associated with the Homeless Response Team)
- Updated costs associated with the shelter at 742 Grayson Street. These costs reflect the costs associated with contracts that have been approved by City Council. The Homeless Panel of Experts allocates \$850,000 to the shelter but additional resources are needed.

- City staff is asking for the Budget and Finance Policy Committee to consider a recommendation from staff to provide flexibility to direct resources associated with permanent housing subsidies as a shallow subsidy program. Shallow rental subsidies provide a small amount of money to bridge the gap between income and rent. This approach recognizes persistent shortfalls in income for households living from paycheck-to-paycheck and struggling to cover housing and basic living expenditures at their earned wage levels.
- Resources for the University Avenue Step Up project have been adjusted to reflect when staff understands the project will open and resources will actually be needed.
- For FY 2022, staff is requesting an allocation of \$50,000 for training and evaluation whereas the Homeless Panel of Experts does not recommend that any resources be allocated to this activity. City staff would utilize these resources to evaluate the effectiveness of resources deployed under Measure P.

ATTACHMENTS

1. Measure P Projection and Allocations

i:\budget\fy 22\budget and finance policy committee questions\06-9 budget and finance policy committee measure p (02).docx

EXHIBIT 1
TRANSFER TAX -- MEASURE P PROGRAM PROJECTION

6/9/21 6:16 PM

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Actuals	Actual	Estimate	Estimate	Estimate	Estimate
Revenues						
Beginning Fund Balance		\$2,932,313	\$9,859,779	\$11,374,137	\$4,185,966	\$219,822
Measure P Revenues (1)	2,932,313	9,512,603	9,200,000	8,500,000	8,500,000	8,500,000
Permanent Local Housing Allocation (FY 21)	0	0	0	0	0	0
Total Revenues and Balance of Funds	2,932,313	12,444,916	19,059,779	19,874,137	12,685,966	8,719,822
LESS: Total Expenses	0	2,585,137	7,685,642	15,688,170	12,466,144	12,218,776
Personnel Costs	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
Non-Personnel Costs/ Program Expenses	0	2,466,616	7,405,715	15,351,219	12,005,235	11,741,735
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	1,000,000	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
Shelter at 742 Grayson Street						
Lease Payments	0	0	33,000	198,000	49,500	0
Operator (Dorothy Day)	0	0	130,000	784,000	196,000	0
Portable Toilets	0	0	5,000	20,000	18,000	0
COVID-19 Housing Solutions (8)	0	0	0	0	0	0
Project Homekey	0	0	0	5,000,000	0	0
Permanent Housing Subsidies / Shallow 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	0	233,244	900,000	900,000
HHCS: Square One Hotel Vouchers	0	0	65,947	0	0	0
Training and Evaluation	0	0	0	50,000	133,334	133,334
Homeless Response Team	0	0	938,966	900,450	900,450	900,450
Berkeley Relief Fund	0	1,600,000	0	0	0	0
Fiscal Year Surplus (Shortfall)	2,932,313	6,927,466	1,514,358	(7,188,170)	(3,966,144)	(3,718,776)
Ending Fund Balance	\$2,932,313	\$9,859,779	\$11,374,137	\$4,185,966	\$219,822	(\$3,498,954)

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 coordina

(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). FY 21 and FY 22 expenditures reduced by \$1.0M for costs that will be covered by revenues from the City's allocation of Permanent Local Housing Allocation funds.

(8). [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.

(9). Pursuant to Resolution 69,586-N.S. adopted by the City Council on October 13, 2020 and confirmation of resource availability by the Budget and Finance Policy Committee on January 28, 2020.

EXHIBIT 2
Homeless Response Team

	FY 2021 Estimate	FY 2022 Estimate	FY 2023 Estimate	FY 2024 Estimate
<i>Personnel Costs</i>	\$261,449	\$735,100	\$735,100	\$735,100
CMO: Community Services Specialist II	47,750	191,000	191,000	191,000
CMO: Health Services Program Specialist	11,000	11,000	11,000	11,000
CMO: Social Services Specialist	75,362	163,940	163,940	163,940
PRW: Landscape Gardener	69,417	65,240	65,240	65,240
PW: Helper and Driver	0	246,000	246,000	246,000
PD: Staff Support Overtime	57,920	57,920	57,920	57,920
<i>Non-Personnel Costs/ Program Expenses</i>	\$677,517	\$356,350	\$356,350	\$356,350
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	88,050	88,050	88,050
Total Expenses	\$938,966	\$1,091,450	\$1,091,450	\$1,091,450
Measure P Expenses		900,450	900,450	900,450



Berkeley Homeless
Services Panel of Experts

CONSENT CALENDAR

June 10, 2021

To: Honorable Mayor and Members of the City Council
From: Homeless Services Panel of Experts
Submitted by: Carole Marasovic, Chairperson, Homeless Services Panel of Experts
Subject: Recommendations for Measure P funding

RECOMMENDATION

That Council accept the recommendations of the Homeless Services Panel of Experts (HSPE), as incorporated into the text summary, into the 2021-2022 budget and refer to staff for implementation.

SUMMARY

The Homeless Services Panel of Experts met on April 21, 2021, April 28, 2021, May 19, 2021 and June 2, 2021 to discuss and vote on recommendations for Measure P funding.

The recommendations are as follows:

(See chart with monetary figures attached). These recommendations were made with housing targeted as the highest priority for Measure P funds.

Purchase of motels to house the homeless: At least \$3 million, unless funds are not otherwise available.

On April 21, 2021, HSPE passed the following motion "HSPE strongly recommends that the City Council allocate a substantial amount of Measure P funding, at least \$3 million dollars, to purchase a hotel or hotels to house persons experiencing homelessness in alignment with other available funding opportunities, affirming its earlier motion again on April 28, 2021 "that at least 3 million of Measure P funding be leveraged with other sources of funding towards the purchase of motels".

HSPE was constant in its position as to purchase of hotels/motels as a high need priority, only uncertain if with the competing priorities including ongoing contracts how much Measure P monies would be available. That was prior to HSPE's learning of the updated Measure P projected revenue of 8.2 million.

Permanent Housing Subsidies: \$0

"Due to the difficulty of implementing permanent subsidies and the time limits of Measure P, HSPE recommends moving 1.6 million from permanent subsidies to shallow subsidies."

Shallow Subsidies: \$1.6 million

"HSPE recommends that Council allocate some Measure P monies to fund shallow subsidies to prevent homelessness for persons at risk and also to support persons experiencing homelessness." (These shallow subsidies would roll over from the unused \$1.6 million in permanent housing subsidies allocated in the previous year.)

5150 Transports: up to \$1 million (homeless transports only-estimated, based on recent prior years, as 40%-56%).

"HSPE prefers that no Measure P funds be used to pay for 5150 transports. HSPE recommends that the City utilize alternate funding sources including FF as well as insurance and MediCal reimbursements. However, we understand that Measure P funds may need to be used to cover 5150 homeless transports, which are 40-56% of all 5150 transports, up to \$1 million".

1367 University Avenue Permanent supportive housing: Funding as needed based on date of opening.

"The HSPE strongly supports the 1367 University Avenue project to provide needed housing for persons experiencing homelessness. The HSPE recommends that 25% of the needed operating expenses for this project be allocated for FY 2022 in the event that the facility opens in spring, 2022. If the facility does not open until FY23, we recommend rolling this allocation over to FY 23."

Coordinated entry system: \$1 million

"HSPE recommends that the Coordinated Entry program be funded at \$1 million based on actual expenses from FY 20 and FY 21."

Pathways: \$1.5 million

"HSPE recommends that Pathways be funded \$1.5 million to take advantage of the match from the state PHLA program for FY 2022."

HSPE indicated an interest in monitoring compliance with issues regarding lack of physical accessibility for persons with disabilities.

Downtown Business Association Outreach worker: \$40,000

"HSPE recommends continued funding for the DBA Homeless Outreach worker at current level of \$40,000."

Lifelong Medical: \$525,000

"HSPE recommends funding for Lifelong Medical Street Outreach at \$525,000".

HSPE believed this program to be successful at engaging persons experiencing homelessness, leading to positive housing outcomes.

Berkeley Drop-In Locker Program: \$50,000

"HSPE recommends funding BDIC locker program \$50,000."

There were serious concerns raised about the lockers not being fully utilized, nearly half below capacity. While recommending funding for an additional year, HSPE believed that the BDIC locker capacity needed to be monitored as to whether the low numbers were as a result of COVID or of their geographical location. It was noted that Dorothy Day's lockers, centrally located in downtown Berkeley, were full with a waiting list.

Dorothy Day House: \$748,000

"HSPE recommends funding Dorothy Day House for \$566,000 for the shelter and \$182,000 for the drop-in services." HSPE was highly pleased with this provider and believed that they worked well with persons experiencing homelessness, leading to permanent housing outcomes.

Downtown Streets Team: \$0

\$920,304 for Downtown Streets Team was approved on the 4/27/21 Council Consent Calendar without first referring this item to HSPE for review. HSPE recommends that Council support this program and encourage Council to look for alternate funding sources so that Measure P funding can be directed towards housing. We understand that Council has approved funding for the Downtown Streets Team in the amount of \$920,304 from Measure P. We believe that Council should have referred this item to the HSPE to consider. While the DST is an excellent program, it is not consistent with the HSPE primary priority recommendation which is providing housing for persons experiencing homelessness. We recommend that the DST funding come from the General Fund, state monies allocated for encampment cleaning, American Rescue Plan Act monies and other funding sources.

Youth Spirit Artworks: \$78,000

"HSPE recommends \$78,000 for YSA Tiny Homes."

HSPE discussed that YSA's contract required them to facilitate the Berkeley youth, whom they serve, into permanent housing within two years.

Evaluation and training: \$0

"HSPE strongly recognizes the importance of racial equity training and urges the City of Berkeley to use City funds to provide such training to City staff and non-profit contractors including those serving persons who are experiencing homelessness. While we do not recommend Measure P funding for evaluation of service providers, we acknowledge the importance of the gathering of this information and encourage the City to conduct comprehensive evaluation."

FISCAL IMPACTS of RECOMMENDATION

Going into this process, HSPE was advised to operate on a projected \$6.2 million Measure P revenue figure. As of May 25, 2021, the Interim Finance Director adjusted that figure to a projected \$8.2 million projected revenue for 2021. 2020 brought in \$9,512.600 million, attributed to the sale of large, multi-unit properties not anticipated for 2021.

HSPE's position is that it is providing its recommendations deferring to Council to modify based on revenue figures.

CURRENT SITUATION AND ITS EFFECTS

Homelessness is burgeoning in Berkeley. Affordable housing is virtually non-existent without assistance for persons of low-income not to speak of those who are homeless or at risk of homelessness.

For these reasons, HSPE believed the highest priority for Measure P should be housing and funding paths leading to housing.

Project Room Key was a successful effort during COVID. The American Rescue Plan Act has now made available Project Home Key monies for the purpose of purchasing hotels/motels for persons experiencing homelessness. Berkeley needs to leverage those monies with other monies to provide housing.

Other programs, where funding was not provided through other sources, have sought Measure P funding. HSPE primarily recommended funding for those most tied to housing. However, in some cases, HSPE was compelled to honor existing contracts or situations where no alternate arrangements had been made.

HSPE did not do so in all cases. It stood firm that the Downtown Streets Team, while a commendable program for employing persons who are homeless and providing them housing resources, was at nearly a million dollars too significant an amount of money to come from Measure P monies. Thus, HSPE recommended that those monies come from

the General Fund. Some monies, for encampment cleaning, may be able to be secured from a state source or even possibly, the American Rescue Plan Act.

5150 transport continues to be problematic for Measure P monies that should be directed towards meeting housing needs. HSPE recommends an alternate source such as FF; improved Medi-Cal or insurance reimbursement; mental health funding, or a better ambulance provider contract who absorbs the differential between payment and billing or any combination of the above.

Last year's \$1.6 million subsidy allocation for permanent housing subsidies sat dormant due to staff's position that it could not be implemented particularly due to the Measure P sunset clause. Thus, permanent housing subsidies need be relied on from other sources.

HSPE chose to recommend that \$1.6 million from last year be rolled over into shallow time-limited subsidies consistent with those monies being used for housing persons experiencing homelessness.

HSPE also directed monies towards 1367 University Avenue as it provides supportive housing. However, it was believed that most of those monies could be deferred to a following year due to delayed start-up.

All previous coordinated entry monies were not used so this year's allocation was adjusted consistent with actual need.

BACKGROUND

On June 2, 2021, HSPE's recommendations were approved as follows:

Vote: Ayes: Marasovic, Scheider, Carrasco, Bookstein, Keahola-Blake.
Noes: None. Abstain: None. Absent: None.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental impacts.

RATIONALE for RECOMMENDATION

The rationale is detailed in the summary and current situation and effects as stated above.

ALTERNATIVE ACTIONS CONSIDERED

At the May 19, 2021 meeting, a commissioner, newly appointed as of that meeting, proposed an alternative proposal with all subsidy monies allocated towards homeless families, also proposing elimination of funding for Youth Spirit Artworks, the BDIC Locker Program and the DBA social worker.

CITY MANAGER

Concurs or see companion report if does not concur.

CONTACT PERSON

Josh Jacobs, Homeless Services Coordinator, (510) 981-5435

Attachments:

1. Summary of Fiscal Year 2022 Measure P Recommendations

Summary of Fiscal Year 2022 Measure P Recommendations

Revenues	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 CM Estimate	FY 2022 HSPOE Recommendations
Beginning Fund Balance	\$0	\$2,932,313	\$9,859,779	\$10,441,162	\$10,441,162
Measure P Revenues	\$2,932,313	\$9,512,603	\$9,200,000	\$8,500,000	\$8,500,000
Balance of Funds	\$2,932,313	\$12,444,916	\$19,059,779	\$18,941,162	\$18,941,162
LESS: Total Expenses	\$0	\$2,585,137	\$8,618,617	\$11,880,687	\$10,960,721
Personnel Costs	\$0	\$118,521	\$279,927	\$336,952	\$336,952
Finance: Accountant II	\$0	\$0	\$152,965	\$158,319	\$158,319
Finance: Contract Staffing	\$0	\$38,266	\$11,734	\$0	\$0
HHCS: Community Services Specialist II	\$0	\$80,255	\$115,228	\$178,633	\$178,633
HHCS: 50% Senior Management Analyst	\$0	\$0	\$0	\$0	\$0
Program Expenses	\$5,864,626	\$2,466,616	\$8,338,690	\$11,543,735	\$10,623,769
Fire: 5150 Response & Transport	\$0	\$846,616	\$2,753,384	\$2,400,000	\$1,000,000
Dorothy Day House Shelter	\$0	\$0	\$300,000	\$566,000	\$566,000
Dorothy Day House Drop In	\$0	\$0	\$21,340	\$182,000	\$182,000
Pathway STAIR Center	\$0	\$0	\$1,200,000	\$1,499,525	\$1,499,525
No Place Like Home	\$0	\$0	\$0	\$0	\$0
Coordinated Entry System	\$0	\$0	\$0	\$1,442,426	\$1,000,000
BDIC Locker Program	\$0	\$0	\$25,000	\$50,000	\$50,000
LifeLong Medical - Street Medicine	\$0	\$0	\$50,000	\$525,000	\$525,000
YSA Tiny Homes	\$0	\$0	\$117,000	\$78,000	\$78,000
DBA- Homeless Outreach Worker	\$0	\$20,000	\$40,000	\$40,000	\$40,000
Downtown Streets Team	\$0	\$0	\$225,000	\$225,000	\$0
Outdoor Shelter	\$0	\$0	\$168,000	\$1,002,000	\$850,000
Permanent Housing Subsidies	\$0	\$0	\$1,501,078	\$0	\$0
Homekey Project	\$0	\$0	\$0	\$0	\$3,000,000
Shallow Subsidies	\$0	\$0	\$0	\$1,600,000	\$1,600,000
1367 University Avenue	\$0	\$0	\$932,975	\$900,000	\$233,244
HHCS: Square One Vouchers	\$0	\$0	\$65,947	\$0	\$0
Training and Evaluation	\$0	\$0	\$0	\$133,334	\$0
Homeless Response Team	\$0	\$0	\$938,966	\$900,450	\$0
Berkeley Relief Fund	\$0	\$1,600,000	\$0	\$0	\$0
Fiscal Year Surplus (Shortfall)	\$2,932,313	\$6,927,466	\$581,384	\$(3,380,687)	\$(2,460,721)
Ending Fund Balance	\$2,932,313	\$9,859,779	\$10,441,162	\$7,060,475	\$7,980,441



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.¹

¹ <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

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

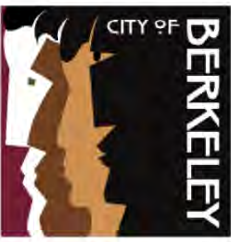
CARES Act and Other Funding for COVID-19

Sources:

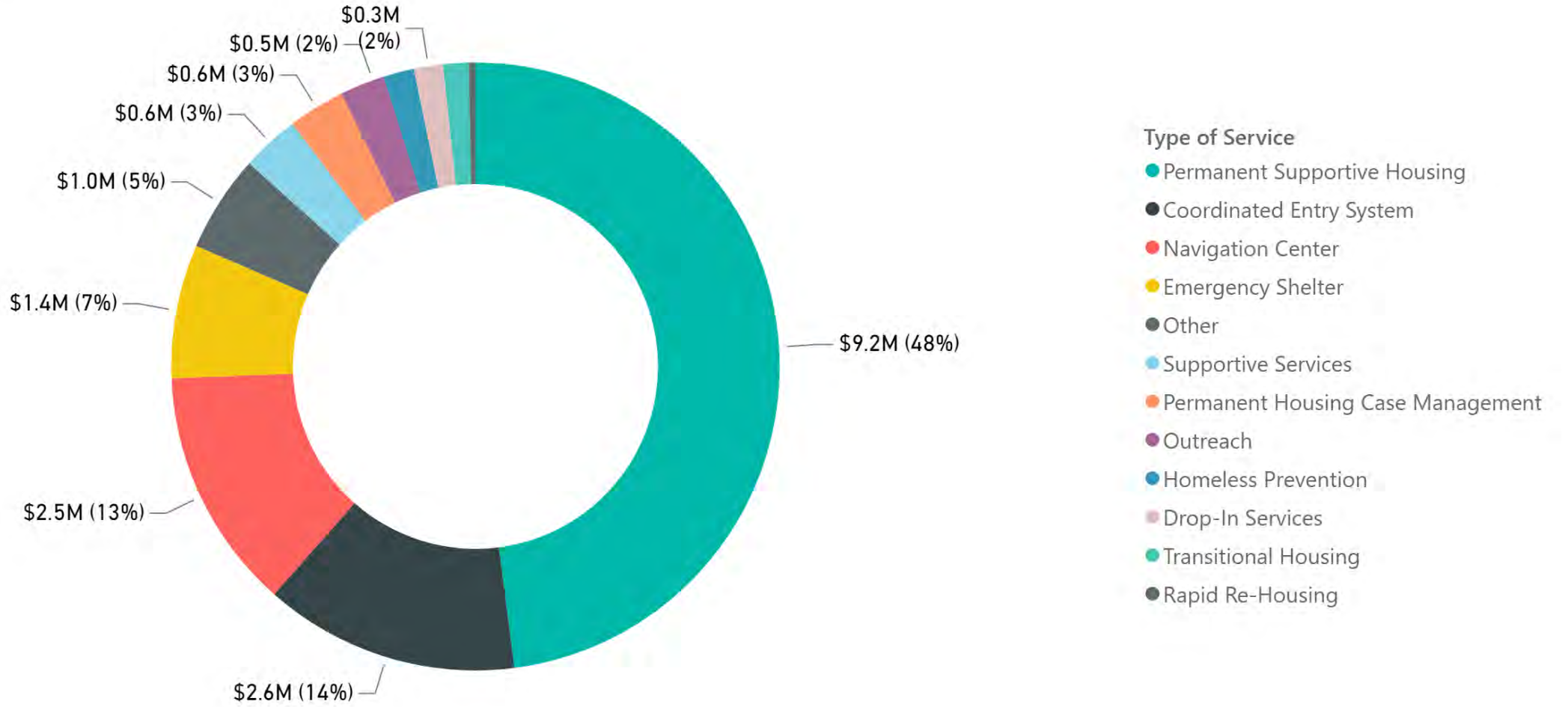
- CDBG – CV1: \$1,610,805
- CDBG – CV3: \$891,121
- ESG – CV1: \$808,117
- ESG-CV2: \$5,840,486
- CSBG : \$373,097
- HEAP : \$893,000

Uses:

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



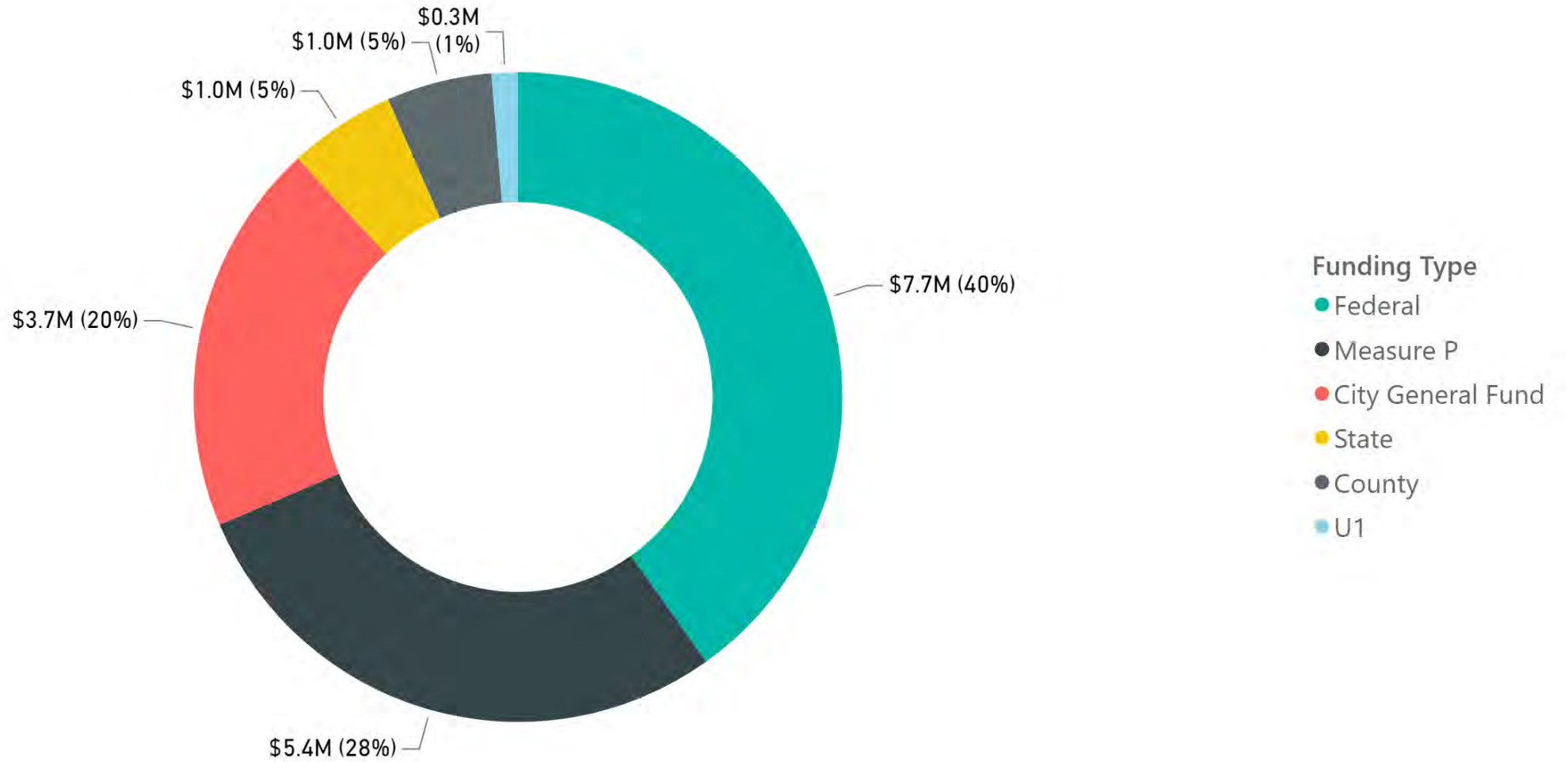
\$19.14M
FY20/21



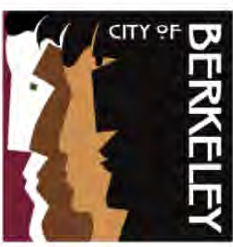


\$19.14M

FY20/21



Measure P



Health, Housing & Community Services

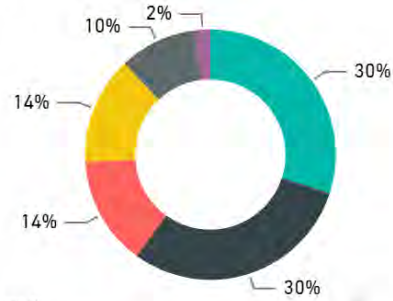
Page 25 of 40

Homeless Services Panel of Experts Periodic Report

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

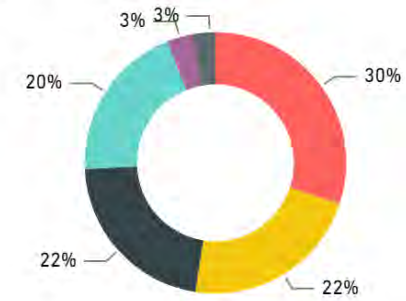
Select all Allocated Encumbered Spent

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
Total	\$12,331,321	

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

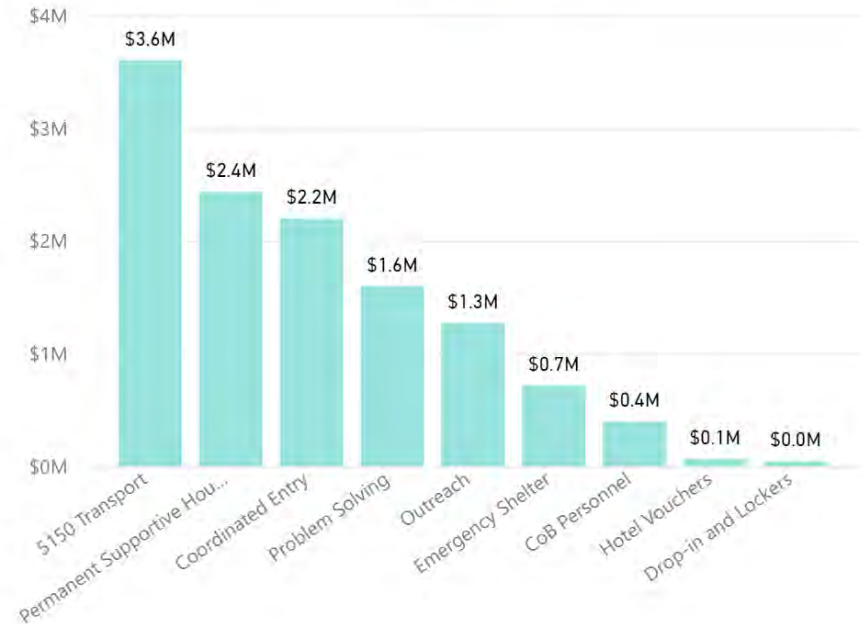
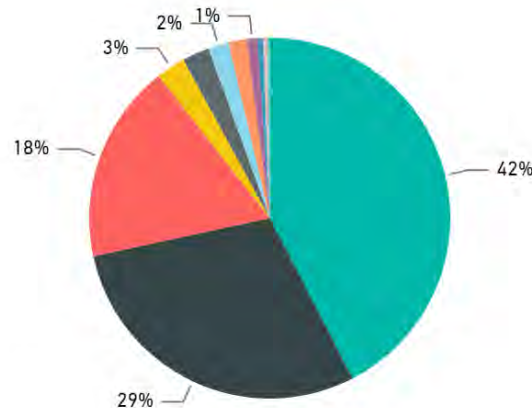
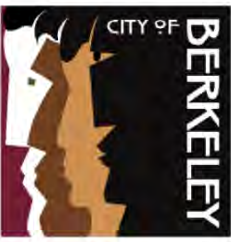


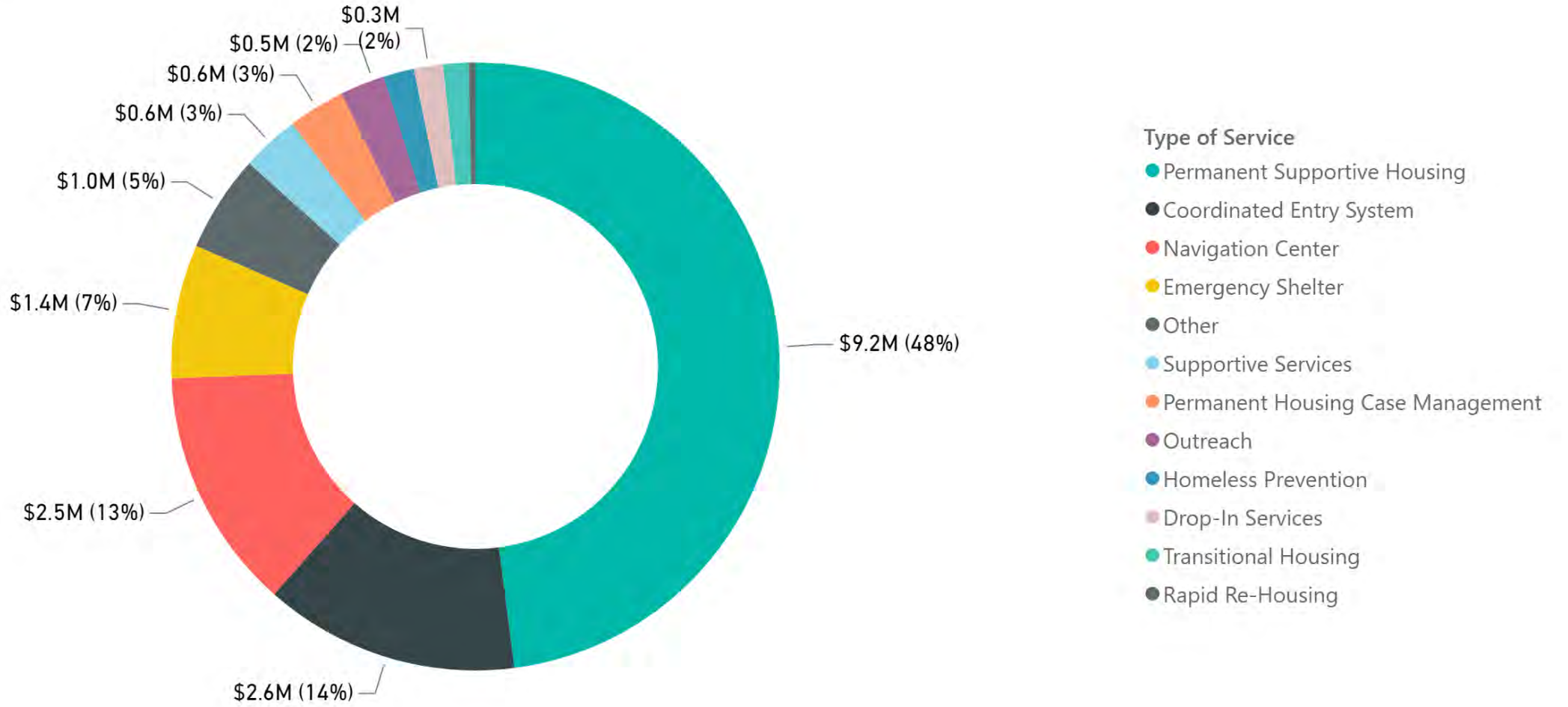
EXHIBIT 1
TRANSFER TAX -- MEASURE P PROGRAM PROJECTION

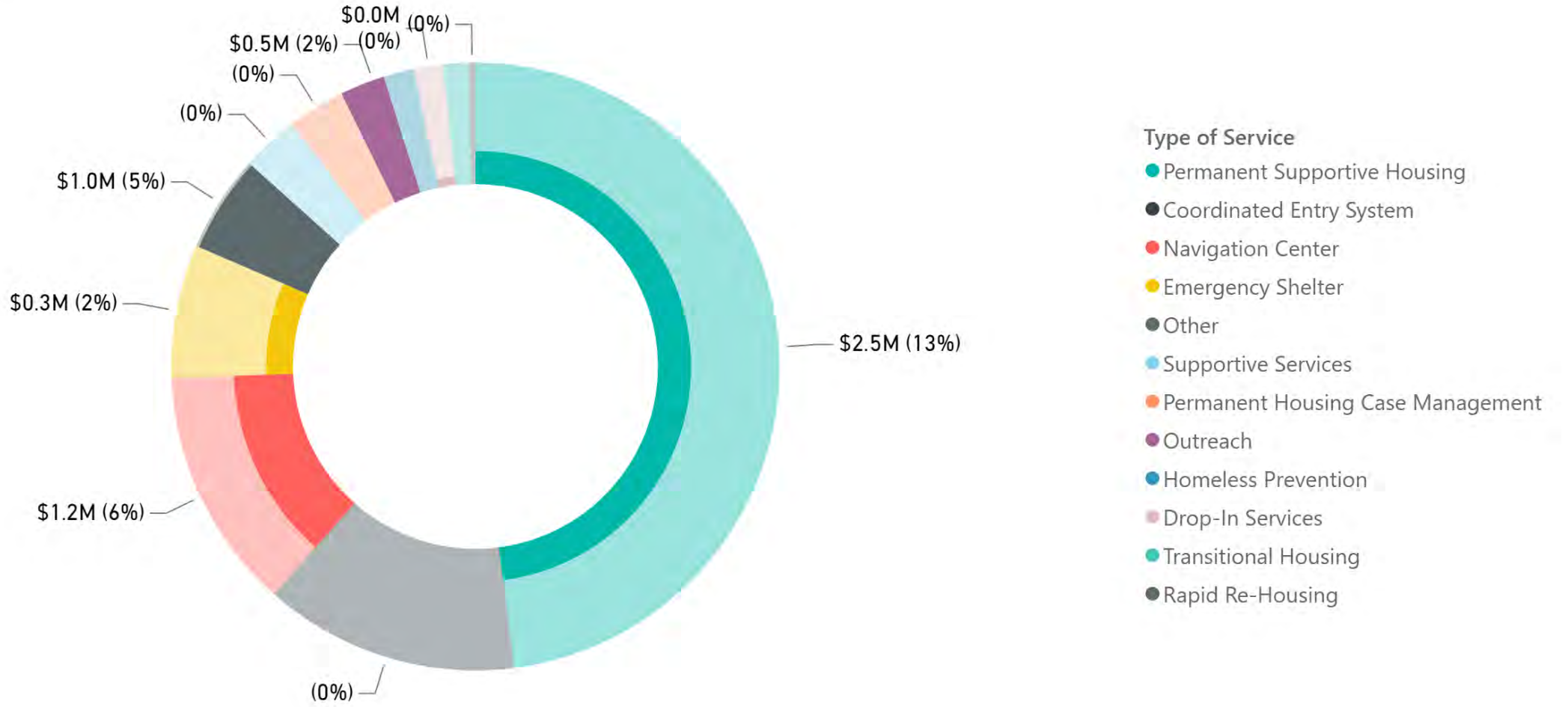
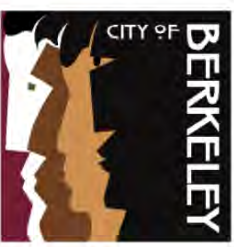
2/22/21 8:54 PM

	FY 2019 Actuals	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate	FY 2023 Estimate	FY 2024 Estimate
Revenues						
<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
Total Revenues and Balance of Funds	2,932,313	12,444,916	16,107,193	13,608,423	9,027,600	3,357,819
LESS: Total Expenses	0	2,585,137	8,746,184	10,828,237	11,917,194	11,933,326
<u>Personnel Costs</u>	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
<u>Non-Personnel Costs/ Program Expenses</u>	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)

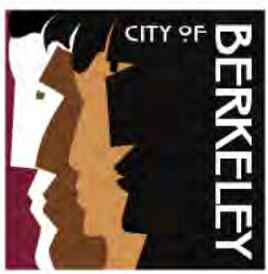


\$19.14M
FY20/21





Reports



Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

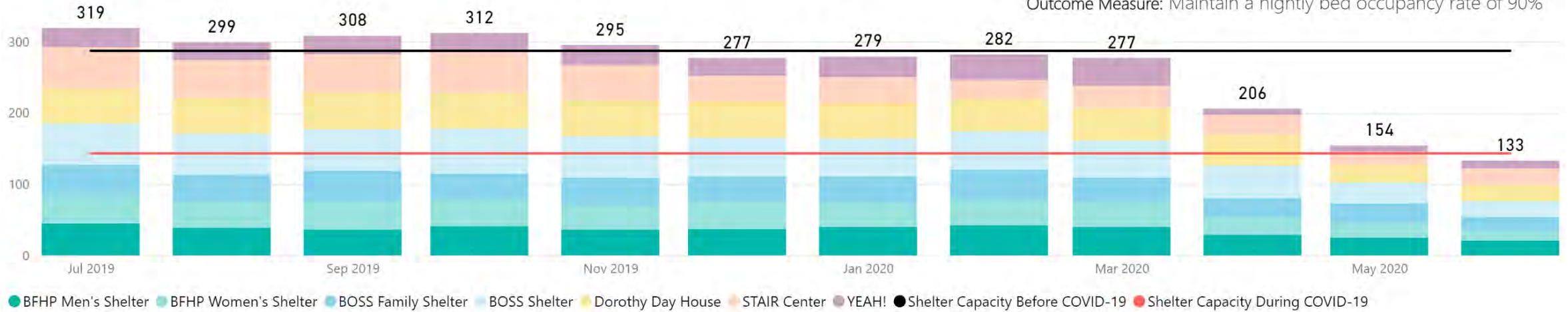
Select all	BFHP Women's Shelter	BOSS Shelter	STAIR Center
BFHP Men's Shelter	BOSS Family Shelter	Dorothy Day House	YEAH!

Clients Served
600

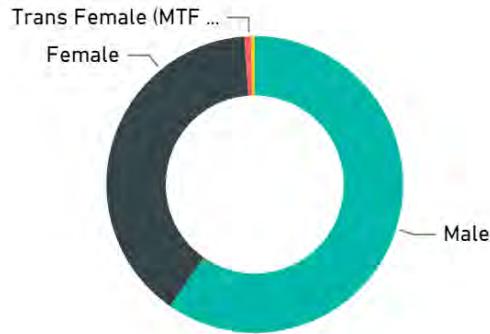
Average Age
42

Average Length of Stay
192

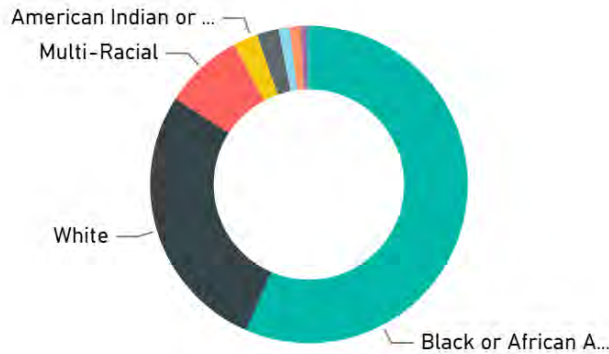
Outcome Measure: Maintain a nightly bed occupancy rate of 90%



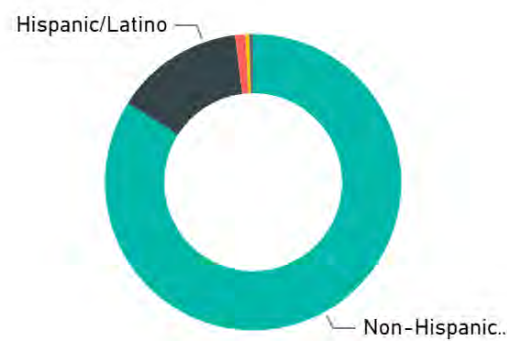
Gender



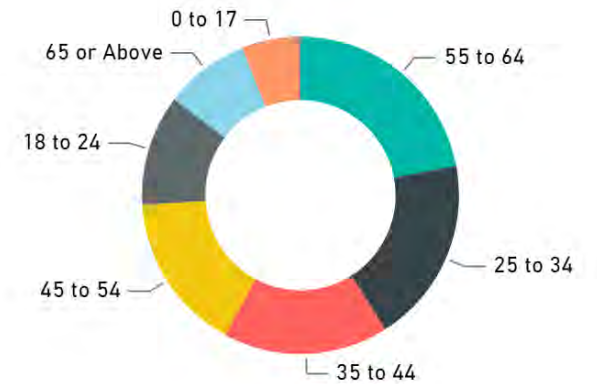
Race



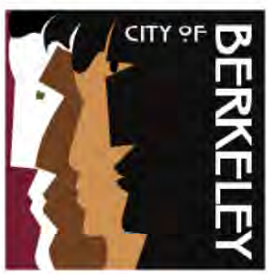
Ethnicity



Age



FY 19-20 Shelter Stayers



Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 31 of 40

Clients Served

58

Average Age

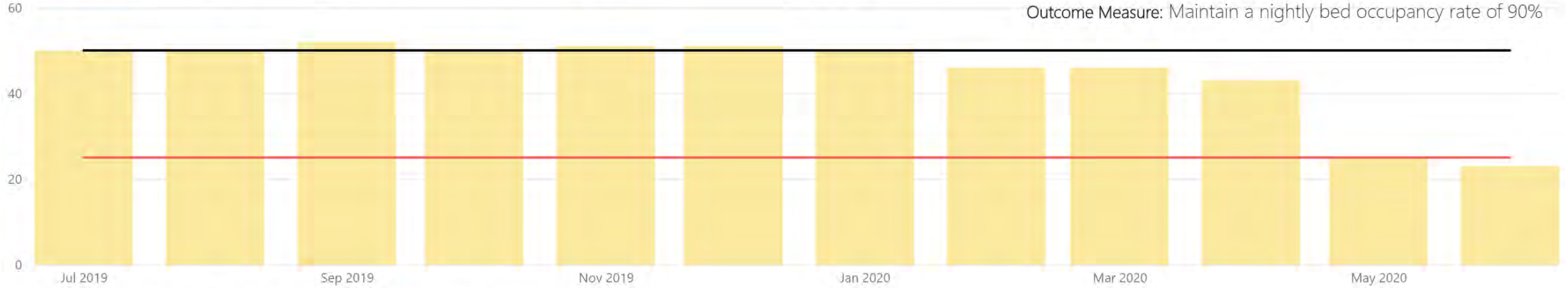
55

Average Length of Stay

502

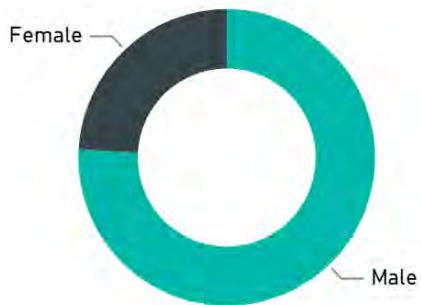
Select all	BFHP Women's Shelter	BOSS Shelter	STAIR Center
BFHP Men's Shelter	BOSS Family Shelter	Dorothy Day House	YEAH!

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

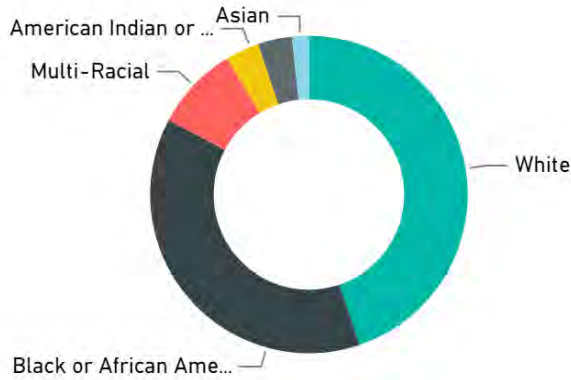


■ Dorothy Day House
 ● Shelter Capacity Before COVID-19
 ● Shelter Capacity During COVID-19

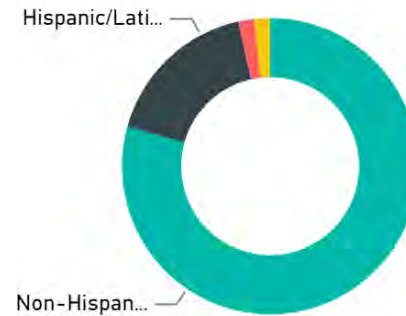
Gender



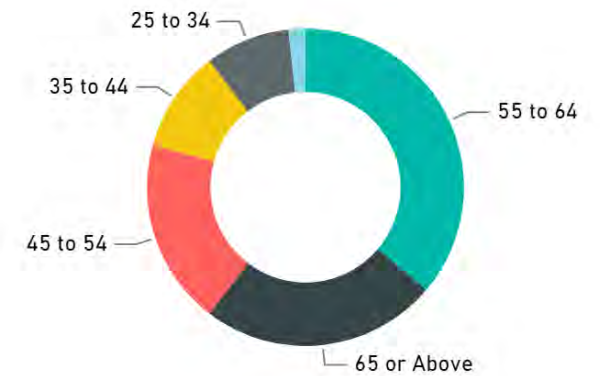
Race



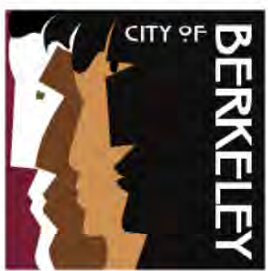
Ethnicity



Age



FY 19-20 Shelter Stayers



Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 32 of 40

Clients Served

14

Average Age

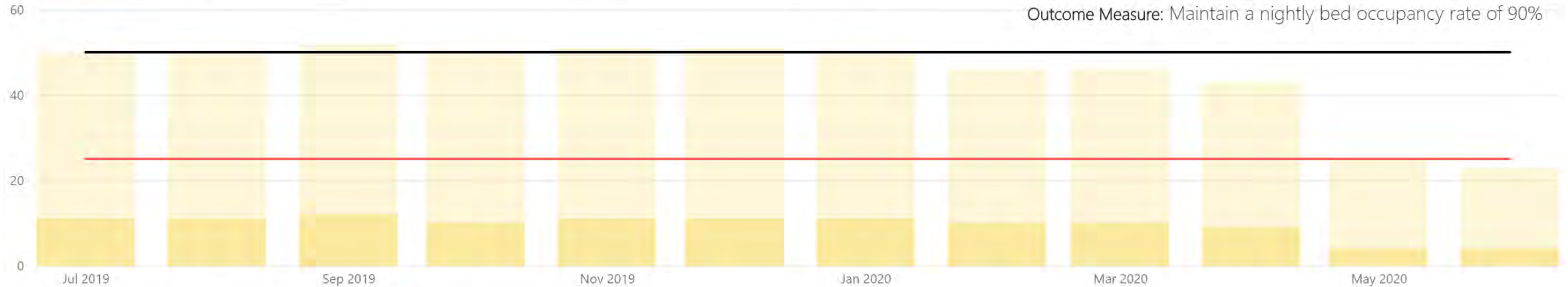
50

Average Length of Stay

473

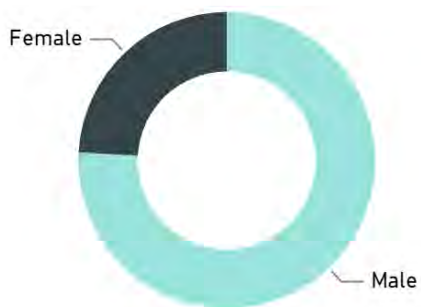
Select all	BFHP Women's Shelter	BOSS Shelter	STAIR Center
BFHP Men's Shelter	BOSS Family Shelter	Dorothy Day House	YEAH!

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

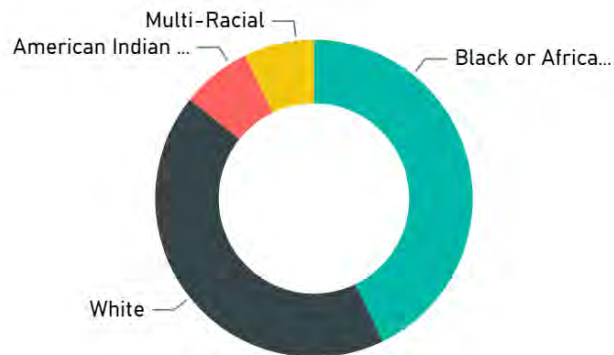


■ Dorothy Day House
 ● Shelter Capacity Before COVID-19
 ● Shelter Capacity During COVID-19

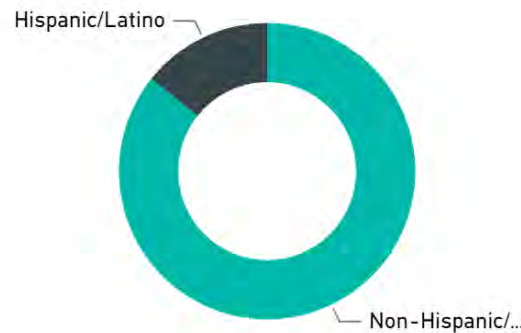
Gender



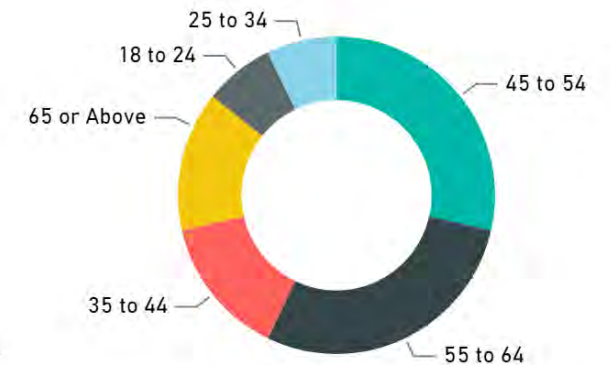
Race



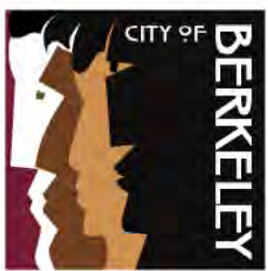
Ethnicity



Age



FY 19-20 Shelter Stayers



Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 33 of 40

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

Clients Served

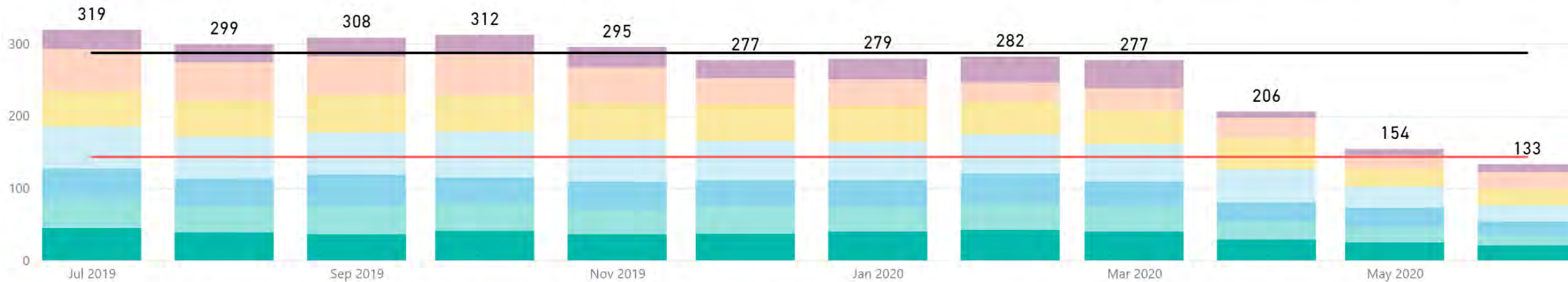
600

Average Age

42

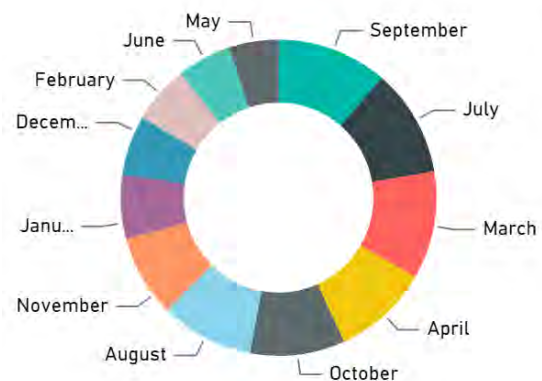
Average Length of Stay

192

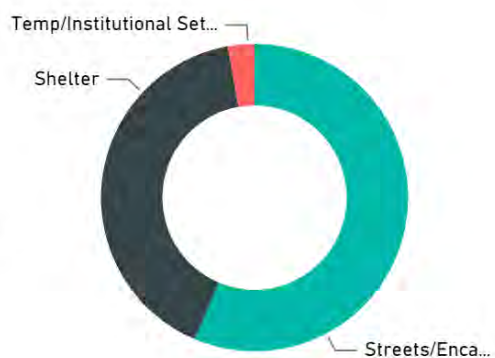


● BFHP Men's Shelter ● BFHP Women's Shelter ● BOSS Family Shelter ● BOSS Shelter ● Dorothy Day House ● STAIR Center ● YEAH! ● Shelter Capacity Before COVID-19 ● Shelter Capacity During COVID-19

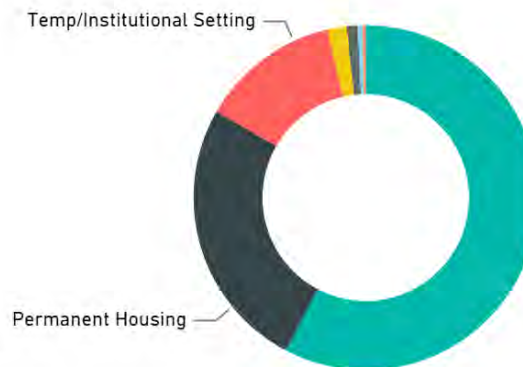
Clients Exited Per Month



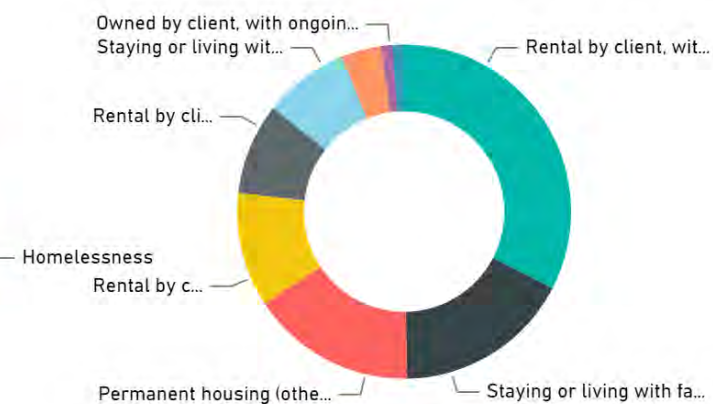
Prior Living Situation



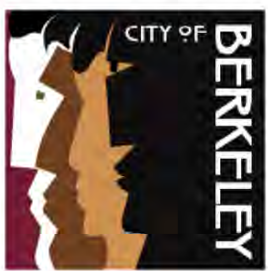
Exit Destinations



Permanent Destinations



FY 19-20 Shelter Stayers



Health, Housing & Community Services

Homeless Services Panel of Experts Periodic Report

Page 34 of 40

Clients Served

600

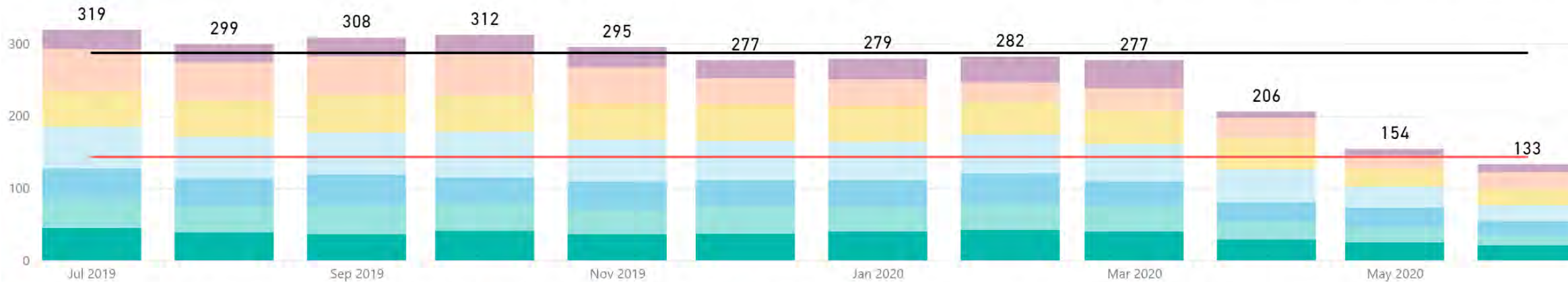
Average Income

\$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!

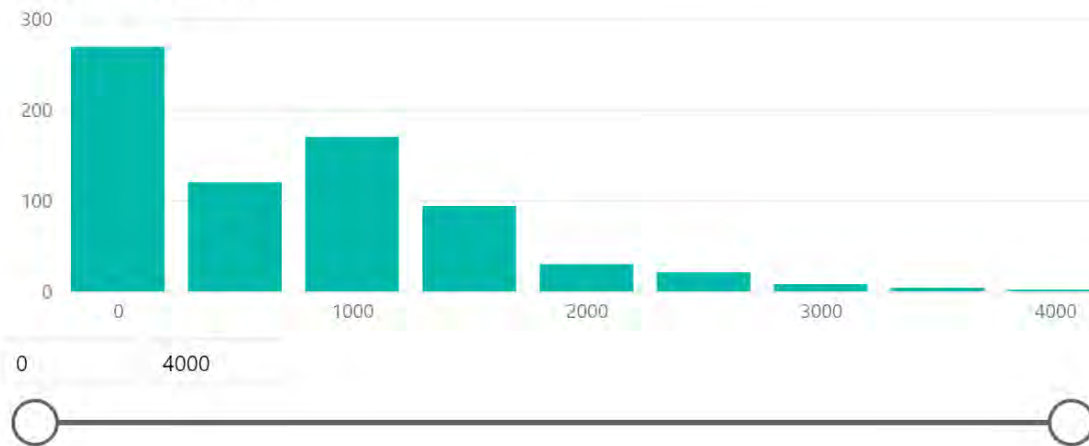


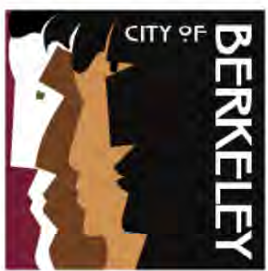
● BFHP Men's Shelter
 ● BFHP Women's Shelter
 ● BOSS Family Shelter
 ● BOSS Shelter
 ● Dorothy Day House
 ● STAIR Center
 ● YEAH!
 ● Shelter Capacity Before COVID-19
 ● Shelter Capacity During COVID-19



FY 19-20 Shelter Stayers

Income Brackets



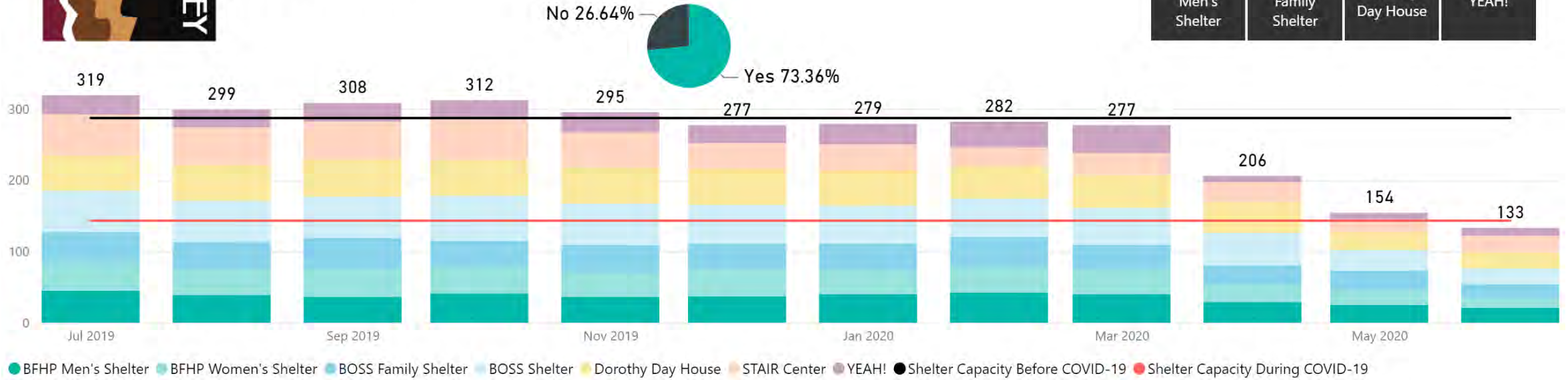


Health, Housing & Community Services

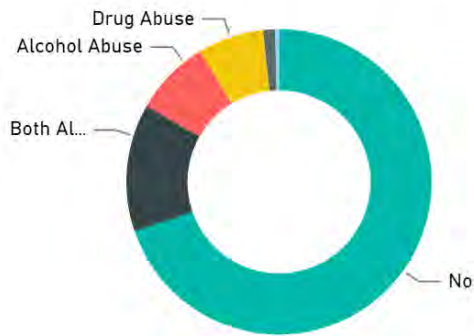
Homeless Services Panel of Experts Periodic Report

Health Condition

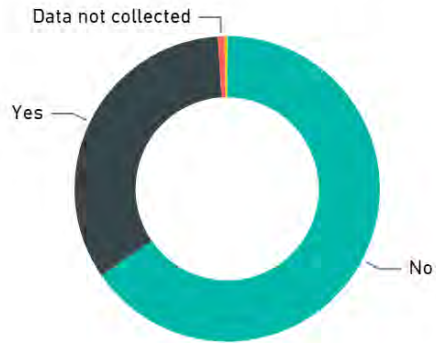
Select all	BFHP Women's Shelter	BOSS Shelter	STAIR Center
BFHP Men's Shelter	BOSS Family Shelter	Dorothy Day House	YEAH!



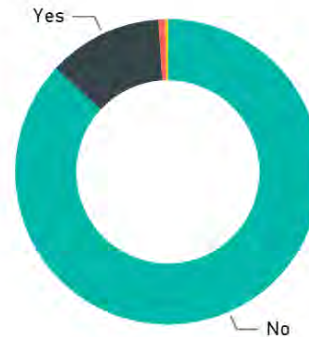
Substance Use Condition



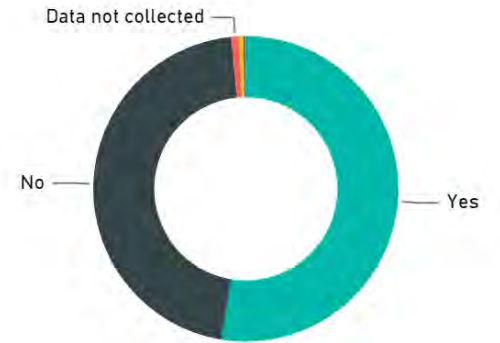
Chronic Health Condition



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.¹

¹ <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

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
Revenues						
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
Total Revenues and Balance of Funds	2,932,313	12,444,916	15,607,193	8,008,436	(454,040)	(8,979,274)
LESS: Total Expenses	0	2,585,137	10,598,757	11,522,476	11,646,433	11,662,565
Personnel Costs	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
Non-Personnel Costs/ Program Expenses	0	2,466,616	10,318,830	11,185,524	11,185,524	11,185,524
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	\$2,932,313	\$9,859,779	\$5,008,436	(\$3,514,040)	(\$12,100,474)	(\$20,641,839)

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 Estimate	FY 2022 Estimate	FY 2023 Estimate	FY 2024 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
Total Expenses	\$934,533	\$1,414,973	\$1,414,973	\$1,414,973



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; Skjerpjng; 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 2030.¹

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.

¹ 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.² 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

² 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
Heat Pump Water Heater	\$1,000	\$2,000
Heat Pump Space Heater		
Central Heat Pump	\$1,000	\$4,500
Mini-Split Heat Pump	\$800	\$3,000
Induction Cooking		
Range (Cooktop & Oven)	\$500	\$500
Cooktop only	\$250	\$250
Service Panel Upgrade	\$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.³ 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

³ “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.⁴

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
Operations and Maintenance Measures	
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
Building Shell Measures	
Attic insulation ≥ R-44 (includes attic air sealing)	\$0.75 / ft ² (not to exceed \$1,000 per home)
Wall insulation ≥ R-13 (2x4 framing) or ≥ R-19 (2x6 framing)	\$0.70 / ft ² (not to exceed \$1,000 per home)

⁴ 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>

Heating and Cooling Measures	
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	\$800
High efficiency packaged central air conditioner ≥ 16 SEER (must replace entire load associated with existing central AC)	
High efficiency heat pump ≥ 17 SEER / 9.4 HSPF (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
Water Heating Measures	
High efficiency storage gas water heater medium usage ≥ 0.64 UEF, high usage ≥ 0.68 UEF	\$400
Instantaneous water heater ≥ 0.87 UEF (must replace existing gas storage water heater)	
Heat pump water heater ≥ 3.1 UEF (must replace existing gas or electric water heater)	\$1,000
Bonus Rebates	
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 (CAS test-out required for all measures. Not available as a standalone rebate. Only one per service address)	\$150
Electrification Appliance Measures	
*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 2030.¹

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.

¹ 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)
Economy Appliances	\$700 Million	\$930 Million	\$1.2 Billion
Mid-Tier Appliances	\$880 Million	\$1 Billion	\$1.2 Billion
Mid-Tier + Envelope Improvements	\$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
1.1: Economy Appliances	\$12,770	\$15,350	\$19,220	\$9,730	\$11,980
1.2: Economy Appliances + Offset Solar	\$5,710	\$4,130	\$2,770	\$6,550	\$5,940
1.3: Economy Appliances + NZE Solar	\$1,190	\$0	\$0	\$2,770	\$1,300
2.1: Mid-Tier Appliances	\$10,090	\$10,620	\$11,850	\$9,190	\$9,790
2.2: Mid-Tier Appliances + Offset Solar	\$6,100	\$3,970	\$1,990	\$7,550	\$6,500
2.3: Mid-Tier Appliances + NZE Solar	\$1,720	\$0	\$0	\$3,990	\$1,780
3.1: Mid-Tier Appliances + Envelope	\$12,010	\$16,180	\$22,500	\$9,700	\$13,020
3.2: Mid-Tier Appliances + Envelope + Offset Solar	\$8,930	\$10,960	\$14,190	\$8,270	\$10,150
3.3: Mid-Tier Appliances + Envelope + NZE Solar	\$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.² 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.

² 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.

Electrify Marin		
Appliance Type	Standard Rebate	Income Qualified Rebate
Heat Pump Water Heater	\$1,000	\$2,000
Heat Pump Space Heater		
Central Heat Pump	\$1,000	\$4,500
Mini-Split Heat Pump	\$800	\$3,000
Induction Cooking		
Range (Cooktop & Oven)	\$500	\$500
Cooktop only	\$250	\$250
Service Panel Upgrade	\$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 2030.¹

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.

¹ 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)
Economy Appliances	\$700 Million	\$930 Million	\$1.2 Billion
Mid-Tier Appliances	\$880 Million	\$1 Billion	\$1.2 Billion
Mid-Tier + Envelope Improvements	\$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.² 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
Heat Pump Water Heater	\$1,000	\$2,000
Heat Pump Space Heater		
Central Heat Pump	\$1,000	\$4,500
Mini-Split Heat Pump	\$800	\$3,000
Induction Cooking		
Range (Cooktop & Oven)	\$500	\$500
Cooktop only	\$250	\$250
Service Panel Upgrade	\$500	\$1,200

² 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.

