



CITY COUNCIL STAFF REPORT

MEETING DATE: March 27, 2023

ITEM TITLE: Consideration of Adopting a Resolution Appropriating \$50,000 from the General Capital Fund (Fund 25) Unassigned Fund Balance for the Preparation of a Greenhouse Gas In-Lieu Fee Study.

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution appropriating \$50,000 from the General Fund Unassigned Fund Balance to prepare a greenhouse gas in-lieu fee study.

FISCAL IMPLICATIONS:

Approval of this resolution will require a budget appropriation in the amount of approximately \$50,000 for Fiscal Year ("FY") 2022-23. There are sufficient funds available in the General Capital Fund (Fund 25) Unassigned Fund Balance to cover this request. Although this is not a typical capital project, Fund 25 is also used to fund one-time projects or requests.

BACKGROUND:

The San Carlos City Council established the goal to support sustainability and address climate change as part of the 2023 Strategic Plan. This includes mitigating the impacts of climate change and reducing greenhouse gas emissions by pursuing strategies within the Climate Mitigation and Adaptation Plan (CMAP). A key strategy in the CMAP is to reduce gas use by converting buildings to be all-electric.

Currently, the City's all-electric reach code requires new construction to be all-electric with several exceptions, including an exception that allows for gas in newly constructed scientific laboratories. During a study session at the January 23, 2023 Council Meeting, the City Council reviewed policies to electrify buildings, including options to remove exceptions during new construction and approaches to convert existing buildings to be all-electric. During the study session the Council directed staff to research and develop a program where new life science development exempt from the City's reach code would be required to offset emissions through funding other activities in the community. Following the Council's direction, staff are seeking funding to study a possible in-lieu fee, or other similar fee, that could be applied to new scientific laboratories exempt from the City's reach code.

ANALYSIS:

In order to adopt an in-lieu fee, a study must first be conducted that justifies any fee that could be required of new development. A fee must be based on a reasonable connection between new development and the associated impact and supported by specific findings. Therefore, the City needs to retain professional services to conduct the technical analysis and prepare the required

study to support implementation and development of a fee.

Staff seek \$50,000 from the General Capital Fund (Fund 25) Unassigned Fund Balance for the preparation of a Greenhouse Gas In-Lieu Fee Study. A request for proposal will be issued to solicit professional services to conduct the study, and it is expected that the fee study will take approximately three to six months to complete.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution appropriating \$50,000 from the General Fund Unassigned Fund Balance to prepare a Greenhouse Gas In-Lieu Fee Study; or
2. Do not adopt a Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Adam Lokar, Senior Sustainability Analyst; and

Nil Blackburn, Assistant City Manager

Approved for submission by:



Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution