Sunnyvale

ESD 23-01 Climate Budgeting Update

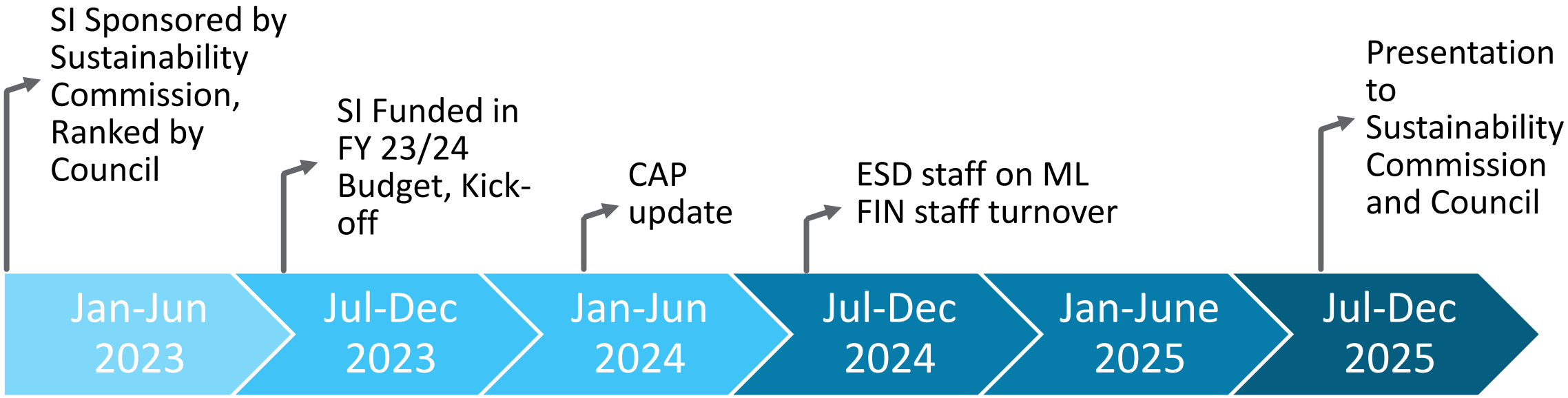
August 12, 2025 – City Council

Agenda

- Background
- Climate Budgeting Concept
- Climate Budgeting Approaches
- Pilot in FY 25/26 Budget
- Recommended Approach

Background

- Proposed, Sponsored, Ranked and funded in FY 23/24 process
- Est 18 months to complete
- Completed in-house
- Key elements: research and evaluate climate budgeting approach for Sunnyvale



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Climate Budgeting Concept

Climate Budgeting

- A tool to integrate climate commitments into funded, measurable actions.
- A way to operationalize the Climate Action Playbook.
- An approach to prioritize high-impact emissions reduction projects.
- A method to embed climate targets into budget decision-making processes.

Source: C40Cities

How to Operationalize Climate Budgeting

Integrate Sustainability Staff

Involve All Departments

Start with Qualitative Assessments

Be Flexible and Adaptive

Communicate to the Public

Source: C40Cities and Commissioner Kristel Wickham

Example of Operationalizing Climate Action in Sunnyvale

Policy

- Electric Vehicle (EV) First Policy
- Purchasing Policy notification applied to Amazon products

Projects

- 835390 - Peery Park Rides Shuttle Program (Move 3.F)
- 832750 - City Maintained Tree Inventory (Move 4.M)

Organization preferred

Admin note: *"Please make sure all purchases follow the Purchasing Policy and all paper purchases follow the Environmental Purchasing Policy."*

Swedish Dish Cloths - Dishcloths - Ultra Abs Washing Dishes - Cell Cleaning Rag - Assort

Visit the MoLKENE Store

4.6 ★★★★☆ (2,842)

Amazon's Choice for "swedish dishcloths

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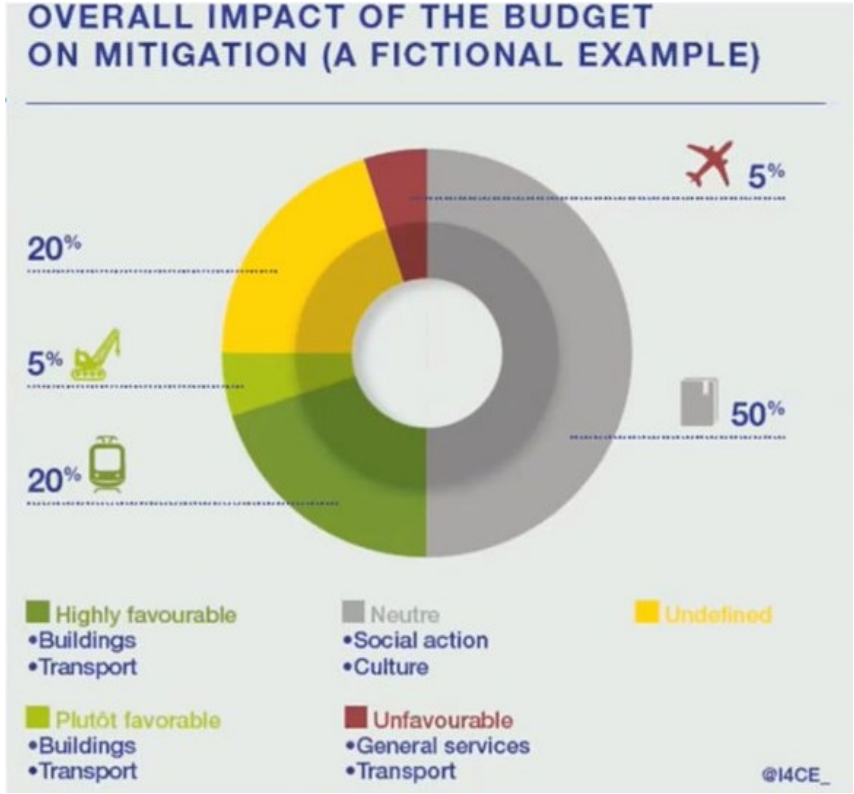
Climate Budgeting Approaches

Climate Budgeting Approaches by City

City	Integrated	Key Highlights
Oslo, Norway	**Advanced/ Institutionalized** 2016	• Each department reports climate impacts linked to their budgets • Use of detailed emissions accounting frameworks • Budget linked to Oslo's Climate and Energy Strategy • Mandatory climate reporting as part of budget approval
New York City	**Developing/ Expanding** 2021 – 2022	• Detailed project-level climate spending and impact estimates • Publicly accessible and transparent • Includes both adaptation and mitigation expenditures
Paris, France	**Developing/ Piloting** 2014 – 2016	• Citizens propose and vote on projects • Projects are classified as "favorable" (green, sustainable, climate-positive) or "unfavorable" (high emissions, resource-intensive) • A significant share of the budget reserved for favorable projects • Regular public reporting on project outcomes
Flagstaff, Arizona	**Early/ Aligned** 2019 – 2021	• Budget evaluated against emissions and resilience goals • Priority-Based Budgeting (PBB) framework used to align spending with community and climate priorities • Annual climate alignment reporting

Approach 1: Climate Assessment Guide – Paris, France

- The Institute for Climate Economics (I4CE) methodology provides a systematic line-by-line analysis of the city's budget using an action-based rating framework.



HIGHLY FAVOURABLE	having a highly positive impact on the current and the future climate: compatible with a carbon-neutral France •*Energy retrofit of buildings* • *Developing electric public transport*
QUITE FAVOURABLE	enabling a reduction in emissions but insufficient for achieving carbon neutrality or presenting a risk of lock-in with technology in the long term • *Purchase of natural gas busses: a fleet of natural gas busses could be made carbon neutral if they were 100% powered by biogas*
NEUTRAL	no significant impact on the low-carbon transition • *Social and cultural expenditures (except building, energy, travel&food expenditures)*
UNFAVOURABLE	incompatible with carbon neutrality, generating significant greenhouse gas emissions •*Fuel expenditure* • *Creation of new roads and carparks*
UNDEFINED	having a theoretical impact on the climate but currently not classifiable due to a lack of information or data. The analysis will be conducted in the years to come. • *Cost of studies, purchases and salaries when the object of expenditure has not been analysed*

Source: I4CE - https://www.i4ce.org/en/

Approach 2: City of Flagstaff, Arizona

- Sustainability Director participates early in fiscal budgeting process.
- Flagstaff transitioned to a Priority-Based Budgeting (PBB) framework.
- Flagstaff aligns programs to their seven City Council and Community Priorities.
- Staff developed alignment questions and rate programs against their priorities.

Source: City of Flagstaff

Flagstaff, Arizona PBB Dashboard

HIGH PERFORMING GOVERNANCE	SAFE AND HEALTHY COMMUNITY	INCLUSIVE AND ENGAGED COMMUNITY	SUSTAINABLE, INNOVATIVE INFRA.	ROBUST RESILIENT ECONOMY	LIVABLE COMMUNITY	ENVIRONMENTAL STEWARDSHIP	ALL PRIORITIES
Promote protect and enhance a healthy sustainable environment and its natural resources	Engage community members through education and volunteer opportunities	Implement sustainable building practices enhance waste diversion programs alternative energy programs and multi-modal transportation options	Increase the private sectors participation in environmental stewardship efforts	Implement maintain and further the Climate Action and Adaptation Plan CAAP with awareness of social inequities	Strengthen Flagstaffs resilience to climate change impacts on built natural economic health and social systems		

Snow Operations – 0

City Facilities Custodial – 1

Residential and Commercial Trash Collection – 2

Neighborhood Engagement and Anti-Litter Events – 3

Transportation Planning - 4

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Pilot: FY 25/26 Projects Budget Cycle

FY 2025/26 Budget Principles

- ✓Supports Council Policy and Strategic Priorities
- ✓Focused on Capital Projects
- ✓Optimizes revenue sources and uses with discipline and vision
- ✓Meets all legal requirements
- ✓All funds balanced to ten and twenty years per City Charter and Council Policy

Responsive Government

Welcoming Community

Sustainable City

Housing Solutions

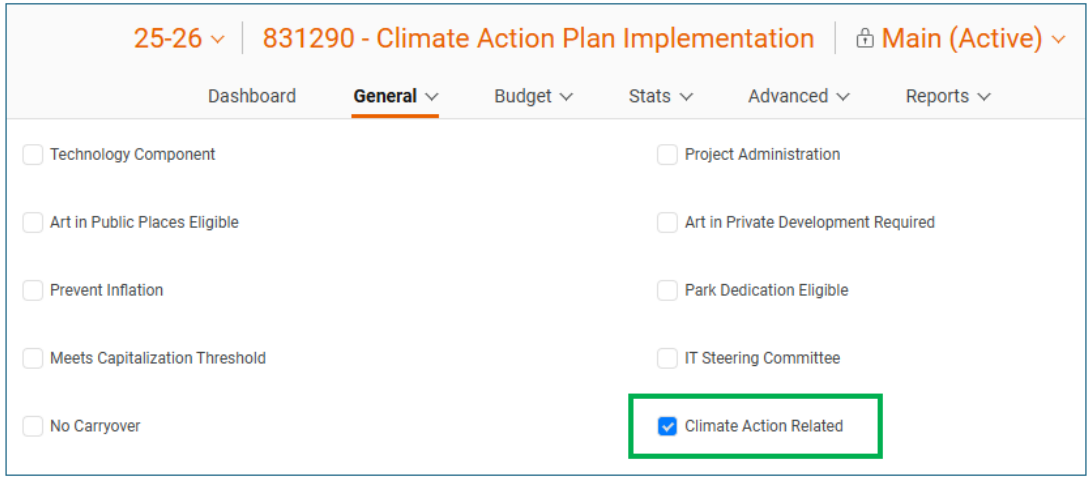
Modern Infrastructure

Pilot: FY 25/26 Projects Budget

FY 2025/26 Projects

- A new project category titled "Climate Action Related" was added as a project parameter as part of the FY 2025/26 Budget cycle
- Not widely used, needs better introduction and explanation

Climate Action Check Box



FY 2025/26 Adopted Budget Projects marked "Climate Action Related"

Project	FY 2025/26 Budget	20-Year Budget
831290 – Climate Action Plan Implementation	$525,000	$1,305,000
837140 – Construction & Demolition Program RFP	$60,000	$60,000
837170 – SMaRT Station Energy Usage Assessment	$50,000	$50,000
837440 – Producing Recycled Water	$1,425,000	$2,850,000
837450 – Recycled Water Pipeline Expansion	$0	$1,550,000
Total	**$2,060,000**	**$5,815,000**

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Recommended Approach for Sunnyvale

Sunnyvale Climate Budget Approach

Staff Recommended Approach

Track spending on Climate Action Plan supportive projects

Introduce CAP checkbox with Strategy subcategories

Develop understanding of spending per CAP Strategy

Examine spending over time per Strategy, align with CAP GHG targets

Sustainability considerations integrated into decision making process

Reporting: Include in Annual CAP Updates and on Scoreboard

Sunnyvale Climate Budget Approach

Projects Budget Cycle (FY 27/28):

Sept-Oct

- Sustainability team preps with Finance for training on CAP checkbox

Oct-Dec

- Finance Team hosts budget kick-off meetings and introduces CAP checkbox
- Sustainability team hosts CAP checkbox training

Dec-May

- Sustainability staff review Projects list for CAP alignment
- Finance and Sustainability staff summarize all climate-related budget items in annual budget reports for transparency

Not Recommended for Sunnyvale

Quantification of emissions per project

- Costly
- Time intensive
- Minimal Impact

Prioritizing or deprioritizing projects based on alignment with CAP

- Software required
- Integration with current process/software unlikely

July 21, 2025, SC Meeting Feedback

The Sustainability Commission generally supported staff's recommended approach.

Consideration of a checkbox or some way to track projects as unsupportive of Climate Action Playbook:

- "favorable vs unfavorable"
- "thumbs up vs thumbs down"

Consider how to display or share the summary info with the public outside of the budget summary.

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Council Feedback

Discussion

Does Council support Staff's Recommended approach?

- Any feedback on this approach?
- If yes, does Council support closing ESD 23-01?

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Thank you!

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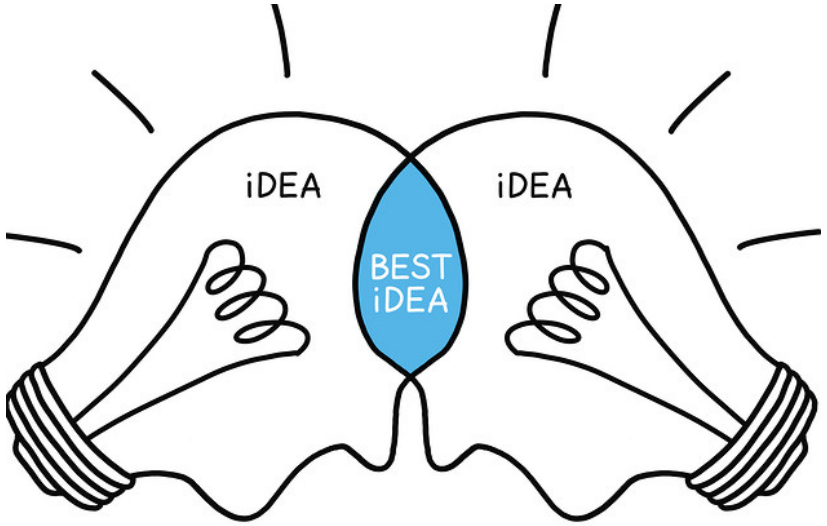
Resources

Resource List

- C40 Cities: Climate Budgeting Programme - C40 Cities
- Flagstaff – https://www.resourcex.net/hubfs/Flagstaff%20Case%20Study%20(Final).pdf
- New York City - https://www.nyc.gov/assets/omb/downloads/pdf/exec24-nyccb.pdf
- OpenData, Flagstaff - https://openpbbdata.net/Flagstaff/
- Oslo, Norway - https://www.c40knowledgehub.org/s/article/Oslo-s-Climate-Budget?language=en_US
- The Institute for Climate Economics (I4CE) - https://www.i4ce.org/wp-content/uploads/I4CE-Budget-climate-assessment-methodology.pdf