



[Commission Name]

[CONSENT OR ACTION]

CALENDAR

[Meeting Date (MM dd, yyyy)]

To: Honorable Mayor and Members of the City Council

From: Energy Commission

Submitted by: Cate Leger, Chairperson, Energy Commission

Subject: Supplemental Recommendation in Response to “Fossil Fuel Free Berkeley”  
and “Declaration of a Climate Emergency.”

### RECOMMENDATION

The Council should develop a referendum and seek approval for it on the 2020 ballot to create a Climate Action Fund, which would support actions to achieve the Berkeley Climate Action Plan, to become Fossil Fuel Free, and to respond to the Climate Emergency.

### SUMMARY *[This section is included only if report exceeds three pages.]*

The Energy Commission submitted to Council “Recommendations for a Fossil Fuel Free Berkeley,” in January 2019, in response to the Council’s Fossil Fuel Free Berkeley proclamation and Declaration of a Climate Emergency [attached]. In that report, the Commission recommended, among other things, that the Council put a referendum on the November 2020 ballot that “would include binding mandates and specific priorities for emissions reductions.”

This recommendation provides further ideas about the content of that referendum.

The Commission recommends that the referendum should ask voters to create an ongoing funding stream for carbon reduction activities, called a Climate Action Fund, with annual revenues of \$5 million to \$10 million.

The key issues for Council to explore are 1) how to raise revenues for the Fund, and 2) how to spend the funds. The Council should initiate a public process to explore funding and spending options.

We recommend the following principles:

Revenues for the Fund should be raised in accord with the “polluter pays principle,” such as by imposing a higher price on fossil fuels, and as progressively as possible, with reduced burdens on low-income citizens. Preliminary ideas for funding sources include:

- an increase in the Utility Users Tax (UUT) for natural gas consumption, along with a reduction in the UUT for electricity, to encourage switching from a fossil fuel to renewable electricity;
- a tax on “transportation network companies” like Uber and Lyft, who have caused a drop in transit use and an increase in carbon emissions and traffic congestion, and on delivery services and fleets;
- taxes aimed at internal combustion vehicles, such as a tax on gasoline and diesel fuel, vehicle registration fees, oil changes and smog inspections; and
- an increase in parking fees and a tax on privately-owned parking lots.

Funds would be administered by City offices with input from current Commissions or a new expert panel, similar to the panels that guide funding for the Sugar-Sweetened Beverages Tax and Measure O. The Fund would be spent on activities that reduce climate emissions, as described in the Berkeley Climate Action Plan. Funds would be used to fill gaps in regional, state, and federal policy, and leverage local, state, federal, philanthropic, and private-sector funds. Proposals for funding would be accepted from businesses, non-profits, and government agencies, and scored based on a) their effectiveness at reducing carbon emissions, b) equity benefits, c) cost effectiveness, and d) local economic benefits. Funds would not be used to backfill existing City budgets. Some potential areas for funding could include:

- electric mobility and charging infrastructure;
- renewable energy in homes and businesses;
- accelerated deployment of bicycle, micro-mobility and pedestrian improvements, such as protected bike and micro-mobility lanes, and safer street crossings; and
- building electrification and energy efficiency.

Funding allocation strategies would be reassessed annually.

Berkeley would join other communities with similar voter-approved funds, including Boulder, Colorado; Athens, Ohio; and Portland, Oregon.

## FISCAL IMPACTS OF RECOMMENDATION

Development of the referendum would involve work time of staff and City Council members, plus members of the public. The Council should survey voters about fundraising options, as part of polling on ballot measures. Adoption of the referendum by voters would result in a new Climate Action Fund of \$5 million to \$10 million per year to be spent on measures to reduce carbon pollution.

### CURRENT SITUATION AND ITS EFFECTS

On June 12, 2018, the Council approved item 30 “Fossil Free Berkeley” and item 49 “Declaration of a Climate Emergency” which together reinforced the Council’s desires to make Berkeley a global leader on reducing the threat of climate change.

Rising greenhouse gas concentrations in the atmosphere are leading to rising global average temperatures and greater incidence of drought, wildfire, extreme weather events, and other impacts. Berkeley is a significant contributor to greenhouse gas emissions, due to heavy reliance of its citizens on gasoline and diesel vehicles, natural gas in homes and businesses, consumption of goods with high levels of “embedded emissions” from manufacturing and distribution, and other sources. New technologies, along with changes to infrastructure and human behavior, offer significant potential to cut fossil fuel use and carbon emissions in Berkeley.

### BACKGROUND

The City of Berkeley adopted the Climate Action Plan in June 2009. While the City has made good progress in some areas, it has lagged overall and is behind schedule in achieving interim goals. In addition, many of the gains have been caused by state and federal policy and market and technology developments, rather than by City actions.

One impediment to greater progress on the Climate Action Plan is the lack of dedicated funding for it. While City departments sometimes implement measures that cut carbon emissions, their budgets do not have line items for climate action, and rarely are actions prioritized solely because of the carbon reduction benefits. Instead, the City’s sustainability programs are often forced to seek support from outside funding sources, such as state and philanthropic grants.

Having a dedicated funding source would give the City greater ability to be proactive; to take advantage of local opportunities and create more local benefits; to expand upon or fill in gaps left by state, regional and federal policies; and to leverage outside funding opportunities.

## ENVIRONMENTAL SUSTAINABILITY

These recommendations are intended to accelerate citywide reductions in greenhouse gases and reduce the impact of global warming.

## RATIONALE FOR RECOMMENDATION

Creation of a Climate Action Fund would increase the City's ability to meet the goals of the Climate Action Plan, the Fossil Fuel Free Berkeley declaration, and the Climate Emergency declaration.

## ALTERNATIVE ACTIONS CONSIDERED

The Commission's report to Council on the Fossil Free Berkeley and Climate Emergency resolutions explored many options. The idea for a climate referendum was included as a "fast track proposal." This memo supplements the previous recommendation.

## CITY MANAGER

The City Manager [TYPE ONE] concurs with / takes no position on the content and recommendations of the Commission's Report. [OR] Refer to the budget process.

**Note: If the City Manager does not (a) concur, (b) takes any other position, or (c) refer to the budget process, a council action report must be prepared. Indicate under the CITY MANAGER heading, "See companion report." Any time a companion report is submitted, both the commission report AND the companion report are Action reports.**

## CONTACT PERSON

[Name], [Title], [Department], [Phone Number]

Attachments: [Delete if there are NO Attachments]

1: Fossil Free Berkeley Report of the Berkeley Energy Commission, January 23, 2019