

**REPORT FROM**

## **OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: August 7, 2024

CAO File No. 0220-06229-0000

Council File No. 22-1402

Council District: All

To: The Mayor  
The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Transmittal from Department of Public Works, Bureau of Sanitation dated February 14, 2024

Subject: **STRATEGY FOR INTEGRATING CLIMATE CONSIDERATIONS INTO THE CITY BUDGETING PROCESS**

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### **RECOMMENDATION**

That the City Council note and file this report.

### **SUMMARY**

On May 8, 2024, the City Council instructed the City Administrative Officer (CAO) to develop and report on a strategy for integrating climate considerations into the City's budgeting process (C.F. 22-1402). Under the same action, the City Council also considered the most recent annual Community and Municipal Greenhouse Gas (GHG) Inventory Report, prepared by the Department of Public Works, Bureau of Sanitation (LASAN) and dated February 14, 2024. The Community and Municipal GHG Inventory Report quantifies emissions from the use of fossil fuels throughout Calendar Year 2022 from:

- The community in general, within the City limits; and,
- Municipal operations.

To support the Mayor and City Council's goal of achieving net-zero emissions by 2035, this report focuses on options for emissions reduction for municipal operations that are within the direct control of the City, excluding proprietary departments. The options for municipal emissions reduction provided in this report were determined from an analysis of the data presented in the LASAN GHG Inventory Report.

## Community GHG Inventory

The LASAN Community GHG Inventory describes emissions from sources beyond municipal operations, such as residential, commercial, and industrial activities within the City boundaries. Community emissions present a distinct set of challenges and opportunities for emissions reduction, requiring a different approach than those employed for municipal operations. The Green New Deal released in 2019 addresses community emissions reduction goals across various sectors. It is anticipated that subsequent phases of the City Climate Action and Adaptation Plan efforts will update community emissions reduction goals (C.F. 22-1566).

## Analysis on Municipal GHG Inventory

The latest annual LASAN Municipal GHG Inventory provides accounting of direct emissions from the combustion of fossil fuels within City operations in Calendar Year 2022. The emissions were measured using a standardized method called the Local Government Operations Protocol (LGOP). The municipal inventory consists of direct (Scope 1) and indirect (Scope 2) emissions.

- Scope 1 emissions are from City-owned assets or facilities; and,
- Scope 2 emissions are from the consumption of utility power for municipal operations.

As outlined in the table below, the overall total of municipal emissions for the period of Calendar Year 2022 was 7,804,031 metric tons of carbon dioxide equivalent (MTCO<sub>2e</sub>), which is a commonly used and scientifically-accepted unit of measurement for the collective impact of various greenhouse gases on global warming.

The inventory data reveals that the primary municipal activity that creates GHG emissions is power generation from Los Angeles Department of Water and Power (LADWP) facilities. LADWP also generates emissions attributed to its vehicle fleet and water delivery activities; and, when consolidated with power generation, LADWP is responsible for 7,277,563 MTCO<sub>2e</sub> or 93.3 percent of all municipal emissions (Scope 1 and Scope 2). LADWP's adoption of its Strategic Long-Term Resource Plan that describes the transition to carbon-free power generation by 2035 is critical for the City to meet the overall municipal net-zero emissions goal.

Additionally, Los Angeles World Airports (LAWA) and the Port of Los Angeles (POLA) generate emissions from their operational activities, buildings, facilities, and vehicle fleets. The two departments account for 42,221 MTCO<sub>2e</sub> or 0.5 percent of overall municipal emissions. The combined total of proprietary department emissions, for LADWP, LAWA, and POLA, is 7,319,784 MTCO<sub>2e</sub> or 93.8 of all municipal emissions (Scope 1 and Scope 2).

The remaining 6.2 percent of emissions of the Municipal GHG Inventory, equivalent to 484,247 MTCO<sub>2e</sub>, are attributed to Council-controlled departments.

**Emissions by Department Group**

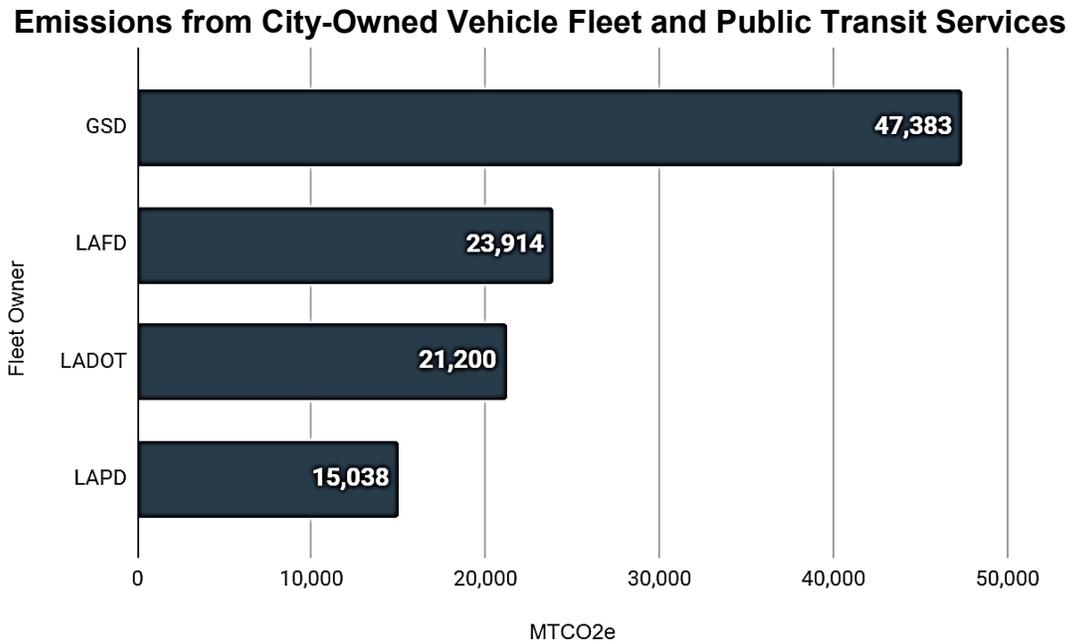
Department Group	MTCO <sub>2</sub> e Emissions	Percentage	Department	Emissions Source Attributed To	Emissions Detail	Percentage Detail
Proprietary	7,319,784	93.8%	LADWP	- Power Generation - Purchased Electricity for Buildings and Facilities - Purchased Electricity for Streetlights and Traffic Signals - Vehicle Fleet - Water Delivery	7,277,563	93.3%
			LAWA, POLA	- Buildings and Facilities - Proprietary Operations - Vehicle Fleet	42,221	0.5%
Council-Controlled	484,247	6.2%	LASAN	- Closed Landfills - Water Reclamation - Biogenic Processes	342,662	4.4%
			GSD, LADOT, LAFD, LAPD	- Municipal Fleet - Transit Fleet	107,535	1.4%
			GSD, RAP, BOE	- Buildings and Facilities	34,050	0.4%
<b>Total</b>	<b>7,804,031</b>	<b>100.0%</b>			<b>7,804,031</b>	<b>100.0%</b>

Emissions Reduction Options in Solid Waste and Water Reclamation (4.4%)

This Office reviewed the data in the emissions inventory to identify the highest emitting activities performed by Council-controlled departments. Notably, emissions from closed landfills and water reclamation processes accounts for the highest emission sources from a Council-controlled department, for a total of 342,662 MTCO<sub>2</sub>e or 4.4 percent of overall municipal emissions. These closed landfills and water reclamation emissions sources were initially considered as high-impact focus areas. After consultation with LASAN, however, it was determined that the ongoing management of closed landfills sites and water reclamation processes have effectively mitigated the need for urgent intervention that would potentially yield emissions reductions in these areas of operations. All closed landfill sites are capped and LASAN operates a compliance program for ongoing emissions monitoring in accordance with state regulations. Land reuse of the closed landfill sites has been in place or is currently in progress. For water reclamation, LASAN has implemented efficiency measures to optimize operations. This optimization of the water reclamation process results in a high potential for reduced emissions already taking place within that specific municipal area.

Emissions Reduction Options in the Vehicle Fleet (1.4%)

The next largest area of GHG emitting activities performed by Council-controlled departments consist of vehicle fleet operations, asset management, and fueling. Vehicle fleet operations that are managed by the GSD, LAFD, LAPD, and LADOT contribute 107,535 MTCO<sub>2e</sub> or 1.4 percent of emissions in the municipal GHG inventory. A summary of emissions from the vehicle fleet is provided in the chart below.



A comprehensive master planning effort, applicable to Council-controlled and proprietary departments, is underway to replace existing conventional vehicles in the City fleet with electric vehicles, including the necessary expansion of charging infrastructure (C.F. 21-0890). Additionally, LADOT continues to replace conventional transit fleet vehicles in response to a June 2017 Council directive to transition to an all-electric fleet by 2030 (C.F. 17-0739).

Additional ways to reduce emissions from vehicle fleet operations include:

- Optimizing fleet management through measures such as reducing idling time and vehicle miles traveled, directly resulting in emissions reductions;
- The integration of alternative fuels, particularly for medium-duty and heavy-duty vehicles, where electrification options may be limited, offers an interim solution to reduce emissions until zero-emission technologies become more widely available; and,
- The use of hybrid technology and/or the substitution of bicycles, or other zero-emissions options, for transportation where appropriate.

### Emissions Reduction Options in Buildings and Facilities (0.4%)

A total of 34,051 MTCO<sub>2</sub>e, or 0.4 percent of emissions are associated with gas utility consumption in approximately 990 City buildings and facilities. A separate report from the Department of Public Works, Bureau of Engineering is forthcoming on a proposed plan and cost estimate for reducing or eliminating these emissions (C.F. 21-1039). Additionally, energy efficiency measures installed throughout municipal buildings and facilities will result in emissions reductions impacting LADWP power generation.

### Next Steps

Given that vehicle fleet operations results in significant GHG emissions in municipal operations, it would be appropriate for the 2025-26 Budget to focus on expediting GHG emissions reductions from the vehicle fleet. This Office will work with the Mayor and Council to focus on this area in the 2025-26 Budget preparations.

Anticipated budgetary funding requests include electric vehicle replacements, alternative fueling, zero-emission or low-emissions transportation options, and associated infrastructure. The focus on vehicle fleet is in line with reducing emissions from current activities in the base budget. It should be noted that new activities funded in the City budget could create emissions that would offset progress made by the City in reducing emissions in the base budget. Therefore, limiting new activities to zero GHG emissions, or offsetting activities like carbon sinks, will also be required to continue to make progress.

### **FISCAL IMPACT STATEMENT**

There is no fiscal impact resulting from the recommendation in this report.

### **FINANCIAL POLICIES STATEMENT**

The recommendation in this report complies with the City Financial Policies.