ECONOMIC DEVELOPMENT/SUSTAINABILITY SUBCOMMITTEE

SPECIAL MEETING
CITY OF FOSTER CITY

PURSUANT TO GOVERNOR NEWSOM’S EXECUTIVE ORDER N-29-20, THE MEETING WILL BE HELD BY TELECONFERENCE AND/OR VIDEO CONFERENCE ONLY BY WATCHING THE MEETING AT https://fostercity-org.zoom.us/s/88610161340 OR DIAL 1 (408) 638-0968, WEBINAR ID: 886 1016 1340. THE PUBLIC MAY PARTICIPATE BY SUBMITTING COMMENTS ON ANY AGENDA ITEM VIA EMAIL PRIOR TO OR DURING THE MEETING BY SENDING THOSE COMMENTS TO: MANAGER@FOSTERCITY.ORG

TELECONFERENCE PARTICIPANTS
COUNCILMEMBERS/SUBCOMMITTEE MEMBERS MAYOR SANJAY GEHANI AND COUNCILMEMBER SAM HINDI WILL PARTICIPATE BY TELECONFERENCE PURSUANT TO GOVERNOR NEWSOM’S EXECUTIVE ORDER N-25-20

PURSUANT TO RALPH M. BROWN ACT, GOVERNMENT CODE SECTION 54953, ALL VOTES SHALL BE BY ROLL CALL DUE TO COUNCILMEMBERS/SUBCOMMITTEE MEMBERS MAYOR SANJAY GEHANI AND COUNCILMEMBER SAM HINDI PARTICIPATING BY TELECONFERENCE

ANY REQUEST FOR REASONABLE ACCOMMODATION SHOULD BE SENT TO MANAGER@FOSTERCITY.ORG OR (650) 286-3220
I. Call to Order

II. Roll Call
Councilmembers/Subcommittee Members Mayor Sanjay Gehani and Councilmember Sam Hindi

III. Public Comment
This portion of the meeting is reserved for persons wishing to address the Committee on any City matter not on the agenda. The period for public comment at this point in the agenda is limited to a maximum of 3 minutes per speaker.

IV. Approval of January 14, 2021 Meeting Minutes (Action)

V. Reports
a. Grant and Loan Programs and Other Economic Development Initiatives

VI. New Business
a. Climate Action Plan Assessment

VII. Communications/Subcommittee Member Comments

VIII. Adjournment

Any attendee wishing special accommodations at the meeting should contact the Foster City City Manager’s Department at (650) 286-3220 in advance of the meeting.

Any written comments or documents provided to a majority of the Economic Development/Sustainability Subcommittee regarding any item on this agenda after the agenda packet was distributed will be made part of the written record, but will not be read verbally at the meeting. Written public comments will be posted to the City’s website for review prior to the meeting.
Due to the State of California’s Declaration of Emergency, the meeting was held pursuant to Executive Order N-29-20, by teleconference and/or video conference only.

1. **CALL TO ORDER**
   
   At 4:00 p.m. by Community Development Department Director, Marlene Subhashini

2. **ROLL CALL**
   
   Present: Mayor Sanjay Gehani and Councilmember Sam Hindi
   
   Staff Present: Peter Pirnejad, City Manager; Marlene Subhashini, Community Development Department Director; Jean Savaree, City Attorney; Sofia Mangalam, Planning Manager; Leslie Carmichael, Consultant Planner; Monica Ly, Assistant Planner

3. **COMMUNICATIONS FROM THE PUBLIC**
   
   a. None

4. **JANUARY 12, 2021 MEETING MINUTES**
   
   a. The Subcommittees members approved the minutes of the January 12, 2021 Subcommittee meeting.

5. **REPORTS**
   
   a. None

6. **OLD BUSINESS**
   
   a. Early Relocation Assistance Program
      
      i. Verbal Report
         
         - Staff presented a brief summary of the options for Relocation Assistance for the various Phases at Foster’s Landing that was previously discussed in greater detail at the January 12th Subcommittee meeting.
         
         - Staff requested policy direction from Subcommittee members on the
various options presented and noted that these recommendations would be presented to the entire Council at the February 1, 2021 City Council meeting.

ii. Action
- Subcommittee members provided policy direction to Staff as follows – Phase I as recommended by Staff; Option 1 for Phases II-IV (Relocation Assistance in the amount equal to the monthly household rent differential multiplied by the remaining months left until end of the deed restriction with a cap of $10,000); and Option 2 for Relocated Tenants (Relocation Assistance in the amount equal to the monthly household rent differential multiplied by the remaining months left until end of the deed restriction with a cap of $10,000).
- Subcommittee members were okay with the Post BMR Agreement as proposed by Staff as well as the request from Essex to make quarterly payments.

7. STATEMENTS/REQUESTS BY THE SUBCOMMITTEE MEMBERS
- Councilmember Hindi requested that Staff reach to the CalCHA/Catalyst Housing to explore other opportunities for the Foster’s Landing situation.

8. ADJOURNMENT

Adjourned at 5:00 p.m.

Any attendee wishing special accommodations at the meeting should contact the Foster City City Manager’s Department at (650) 286-3220 in advance of the meeting.

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DATE: February 19, 2021

TO: Economic Development/Sustainability Subcommittee

VIA: Peter Pirnejad, City Manager

FROM: Leslie Parks, Economic Development Manager

SUBJECT: ECONOMIC DEVELOPMENT/SUSTAINABILITY SUBCOMMITTEE UPDATE – GRANT AND LOAN PROGRAMS AND OTHER ECONOMIC DEVELOPMENT INITIATIVES

The purpose of this memorandum is to provide the Economic Development/Sustainability Subcommittee (“Subcommittee”) with an update on the following economic development initiatives.

1. Update on the VB golf course lease extension
2. Assessment of a revolving loan program
3. Proposed alternatives to a business license fee waiver
4. Options for increasing funds for a second COVID-19 Relief Grant Program
5. Business needs and shopper preference surveys

1. **Update on VB Golf Course Lease Extension**

On February 16, 2021, the City Council considered additional questions from the golf course operator regarding the lease extension. City staff will convey City Council’s response to the operator and, if acceptable, the final lease agreement will be presented for City Council’s approval at the March 1, 2021 meeting.

Staff has begun preparing a work plan for studying the reuse of the golf course that includes meeting the requirements of the California Surplus Lands Act and a budget and timeline for a reuse study.

2. **Revolving Loan Program**

The City Council expressed an interest in developing a revolving loan program as a resource for local businesses. This memorandum provides background on revolving loan programs, their administration, and benefit to businesses.
A revolving loan fund (RLF) is a gap financing tool primarily used for development and expansion of small businesses. The fund is a self-replenishing pool of money, utilizing interest and principal payments from existing loans to issue new ones. RLFs are typically used to support small businesses by providing gap financing that can be used in combination with more conventional lending sources to start or sustain a business. Offering competitive rates and flexible terms, an RLF provides gap financing for the business, while lowering overall risk for participating institutional lenders. Loan amounts range from small ($1,000) to mid-sized ($25,000 to $75,000) and larger ($100,000 to $250,000). Loan repayment terms vary based on the use of funds. A loan used for working capital, may take from three to five years to repay; equipment loans up to 10 years; and real estate loans up to 15 to 20 years to repay.

Revolving loan programs are structured like conventional loan programs although applicant fees may be waived or reduced and eligibility criteria for businesses is more flexible. Security for loans is required, the applicant must be credit worthy, and usually a business plan is required with the application. RLF programs should use sound lending and interest rate practices and not be perceived as free or easy sources of financing but they can allow more flexibility when reviewing these requirements. Revolving loan defaults are often higher than conventional loan programs because RLFs serve businesses that banks consider higher loan risk.

The fund needs to be seeded and replenished adequately so there is a large enough pool of money available for new loans. Often repayments are not sufficient and other sources of funding are needed.

Finally, RLFs are an investment of public funds for projects that should yield a community benefit. Community benefit can be measured by:

- Increase in tax revenue
- Leverage of public/private investment
- Number and type of jobs created or retained
- Benefits to low and moderate-income residents such increased business ownership or job opportunities

An RLF requires a financial entity such as a bank or credit union to administer the program. Qualified third-party administrators can also manage an RLF. The San Mateo County Credit Union (SMCU) proposed terms for administering a loan fund that included their fees, how funds are held and loaned, and servicing of loans. The proposed terms were not ideal and need further discussion with SMCU. Staff is also reaching out to other third-party administrators that manage loan or grant programs. While a third-party administrator can manage the processing of applications and documentation, dedicated staff is still needed to promote the program, answer questions, and prepare loan packets for review and approval by an internal loan committee.

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SMCU also provided the following comments on the City’s proposed structure for a small business loan program.

- Program should define the types and size of businesses targeted such as businesses that could not obtain a Paycheck Protection Program (PPP) loan or a conventional business loan.
- Repayment criteria needs to be more flexible and tailored to the types of eligible businesses and their ability to repay the loan.
- For underwriting purposes, businesses need to demonstrate at least 25% or more reduction in gross revenue from 2020 to the present.
- Requiring audited financial statements is unrealistic for small businesses.

As currently proposed, the City’s RLF would not be much different from a conventional lender. The proposed seed funding for the program is not sufficient to provide a reasonable number of loans large enough to make an impact for businesses. Once the RLF is active, City funds will need to be in place as long as the program approves loans. At a minimum, the program will need three years to get established with businesses. The program can be discontinued but funds will be needed to service existing loans depending on the time allowed for repayment of loans.

In the current economic environment, most businesses are in a survival not an expansion mode. They do not want to take on more debt when there is little revenue being generated. Consequently, there may be little interest in a RLF program unless the loan terms and eligibility requirements were more favorable than a conventional bank loan or loan programs currently offered by the state and federal governments. If the Council prefers a loan program, a micro loan program may be a better option for meeting the current needs of local businesses.

After considering the analysis of an RLF and subsequent business assistance alternatives discussed in this memorandum, staff can move forward to implement City Council’s direction.

3. Proposed Alternatives to a Business License Fee Waiver

The City Manager has recommended the City Council not pursue the proposed Business License Tax Relief Program for reasons highlighted in a memorandum sent to the City Council last month that analyzed different options used by other cities for business license tax relief. There would be very minimal benefit due to the current low tax rate for most businesses, but the total amount of relief would result in a significant impact to the general fund. This section analyzes other options for assisting businesses that provide more meaningful relief and support.

Grant or micro loan programs are potential alternatives for assisting businesses that can provide greater financial benefit and less impact to the general fund as other sources of funding can be used. The analysis for this memorandum reviewed six grant and four micro
loan programs offered by ten Bay Area Cities and identified the pros and cons for each. A table attached to the memorandum provides greater detail about the ten programs.

At the onset of the COVID-19 pandemic many cities created grant or loan programs to provide immediate financial assistance to local businesses. A variety of funding sources were used that included federal CARES Act funds, general funds, private and corporate donations, and CDBG funds. Each source has specific requirements for the use of funds but eligibility requirements, terms, and application processes for a grant or micro loan program were similar.

- A formal application was required in which businesses self-certified statements about their legal and financial status (no bankruptcies, liens, criminal record, etc.) and the financial impact to the business from COVID-19.
- Grants or loans were typically $5,000 to $10,000.
- Grants did not have to be repaid.
- A business license and W-9 were required.
- Business must be in good standing with the city—i.e., no code violations, permit issues, current on payment of any city taxes and fees.
- Most programs limited eligibility to non-essential businesses (such as restaurants, personal or other services, or retail); chain stores, bars, professional services, liquor stores, etc. were not eligible.
- Business must occupy a storefront. Storefront businesses have greater overhead costs and create a greater multiplier effect of benefit because they have employees, pay rent, purchase supplies and materials, and support other businesses by buying supplies and services.
- Grant or loan funds could be used for working capital, payroll, rent, PPE, operating supplies but not taxes or utilities if provided by the city. Mortgage payments were usually not eligible expenses.
- Business must be open before March 1, 2020.
- Business must have less than $2.5 million or less in annual revenue.
- Business must have least one but less than 25 or 50 employees.
- Approval of grant or loan on a first come first serve basis or lottery selection.
- Business needed to submit documentation of expenses 30 days after receipt of funds.

Micro loan or grant programs are often administered by third-party non-profit entities, such as regional Small Business Development Corporations (SBDCs), and other community-based organizations that offer financial resources and technical assistance for small businesses. Administrative fees range from ten to 15 percent of the total funding. Loan programs are especially challenging for cities to administer because they rarely have staff with loan processing and administration experience. Administrators also oversee loan repayments and close out loans. Finding an experienced and credible third-party administrator for a city loan or grant program is especially challenging in the current environment because most administrators are already facilitating larger scale programs.
Micro Loan Programs

A micro loan program is an option for providing immediate financial assistance to small businesses. Below is a summary of the four micro loan programs offered by the cities of Dublin, Pleasant, Mountain View, and South San Francisco:

- No interest was charged on loans except for the City of South San Francisco which charged 3.75 percent for businesses without credit elsewhere.
- Loan amounts ranged from $7,000 to $20,000.
- Mountain View, Dublin and Pleasanton loans were unsecured.
- Satisfactory credit report required.
- Loans had to be repaid but Dublin and South San Francisco offered terms for forgiveness of the loan.
- Dublin and Pleasant required recipients to sign a promissory; Mountain View and South San Francisco required loan documents.
- Applications for loans were less than the number received for grants.

Only San Francisco, Oakland, Mountain View, and Sunnyvale use third-party administrators. Even though Mountain View uses Main Street Launch to manage its loan program, City staff completed an initial review of each application to confirm good standing with City, active business license, storefront location, etc. Main Street Launch created loan documents, issued payments to loan recipients, and will also manage repayment of loans including invoicing and close-out. Repayment of loans has not started. The City hopes that repayments will replenish the fund, but that will take considerable time especially if there is a high default rate. A survey of Mountain View business six months after the first round of loans were completed indicated that businesses prefer grants to loans because they do not wish to take on more debt when revenues have decreased. This response probably explains the lower number of applications in the second round of loans.4

Pleasanton and Dublin staff administered their micro loan programs that required dedicated staff time for several weeks. Recipients only had to sign a promissory note (no loan documents). Most likely a credit report was required but no security for the loan. Staff will handle repayments which requires invoicing, reporting, and other tasks involved with managing a loan portfolio. Dublin businesses can qualify for partial forgiveness of the loan for every year they stay in business (up to three years) or if they generate sales tax equal to the loan amount.

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2 Main Street Launch’s administrative fee is 15 percent.
3 For the first round of applications, loans were limited to $7,000 which, in hindsight, was too small. The amount was increased to $15,000 in the second round.
4 This response was consistent with surveys conducted with businesses across the country indicated the same preference.
South San Francisco’s Small Business Relief Fund used CDGB funds which requires the business be in a specific area of the City or employ at least one low-income worker who lives in a low-income census tract. Loans may be forgivable if the recipient meets CDBG requirements. South San Francisco staff administered this loan program which is now on hold because funding was depleted.

**Grant Programs**

Most cities chose to offer grants to local small businesses. Six cities listed in the table administered their grant programs. The number of applications received far exceeded the number of available grants and the number was much greater than applications for micro loans. For example, the City of Santa Clara processed over 600 applications for 248 grants which required three full-time staff for three months (plus staff support from Finance and Building) to review the initial applications. Staff continued to process applications until December 2020 but not on a full-time basis. The City of Los Altos had one full-time staff to process applications (plus staff support from finance and building) which took six weeks. The City of Hayward received 1200 applications for 83 grants.

The City of Mountain recently launched a grant program using $250,000 in general fund money for $5,000 grants and has dedicated 1.5 staff full time for at least four weeks to review applications (with additional support from Finance and Building staff). Time is spent communicating back-and-forth with businesses regarding incomplete applications and verifying good standing with the city, occupancy of a storefront, and possession of a current business license. Finance staff must set up vendor accounts, issue payments and 1099s, and review expense documents submitted by businesses. Mountain View will use a lottery system (as did Los Altos and Sunnyvale) to select grant recipients.

In summary, the pros and cons of micro loan or grant programs are listed below.

- Grant programs are the quickest and easiest option for distributing one-time funds to local businesses.
- A third-party administrator is the preferred option for implementing a grant or loan program but will require an administrative fee (at least ten percent of the total funding) and perhaps a process for selecting a provider.
- If a third-party administrator is not available, the City can administer the program, but depending on the number of applications received, implementation will require at least one or two full-time staff for six to eight weeks to review and process applications plus staff support from finance and building staff. (If staff has other duties, the time need to review applications may take more than eight weeks.)
- If a micro loan program is implemented, a system is needed to facilitate submittal and review of applications and required documents as well as staff time to manage repayments, accounts, and other reporting.

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5 Main Street Launch did not have capacity to administer Mountain View’s grant program.
• Micro loan defaults may be high reducing the chances for providing future loans. If the loans do not charge interest, replenishment of the loan fund may not support many future loans.
• The applications for no interest loans or grants will far exceed the available funding.

4. **Options for increasing funds for a second COVID-19 Relief Grant Program**

• The San Mateo County Restaurant, Brewery and Winery Grant Program will provide $2.3 million for $10,000 grants for restaurants, breweries, and wineries. The application process opens February 22.
  ➢ $1 million of the funding donated by the Chan Zuckerberg Initiative (CZI) is earmarked for eligible businesses in CZI’s service area (East Palo Alto, Palo Alto, Redwood City, and the County’s unincorporated areas).
  ➢ The remaining grant funds will be allocated to each city based on its population and a lottery will select recipients from the city’s pool of applicants.
  ➢ The County has offered cities the opportunity to contribute to the fund which will be designated for grants for that city’s eligible businesses. The eligibility requirements cannot be modified. The County will cover the San Mateo Credit Union’s fee for administering the program.
  ➢ If Foster City chooses to contribute funds, a decision is needed immediately as the application process is expected to start February 22.

• Seek the assistance of the Foster City Chamber of Commerce to help raise additional corporate contributions for a larger small business grant program.
  ➢ The Chamber has good relationships with major companies in the City and could request contributions to match one from Gilead Sciences ($100,000). The City can potentially match that amount creating a public/private partnership to help local businesses.

5. **Business Needs and Shopper Preference Surveys**

The COVID-19 Pandemic has had both temporary and permanent changes to the business environment and the economy. A survey of local businesses can help determine their needs for the short-term (2021) and longer term once the economy recovers. The pandemic has also changed the behavior of shoppers. A survey can identify changes in how customers shop, what they buy, what they spend, and other preferences. This information can be distributed to business to help them modify their operations to serve customers more effectively and efficiently.

The City can partner with the Foster City Chamber of Commerce to distribute both surveys. The City can distribute the survey to its list of businesses and residents and the Chamber can distribute them to its members.
Conclusion

The options for assisting small businesses are limited and each has implementation pros and cons. In the current environment an RLF program, as proposed, is not much different from a conventional loan and may not generate much interest from local businesses unless the eligibility requirements and terms were very favorable and additional sources of funding could be found. A zero interest, forgivable micro loan program may be a better short-term solution, but businesses still indicate they prefer grants to loans. The quickest, easiest, and most direct way to provide funding assistance to businesses, is to offer grants. Whether a grant or loan program, if the City administers the program there will be a significant impact on staff time and resources to process applications and complete other related tasks.

Alternatively, the City can also contribute funds to the County’s Restaurant, Brewery and Winery Grant program while the Chamber solicits funds for an expanded loan or grant program for local businesses.
### Summary of Micro Loan and Grant Programs offered by Ten Bay Area Cities

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Type of Program</th>
<th>Source of Funds</th>
<th>Administration</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. City of Dublin</td>
<td>Micro loan $880,000 total funding $5,000, $7,000 or $10,000 loan amounts</td>
<td>General Fund CARES</td>
<td>City staff</td>
<td>Program closed 141 applications 100 approved loans</td>
</tr>
<tr>
<td>2. City of Mountain View</td>
<td>Micro loan $900,000 total funding</td>
<td>General Fund Corporate donations</td>
<td>Main Street Launch</td>
<td>Program closed 150 applications received &amp; 85 loans approved</td>
</tr>
<tr>
<td>3. City of Pleasanton</td>
<td>Micro loan $3,000,000 total funding $10,000 -- $20,000 loan amounts</td>
<td>General Fund</td>
<td>City staff</td>
<td>Program open 143 applications received to date 123 loans approved</td>
</tr>
<tr>
<td>4. City of South San Francisco</td>
<td>Micro loan $650,000 total funds</td>
<td>CDBG</td>
<td>City staff</td>
<td>Program closed Estimated 50-55 loans approved</td>
</tr>
<tr>
<td>5. City of Hayward</td>
<td>Grant $565,000 total funding $5,000 grants</td>
<td>General Fund CARES/CDBG</td>
<td>City staff</td>
<td>Program closed 1200 applications 83 grants</td>
</tr>
<tr>
<td>6. City of Los Altos</td>
<td>Grant $250,000 total funding $5,000 grants</td>
<td>General Fund</td>
<td>City staff</td>
<td>Program closed 85 applications 67 grants</td>
</tr>
<tr>
<td>7. City of Mountain View</td>
<td>Grant $250,000 total funding $5,000 grants</td>
<td>General Fund</td>
<td>City staff</td>
<td>Program launched February 1</td>
</tr>
<tr>
<td>8. City of Oakland</td>
<td>Grant $1.375 million 1st round; $4,000,000 2nd round $10,000 grants</td>
<td>CARES</td>
<td>Main Street Launch</td>
<td>Program closed 1st round: 900 applications 275 grants</td>
</tr>
<tr>
<td>9. City of Santa Clara</td>
<td>Grant $1.6 million total funding $5,000 to $10,000 grants</td>
<td>City: $600,000 Corporate donations: $460,000 Local SBDC</td>
<td>Program closed 600 applications 248 grants awarded</td>
<td></td>
</tr>
<tr>
<td>10. City of Sunnyvale</td>
<td>Grant $1,360,000 $5,000 to $15,000 grants</td>
<td>Corporate donations General fund Renaissance Entrepreneur Center</td>
<td>Program closed 635 applications 194 grants</td>
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</table>
The purpose of this memorandum is to seek feedback from the Economic Development/Sustainability Subcommittee (“Subcommittee”) and request that the Subcommittee recommend to the City Council to:

a) Perform a Climate Action Plan (CAP) Assessment to evaluate the effectiveness of the climate action compared to the technical performance targets outlined in the 2016 Climate Action Plan; and
b) Perform an assessment to evaluate the effectiveness of the current organizational strategy for climate action implementation in a comprehensive manner.

DISCUSSION

The City of Foster City is a leader in environmental sustainability and had adopted an innovative Climate Action Plan as part of a General Plan update during FY 2015-2016. The existing Climate Action Plan implementation operates within the City Manager’s Office with key leaders in each department accountable for various metrics on the Climate Action Plan. Over the past several years, the City has received the prestigious Beacon Award from the Institute for Local Government (ILG) in both 2017 and 2019. The Beacon Program provides a framework for local governments to share best practices that create healthier, more vibrant, and sustainable communities. The program honors voluntary efforts by local governments to reduce greenhouse gas emissions, save energy, and adopt policies that promote sustainability.

The community is experiencing rapidly changing economics and policies related to climate action and implementation. Recent national and state-level policies have shifted the role of government in mitigating the effects of climate change. President Biden signed Executive Order 14008 on January 27, 2021 outlining a "government-wide approach to the climate change" which places climate change as a key management role in every level of federal government. On September 23, 2020, California Governor Gavin Newsom issued Executive Order N-79-20 requiring 100 percent of in-state sales of new
passenger cars and trucks to be zero-emission by 2035. These recently adopted policy examples are a demonstration of the rapidly shifting policies related to climate action and sustainability.

City staff anticipates future changes in climate action policies and seeks to be prepared for major shifts that could impact City policies and operations. As a result, staff wishes to establish a “single-minded approach” on the future operations of the Climate Action Plan efforts across all City departments. City staff seeks to develop a smart organizational strategy to allow City staff to play a role in the completion of certain special programs related to the Climate Action Plan while being time and resource-efficient.

Environmental Sustainability & Social Equity were previously identified and reaffirmed as key organizational priorities for the City at the City Council’s strategic planning sessions in FY 2019-2021. And most recently, at this year’s City Council Vision & Policy Summit, City Council had included Innovation and Sustainability as a Value/Priority Area for 2021. The “Sustainable Foster City” framework has established broad and multi-disciplinary goals related to the synergistic qualities of (a) environmental sustainability, (b) economic development, and (c) social equity and engagement. It is critical to have updated management protocols in place to ensure Foster City remains a leader in climate change while having an efficient operating strategy for City staff.

To accomplish this goal, City staff wishes to conduct a baseline assessment which would include an audit of the existing programs, metrics, ordinances, and interdepartmental coordination efforts related to the fulfillment and implementation of the Climate Action Plan. While the City is currently in contract with a consulting group for the development of a Climate Mitigation and Adaptation Plan (CMAP), after consideration, City staff would like to seek an independent third-party assessment of the current Climate Action Plan, progress to date, and suggestions of strategies for future adaptations of the Climate Action Plan before progressing any further. Additionally, the City seeks to develop a city-level operational assessment to ensure that the City Manager’s Office and Executive Leadership Team have set clearly defined roles for staff to efficiently execute the necessary policies in an effective manner.

The proposed assessment would execute on several key aspects of the existing Climate Action Plan workplan while giving City staff ample opportunity to improve the existing program. This assessment would allow the City to provide an evaluation of the current program and to provide immediate feedback on City operations. The model is being proposed as the Climate Action Leadership Program (Figure 1). The program will create a systematic approach for the City staff to address climate change issues while effectively engaging committees (if applicable) and community members. The program outlines key elements that are critical to climate action including leadership, finance, community, management, metrics, marketing, and recognition. The timeline for the assessment would be completed during Fiscal Year 2020-2021.

The Climate Action Plan Assessment would include:
1) Updates to the City’s greenhouse gas (GHG) emission inventory, establishing new GHG reduction goals that align with State targets, identifying specific measures to achieve GHG reductions; and
2) Evaluating the existing management and technical CAP implementation strategies across the City.

The assessment would conclude with recommendations for a CAP organizational strategy, and a management system designed to respond to new State legislation, changing priorities, and GHG reduction policies using an interdepartmental collaboration model. The assessment would prepare the City to immediately update the Climate Action Plan after its completion.

**Figure 1: Climate Action Leadership Program Model**

**FUNDING AND NEXT STEPS**

The proposed assessment is estimated to cost between $60,000-$80,000. Funding in the amount of $60,000 for a Climate Action Plan Update is included in the Sustainable Foster City budget for FY 2020-2021.

If the Subcommittee agrees with this approach, City staff will:
1) Pause or terminate work on the Climate Action Plan Update with the existing consultant; and

2) Prepare a staff report for an upcoming City Council meeting with this recommendation. Given the anticipated cost of this work in relation to the City Manager’s signing authority, staff is intending to seek three additional informal bids to satisfy the City’s procurement requirements. If appropriate, City staff will seek City Council approval/award of an agreement at that time.

Only once the CAP Assessment is completed, will City staff then seek City Council direction for the issuance of a new Request for Proposals (RFP) to solicit proposals for preparation of an update to the City's Climate Action Plan.