



# FINANCE COMMITTEE SUMMARY MINUTES

Special Meeting  
September 7, 2021

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 6:02 P.M.

Present: Burt, Cormack, Filseth (arrived at 6:09 p.m.)

Absent:

## Oral Communications

None

## Agenda Items

1. Review and Forward a Recommendation that the City Council Adopt a Resolution Approving the Verified Emission Reduction Agreement With the Integrative Organization of Oaxaca Indigenous and Agricultural Communities to Purchase 24,000 Tons CO<sub>2</sub>e for a Total Purchase Price of \$228,000.

Utilities Director Dean Batchelor reported that Staff and the Utilities Advisory Commission (UAC) recommends that the Finance Committee (Committee) recommend to City Council (Council) to approve the Emission Reduction Agreement with the Integrative Organization of Oaxaca Indigenous and Agricultural Communities (ICICO). Also, to allow the City Manager to authorize confirmation of the agreement.

Utilities Resource Planner Micah Babbitt explained that the City established a relationship with ICICO in October of 2017 when the City purchased 17,000 carbon offsets from them. ICICO has presented the City with a new offer to purchase 24,000 carbon offsets which is approximately 15 percent of the City's annual requirement. The purchase price for the carbon offsets is \$9.50 per ton of carbon. Since implementation of the Carbon Neutral Gas Plan, the City has purchased 575,000 carbon offsets at an average price of \$6.40 per ton of carbon. In the last year and a half, the purchase price for carbon offsets has increased. Staff estimated that the transaction will add an additional \$35,000 compared to offsets available through the City's brokers, resulting in less than a dollar per year increase to residential

# SUMMARY MINUTES

customer's bills. The purchase by the City will help ICICIO fund growth and services in their communities.

Vice Mayor Burt found the report informative and stated that the program accomplishes multiple objectives through one set of actions. He disclosed that he has been a skeptic of carbon offsets because the market is not regulated, but acknowledged that it will become more regulated in the future. He stated that the agreement is a bridging mechanism while the City explores its own carbon reduction methods to accomplish its personal goal of reducing carbon emissions by 80 percent by the year 2030. He supported the agreement because the City will receive identifiable benefits. He suggested that Staff reestablish the Palo Alto Green Program because a vast majority of the community supported the program.

Chair Cormack echoed Vice Mayor Burt's comments. She inquired if Staff has contemplated funding the delta from a different funding source and could the Council Contingency Fund be used to fund the agreement.

Mr. Babbitt mentioned that within the program, funding has been approved to spend up to \$19 per metric ton of carbon. That is billed to customers as revenue is needed to cover the cost of the program. Staff has not had to use that full amount and so the mechanism that is used to raise the funds will not change.

Kiely Nose, Administrative Services Director confirmed that Council can use the Council Contingency Account Fund or the reserve for priority projects and programs.

Chair Cormack agreed that the price for the carbon offsets is a reasonable amount.

**MOTION:** Vice Mayor Burt moved, seconded by Council Member Filseth to recommend the City Council:

- A. Adopt the Resolution approving the Verified Emission Reduction Agreement (VER Agreement) with the Integrative Organization of Oaxaca Indigenous and Agricultural Communities (ICICO), to purchase 24,000 tons CO<sub>2</sub>e at \$9.50 per ton CO<sub>2</sub>e for a total purchase price of \$228,000; and
- B. Delegate to the City Manager, or his designee, the authority to execute on behalf of the City the VER Agreement and confirmation with ICICO.

**MOTION PASSED:** 3-0

# SUMMARY MINUTES

## Future Meetings and Agendas

Kiely Nose, Administrative Services Director shared that the next Finance Committee (Committee) is scheduled for September 21, 2021. On the agenda will be the California Public Employees' Retirement System (CalPERS) actuarial, a discussion on ballot measures, and fees and charges associated with fire services. The following meeting will be held on October 5, 2021 which included any continued items from the September 21, 2021 meeting as well as a parking update.

Adjournment: The meeting was adjourned at 6:22 P.M.