



Council Agenda Report

Item 7a

Department: Administration
Cost Center: 1005
For Agenda of: 5/21/2024
Placement: Business
Estimated Time: 30 Minutes

FROM: Greg Hermann, Deputy City Manager
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SUBJECT: LEAD BY EXAMPLE – 2024 PROGRESS REPORT

RECOMMENDATION

Receive, file, and provide feedback on the Lead by Example 2024 Progress Report.

POLICY CONTEXT

- [Conservation and Open Space Element of the General Plan:](#)
 - Policy 2.2.1 (Atmospheric Change) - City actions shall seek to minimize undesirable climate changes and deterioration of the atmosphere's protective functions that result from the release of carbon dioxide and other substances.
 - Policy 2.2.5 (Model City) – the City will be a model of pollution control efforts. It will manage its own operations to be as pollution free as possible. The City will work with other agencies and organizations to help educate citizens in ways to prevent air pollution
- [Land Use Element of the General Plan:](#)
 - Policy 9.4 (Climate Action Plan) - The City shall maintain and implement its Climate Action Plan to reduce community and municipal GHG emissions consistent with State laws and objectives.
- [2023-25 Financial Plan Climate Action Major City Goal](#)
 - Action 4.5.e - Initiate an update to the Lead by Example plan to inform the 2025-27 Financial Plan as called for CAP Lead by Example task 1.1.A and Lead by Example Plan Administrative Action 1
 - Action 4.5.f - Conduct GHG Emissions Inventory and Biennial CAP and Lead by Example Progress Reports as called for in CAP Administrative Action 2 and Lead by Example Plan Administrative Action 2.
- [Resolution 11159 \(2020 Series\)](#) adopted the Climate Action Plan for Community Recovery with the goal of community carbon neutrality by 2035 and a sub-goal of carbon neutral municipal operations by 2030.

- [Resolution 11263 \(2021 Series\)](#) adopted the Lead by Example Plan with a goal of carbon neutral municipal operations by 2030 and Administrative Action 2, which directs action to, “monitor and report implementation to City Council on a regular basis.”
- [Resolution No. 11381 \(2022 Series\)](#) reaffirmed the City’s climate action goals and created a work program for fiscal years 2023-27, including Leadership 1.1.A, which directs staff to, “Implement the 2023-25 actions in the *Lead by Example* municipal carbon neutrality plan and complete a focused plan update for 2025-30.”

DISCUSSION

Background

The City has a long history of managing its operations to reduce the environmental impact and costs associated with City energy use, fleet fuel consumption, solid waste generation, and employee commute. Since adoption of the 2006 Conservation and Open Space Element General Plan, the City has been working to be a “Model City” and to “manage its own operations to be as pollution free as possible.”

In 2020, City Council adopted the goal of communitywide carbon neutrality by 2035 and as part of that goal, Council also adopted a goal of carbon neutral municipal operations by 2030. In 2021, Council adopted Lead by Example: A Plan for Carbon Neutral Municipal Operations (referred to as “Lead by Example” or “Plan”), which identifies goals, objectives, and actions for achieving the City’s municipal operations climate goal. The Lead by Example 2024 Progress Report (Attachment A) provides a snapshot of the City’s municipal operations climate action and sustainability work completed since the plan’s July 2021 adoption. This Report is intended to act as a “check-in” in advance of the first Lead by Example plan update, scheduled for late 2024.

The Lead by Example Plan addresses greenhouse gas emissions from four sectors (building and facility energy, fleet, employee commute, and solid waste) and includes the sequestration benefits from a fifth sector (natural solutions). The Plan also includes information about sectors whose emissions were not quantified (procurement, budgeting, and finance, as well as wastewater). The Lead by Example Plan focuses its carbon neutrality goal on General Fund, Parking Fund, and Transit Fund activities. It is important to note that the Lead by Example Plan’s carbon neutrality goal does not include assets managed by Utilities Enterprise funds (water and wastewater).¹

Key Findings

Based on the work completed for the 2024 Progress Report, staff have identified three key takeaways:

¹ At the time of Lead by Example’s drafting, staff were not able to inventory direct or indirect emissions from these sources.

1. *The City is on the right path to achieving its goals.* Through initial implementation of the Lead by Example Plan, staff have learned many lessons and have confirmed the efficacy of the plan's approach. The general approach of efficiency, conservation, and transitioning equipment from fossil fuel energy to electric energy is working and continues to be the way forward. As staff transitions to updating the plan, the recommended focus is on refining and optimizing the approach to achieving existing objectives rather than developing entirely new ideas.
2. *Ambitious goals provided access to resources that have allowed for rapid progress.* Council's ambitious goals have made the City highly competitive in grant programs. The City has received approximately \$15.4 million in outside funding to implement Lead by Example actions since 2019. This funding has made initial progress possible and has kept the City on track to achieving its goals.
3. *Increasingly complicated work ahead requires sustained commitment.* Carbon neutral municipal operations by 2030 is an achievable, but highly ambitious goal that requires policy and financial decisions to be aligned and oriented towards the goal. The next phase of work involves more complicated projects; future success depends on maintaining City focus and funding for these more challenging projects.

Sector Progress

In addition to the key findings mentioned above, the 2024 Progress Report includes an update on key progress indicators, a summary of implementation trends by plan sector, and a detailed review of every action's implementation status as of April 2024. Summary findings from the four emissions generating sectors are listed below:

- *Building Facility and Energy Use* - Consumption of electricity and natural gas at City buildings and facilities is the largest source of City Greenhouse Gas emissions, accounting for approximately 43% of inventoried emissions. Between 2019 and 2022 the City's saw a 3.2% decrease in electricity use and a 27.8% decrease in in gas use. A short list of example projects includes decommissioning the natural gas co-generation facility at the SLO Swim Center, installing LED lighting at City Hall, Fire Station 1, and all three parking garages, and replacing seven natural gas water heaters with high efficiency heat pump hot water heaters.
- *Fleet* - Consumption of gasoline and diesel in the City's vehicle fleet is the second largest source of City greenhouse gas emissions, accounting for approximately 42% of inventoried emissions. Between 2019 and 2022, fleet gas use decreased by 11.8% and diesel use decreased by 26.5%. Through implementation of Lead by Example, the City currently has 15 electric vehicles, 9 plug-in hybrid vehicles, and 12 regular hybrid vehicles, with additional electric and hybrid vehicles proposed as part of the 2024-25 Supplemental Budget. The City has also installed 11 level 2 charging ports for fleet use at the Corp Yard (6), City Hall (2), and the Marsh Street Parking Garage (3). Although current buildout of chargers is behind schedule due to staff turnover, numerous projects are in the works and more chargers are on the way.

- *Commute* - City employees commuting to and from work generate the third largest source of inventoried emissions (15% of total). Between 2019 and 2022, staff estimate that employee vehicle miles traveled rose substantially (65.4%). This is primarily due to a growing work force with employees commuting from towns such as Atascadero, Arroyo Grande, Los Osos, and Paso Robles. The impacts from this increase are partially mitigated by an increase in efficient and electric commute vehicles. Key commute programs include promotion of irideshare.org, increasing the amount of secure bike parking available to staff, and continuing to offer the TRIP program with incentives for sustainable employee commutes.
- *Solid Waste* - Solid waste from municipal operations is the fourth largest source of inventoried emissions. Between 2019 and 2022, it is estimated that landfilled waste from municipal operations increased slightly (2.5%) as the result of increasing staff levels. As waste reduction initiatives are implemented, the volume of landfilled waste is expected to decrease from increased recycling diversion rates. Notable completed tasks include the rolling out of organic waste bins at City facilities, providing waste reduction outreach and training to City employees, and adopting a waste reducing purchasing policy. Staff have also made progress transitioning to a paper-free workplace, including switches to digital plan sets and permit applications in the Community Development Department.

Next Steps

The 2024 Progress Report represents the first steps in the Lead by Example plan update process. The Green Team will convene in the Summer to identify 2025-2030 work tasks required to keep the City on track to achieve its 2030 goals and will bring a plan update to Council for review and approval in late 2024 or early 2025.²

Previous Council or Advisory Body Action

- August 2020 – Council adopted [Resolution 11159 \(2020 Series\)](#), which approved the Climate Action Plan for Community Recovery with the goal of community carbon neutrality by 2035 and a sub-goal of carbon neutral municipal operations by 2030.
- July 2021 – Council adopted [Resolution 11263 \(2021 Series\)](#), which approved the Lead by Example Plan with a goal of carbon neutral municipal operations by 2030 and Administrative Action 2, which directs staff to, “monitor and report implementation to City Council on a regular basis.”
- December 2022 – Council adopted [Resolution No. 11381 \(2022 Series\)](#), which reaffirmed the City’s climate action goals and created a work program for fiscal years 2023-27, including Leadership 1.1.A, which directs staff to, “Implement the 2023-25 actions in the *Lead by Example* municipal carbon neutrality plan and complete a focused plan update for 2025-30.”

² The Green Team is a cross-departmental collaborative body of staff convened to help guide the City’s approach to achieving carbon neutral municipal operations. The Green Team allows staff from each department to participate in the planning and implementation of emissions reduction measures to achieve an “all-City” approach to municipal carbon neutrality.

- June 2023 – Council adopted the [2023-25 Financial Plan Climate Action Major City Goal 4.1.i](#), which directs staff to initiate an update to the *Lead by Example* plan to inform the 2025-27 Financial Plan as called for by CAP Lead by Example task 1.1.A and Lead by Example Plan Administrative Action 1.

Public Engagement

Since January of 2024, the City has been conducting an outreach program explaining the Lead by Example Work and its relationship to the “Sustainable SLO” graphic mark that was recently added to fleet vehicles, buses, waste and recycling bins, and hydration stations, among other things. Internal engagement has primarily occurred via Green Team working groups. The community is encouraged to provide feedback as part of the City Council meeting.

CONCURRENCE

The Progress Report was co-developed by the Green Team, which includes staff from every department in the City. The Green Team provided final review of the Progress Report.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378

FISCAL IMPACT

Budgeted: No
Funding Identified: No

Budget Year: 2023-24

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund				
State				
Federal				
Fees				
Other:				
Total	N/A	N/A	N/A	N/A

Development of the 2024 Progress Report itself has no fiscal impact and was completed with budgeted staff time. Similarly, the Lead by Example Plan will also be completed internally and will not require additional budget. Ongoing implementation of *Lead by Example* will require substantial sustained funding from the City and dedication of existing staff resources. The *Lead by Example* plan update will include updated project cost estimates.

ALTERNATIVES

Council could provide additional strategic direction to staff regarding Lead by Example implementation and the forthcoming plan update.

ATTACHMENTS

A - Lead by Example 2024 Progress Report