

**OFFICE OF SUSTAINABILITY  
FISCAL YEAR 2025 BUDGET TESTIMONY  
APRIL 10, 2024**

**INTRODUCTION**

Good afternoon, President Johnson and members of City Council. I am Liz Lankenau, Director of the Office of Sustainability (OOS). Joining me today are Katherine Leonetti, Deputy Director of Policy and Strategic Initiatives, Dominic McGraw, Deputy Director of Energy Services and Operations, Nidhi Krishen, Deputy Director of Climate Solutions, Genevieve LaMarr LeMee, Deputy Director of Environmental Justice, and Abby Sullivan, Acting Chief Resilience Officer.

Through the support of Council, others in the Administration, and our partners, OOS has made significant strides over the past year and will continue to advance the Parker Administration's mission of a safer, cleaner, greener city with economic opportunity for all.

- Working with the Streets Department and the Philadelphia Energy Authority, the Philly Streetlight Improvement Project is the City's single-largest energy conservation investment to date. Upon completion, it will represent a nearly 10% reduction in municipal carbon emissions and lower our streetlighting energy costs by 25%. The project is nearly 20% complete, and we expect to hit the halfway mark by August 2024.
- The Adams Solar Project, another project with the Energy Authority that is now complete, will provide renewable energy to nearly a quarter of municipal buildings. This brings the City closer to its goal of 100% renewable electricity used in municipal buildings by 2030, while also providing budget stability against electricity market volatility.
- Looking forward, OOS is in the planning stages of a new Guaranteed Energy Savings Act project in partnership with the Energy Authority. This project would finance major upgrades to improve indoor comfort for 14 City offices, health centers, and homeless services buildings through energy savings.
- We are competing for federal dollars available through the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA). We received awards from EPA's Environmental Justice Government-to-Government program and the Energy Efficiency Conservation Block Grant, technical assistance from the Government Finance Officers Association, and other applications are pending. We will continue applying for opportunities directly and support community-based organizations and other partners through convening an IRA Forum.
- We received funding through FEMA's Building Resilient Infrastructure and Communities Program to develop an *Eastwick Flood Resilience Strategy*, which launched in March, and we will continue our place-based work in partnership with state, federal, and City partners.
- We will be releasing an *Energy Poverty Alleviation Strategy* later this spring, which strives to address residents' high energy burden while reducing residential emissions, building resilience, and improving housing quality and security. This work will focus on under-resourced and over-burdened communities and incorporate green workforce development to prioritize an equitable and just clean energy transition.
- Through our *Community Resilience & Environmental Justice Grant Fund*, we distributed \$10,000 grants to 15 community organizations throughout the City, with the Environmental Justice Commission operating as the selection committee. In the coming year, the Fund expects to increase the number of awards to 20 organizations.

In the coming year, the Office of Sustainability will continue to strive to do more, faster, to address the impacts of climate change already being felt by Philadelphians while also doing all we can to reduce our City's emissions and meet or exceed the City's 2050 carbon neutrality goal. The climate crisis will be

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predictable in its unpredictability of increasingly hotter and wetter weather events. We will continue to do the maximum with the resources available to prepare our City for escalating extreme heat and flooding expected to impact our residents' lives as well as our government department's public mandates; update our partners on climate science data, associated vulnerabilities, and seek ways to reduce risk to residents' health and private and public assets; and ensure that environmental justice and climate preparedness are threaded throughout policy, planning, and implementation decisions.

Thank you. I am happy to address any questions you may have.

### **DEPARTMENT MISSION & PLANS**

**Mission:** The Office of Sustainability (OOS) works with partners around the city to improve quality-of-life in all Philadelphia neighborhoods, through advancing environmental justice, reducing the City's carbon emissions, and preparing Philadelphia for a hotter and wetter future.

The **Policy, Planning, Partnerships, & Innovation** team will:

- Develop policies and programs that address health, energy affordability, and climate change in residential buildings by making use of private philanthropy for programmatic support.
- Integrate environmental justice and equity in City decision-making by providing information, guidance, and tools for policy and program practitioners through the Interagency Working Group for Environmental Justice and Climate Resilience in collaboration with the Environmental Justice Advisory Commission.
- Pursue benefits from the Biden Administration's Justice40 commitment, other federal environmental justice funding, and private philanthropy to facilitate community power-building strategies that enable residents to participate as co-creators in developing and implementing interventions.
- Manage and maximize the impact of funding secured through the Inflation Reduction Act, while continuing to collaborate with the Philadelphia Energy Authority to ensure that the City and its partners maximize the once-in-a-lifetime opportunity.
- Develop a clean energy workforce strategy to ensure that all Philadelphians can benefit from the economic opportunities created by climate action.

The **Municipal Energy Office** will:

- Continue to collaborate with Streets, the Office of Innovation and Technology, and the Philadelphia Energy Authority to complete construction of the Philly Streetlight Improvement Project (PSIP), which will install 130,000 LED streetlights with a modernized lighting management system that streamlines maintenance and operations. Once completed, PSIP will be the single largest energy savings project carried out by the City to date.
- Enhance electric vehicle (EV) charging infrastructure for the municipal fleet by partnering with the Department of Fleet Services and the Office of Innovation and Technology to complete a pilot installation of a Level 3 EV fast charging station at a fleet services facility.
- Award second Power Purchase Agreement (PPA) for renewable electricity, which would move the City closer to its goal of powering all City facilities with 100 percent renewable electricity by 2030. The City has one solar PPA, which became operational beginning in 2024 and will bring the City's annual renewable total to 30 percent.

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- Similar to PSIP, work with the Energy Authority to develop another large-scale energy retrofit project through the Pennsylvania Guaranteed Energy Savings Act (GESA) model, a budget-neutral approach where improvements are funded by the resulting energy cost savings. The next project, which is in the planning stage, will modernize the Quadplex, Health Centers, and Homeless Services facilities.
- Further expand participation in energy load management programs, like demand response, where the City reduces electricity consumption when demand on the regional grid is highest (during a heat wave or extreme winter event). Participation in these programs resulted in more than \$270,000 in revenue during FY23 and helps the City lead on grid reliability initiatives.
- Apply an equity lens to invest in energy efficiency and sustainability projects within City-owned facilities through the Energy Infrastructure and Efficiency Fund and Climate Resilience Fund, prioritizing efforts delivering the most significant impact on the lived experience of marginalized residents.
- Manage and implement guidelines, regulations, and technical assistance programs to ensure the City's new construction and major renovation projects achieve high-performance and LEED Gold standards.
- Leverage federal and commercial incentives for clean energy projects to maximize cost effectiveness of City investments in energy efficiency, electric vehicle, and renewable energy projects.
- Complete the next Building Energy Performance Program compliance cycle for all 35 required municipal buildings. Learning from the first round of compliance, develop process improvements across all departments and include heat and flood resilience measures as well as energy conservation projects based on the findings.
- Improve compliance with citywide building energy benchmarking and energy performance programs.

### The **Climate Resilience team** will:

- Minimize costs and disruption associated with climate impacts by mainstreaming vulnerability assessments and resilience into the City's capital improvement program.
- Capitalize on existing and new federal funding opportunities to bolster flood resilience in vulnerable neighborhoods and improve affordability of flood insurance.
- Seek to secure grant funding for interim flood barriers in Eastwick to address riverine flooding, and advance long-term flood strategy development to protect residents vulnerable to multiple sources of flooding.
- Begin management and coordination of the Clean Waters Task Force and begin implementation of the strategic plan to improve water quality and meet compliance of our Municipal Separate Storm Sewer System (MS4) permit through the federal Clean Water Act.
- Further efforts to plan and resource an inclusive citywide Resilience Plan as an update to the 2016 *Growing Stronger* municipal report.

**PROPOSED BUDGET OVERVIEW**

<b>General Fund Financial Summary by Class</b>						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$830,784	\$1,148,398	\$1,141,635	\$1,729,529	\$1,487,029	(\$242,500)
Class 200 - Purchase of Services	\$336,366	\$845,657	\$271,366	\$1,475,984	\$786,984	(\$689,000)
Class 300/400 - Materials, Supplies & Equipment	\$1,000	\$105	\$1,000	\$1,000	\$1,000	\$0
Class 800 - Payment to Other Funds	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$0
<b>Total</b>	<b>\$1,343,150</b>	<b>\$2,169,160</b>	<b>\$1,589,001</b>	<b>\$3,381,513</b>	<b>\$2,450,013</b>	<b>(\$931,500)</b>

**Proposed Funding Request:**

The proposed Fiscal Year 2025 General Fund budget totals \$2,450,013, a decrease of \$931,500 over Fiscal Year 2024 estimated obligation levels. This decrease is primarily due to funding that was non-recurring for FY25.

The proposed budget includes:

- \$1,487,029 in Class 100, a \$242,500 decrease from FY24 owing to the expiration of external funding. This funding will cover the salaries of more than 20 employees of the Office of Sustainability.
- \$786,984 in Class 200, a \$689,000 decrease from FY24. This funding will support various contracts related to the Office’s work, including compliance support for the Building Energy Performance Policy and support for electric vehicle infrastructure planning. This decrease is primarily due to funding that was non-recurring for FY25.
- \$1,000 in Class 300/400, level with FY24. This funding will be used for various office supplies and equipment.
- \$175,000 in Class 800, level with FY24. This funding will improve energy efficiency, sustainability, and climate resilience at various municipal buildings to help accelerate high performance projects that reduce the environmental impact of City government.

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**STAFFING LEVELS**

The department is requesting 23 General Fund budgeted positions for FY25, a decrease of 2 positions from FY24. The decrease is attributed to the expiration of funding from outside sources. The table below represents employment levels across All Funds.

<b>Employment Levels (as of December 2023)</b>		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	29	22
Number of Exempt Positions	29	22
Number of Executive Positions (deputy level and above)	6	6
Average Salary of All Full-Time Positions	\$85,054	\$86,173
Median Salary of All Full-Time Positions	\$82,600	\$82,300

**NEW HIRES**

<b>New Hires (from 7/1/2023 to December 2023)</b>	
	Total Number of New Hires
Black or African American	1
Total	1

<b>New Hires (December 2023 to March 2024)</b>	
	Total Number of New Hires
Black or African American	1
White	2
Total	3

**PROGRAM BASED BUDGETING:**

**Program Name:** Administration (formerly Policy, Planning, Partnerships, and Innovation)

**Program Number:** 49-01

**FY25 Proposed General Fund:** \$1,204,840

**Program Description:** The Administration program advances practices that rectify environmental injustice and drive healthy and thriving communities. The program sets the strategic direction, coordinates performance management initiatives, and provides operational and financial management for the Office of Sustainability. The program also advances joint efforts with external partners, such as the Philadelphia Food Policy Advisory Council and the Philadelphia Environmental Justice Advisory Commission.

**FY25 Strategic Goals:**

- Integration of environmental justice and climate in City decision-making, policies and programs and allocation of sustainable funding and resources to advance these initiatives.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of people who engaged with OOS during the reporting period*	35,188	42,000	42,000
Percentage of total buildings in compliance with energy and benchmarking law*	70.2%	75%	75%
Number of people who engaged with Food Policy Advisory Council (FPAC) during the reporting period**	20,867	15,000	15,000

\*FY23 fell short of the target due to a number of new property owners being unfamiliar with the program. OOS is actively increasing attention to advertising and training for this building owners.

**Program Name:** Municipal Energy Office

**Program Number:** 49-02

**FY25 Proposed General Fund:** \$809,759

**Program Description:** The Municipal Energy Office manages City government energy operations; strategically procures cost-effective and reliable energy; and develops and implements projects and programs that promote the efficient use of energy. This division advances the goals of the Municipal Energy Master Plan and the Municipal Clean Fleet Plan, the roadmaps for how municipal government will lead by example in mitigating the causes of climate change by reducing energy use, while incorporating more renewable electricity.

**FY25 Strategic Goals:**

- Promote equitable lighting throughout the city by continuing to collaborate with the Department of Streets, the Office of Innovation and Technology, and the Philadelphia Energy Authority to complete construction of the Philly Streetlight Improvement Project (PSIP). This project will not only install 130,000 LED streetlights with lighting controls, but also will result in a modernized lighting management system that streamlines maintenance and operations. Once completed, PSIP will be the single largest energy savings project carried out by the City to date.

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- Award second Power Purchase Agreement (PPA) for renewable electricity. This RFP is in development and would move the City closer toward the goal of powering all City facilities with 100 percent renewable electricity by 2030. The City has one solar PPA, which became operational beginning in 2024 and will bring the City’s annual renewable total to 30 percent.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
City of Philadelphia facility energy consumption, including General, Aviation and Water Funds (Million British Thermal Units)*	3.65	3.42	3.42
City of Philadelphia facility energy cost including General, Aviation and Water Funds (\$ Million)**	\$78.00	\$63.69	\$63.69
Percentage of General Fund square footage participating in energy management practices supported by Municipal Energy Master Plan	58%	58%	58%
Greenhouse Gas Emissions (GHG) for General Fund (Metric Ton of Carbon Dioxide equivalent, MTCO2e)***	124,212	120,132	120,132

\*Energy use has increased due to staff returning to offices in greater numbers. However, the Adams Solar array came on-line recently, which means about 25% of the City’s electricity supply will come from this renewable energy resource. In addition, the Philadelphia Streetlight Improvement Program (PSIP), which is currently in construction, will further help reduce City energy consumption as more streetlights are converted to LED

\*\*In FY23, there were some contracting issues which combined with high utility prices due to energy market disruptions from the War in Ukraine resulted in much higher utility costs. Contract issues have been resolved and OOS was able to proactively hedge for FY24 which has resulted in lower costs.

\*\*\*As energy use has increased due to City staff returning to office buildings, hotter summer weather, and extreme cold winters, so too have the carbon emissions associated with heating and cooling buildings. However, the Streetlighting GESA project, planned Quadplex GESA, and the City's solar array located in Adams County, PA, will help reduce carbon emissions.

**Program Name:** Office of Climate Resilience

**Program Number:** 49-03

**FY25 Proposed General Fund:** \$435,414

**Program Description:** The Office of Climate Resilience leads the City's effort to prepare Philadelphia for the unprecedented challenge of climate change by assessing and communicating climate risk; developing actionable climate information and advancing policy and programmatic transformations to reduce risk; and stewarding place-based, community-led initiatives to increase resilience to extreme weather events, protecting residents and improving their quality of life.

**FY25 Strategic Goals:**

- Facilitate community-driven action in Eastwick that addresses climate vulnerabilities as part of a broader framework for rectifying social and environmental injustice.
- Share actionable climate risk information and social vulnerability data to support climate-informed decision-making, reduce vulnerability to hazards, and maximize resilience.

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- Continue management of the Flood Risk Management Task Force and begin new management of the Clean Waters Task Force.

**FY25 Performance Measures:**

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of municipal projects that embed climate resilience-building activities that reduce identified vulnerabilities	2	2	2
Total grant funding available to address inequities that climate impacts exacerbate and build capacity for community resilience	\$150,000	\$230,000	\$230,000
Number of place-based initiatives that increase adaptive capacity and/or reduce exposure risk to climate impact through collaborative partnerships and community-based management	2	2	2

**Other Budgetary Impacts: Federal and State (Where Applicable)**

The Office of Sustainability will pursue all available avenues to scale our capacity to meet this once-in-a-generation opportunity to secure federal funding through the Biden administration, including the Inflation Reduction Act, the Bipartisan Infrastructure Law, and other resources as appropriate. The infusion of federal dollars will bolster the health, energy affordability, environmental justice, and climate change activities of the Office, much of which is already supported by federal, state, and philanthropic funding.