



Resource Reallocation & Maximization + Budget Governance

May 17, 2023



Agenda



2 - 3 p.m. ET - Resource Reallocation & Maximization

- Learn concepts towards aligning municipal resources to climate priorities through the PBB Blueprint + Insights framework

3 - 3:30 p.m. ET - Budget Governance & Climate Action

- The cost of inaction
- Financial impacts from climate-related risks and opportunities
- ESG disclosure and impacts on credit ratings
- Collaboration structures between financial and sustainability staff that align with climate action plans and annual fiscal decision-making

3:30-4 p.m. ET - Breakout Discussions on Budget Governance & Climate Action



Budget Governance

The cost of inaction

Direct costs

- Increase repair and replacement costs of hard infrastructure
- Increased operations and maintenance costs due to increased wear and tear
- Decreased opportunity to invest in a clean energy future

Indirect costs

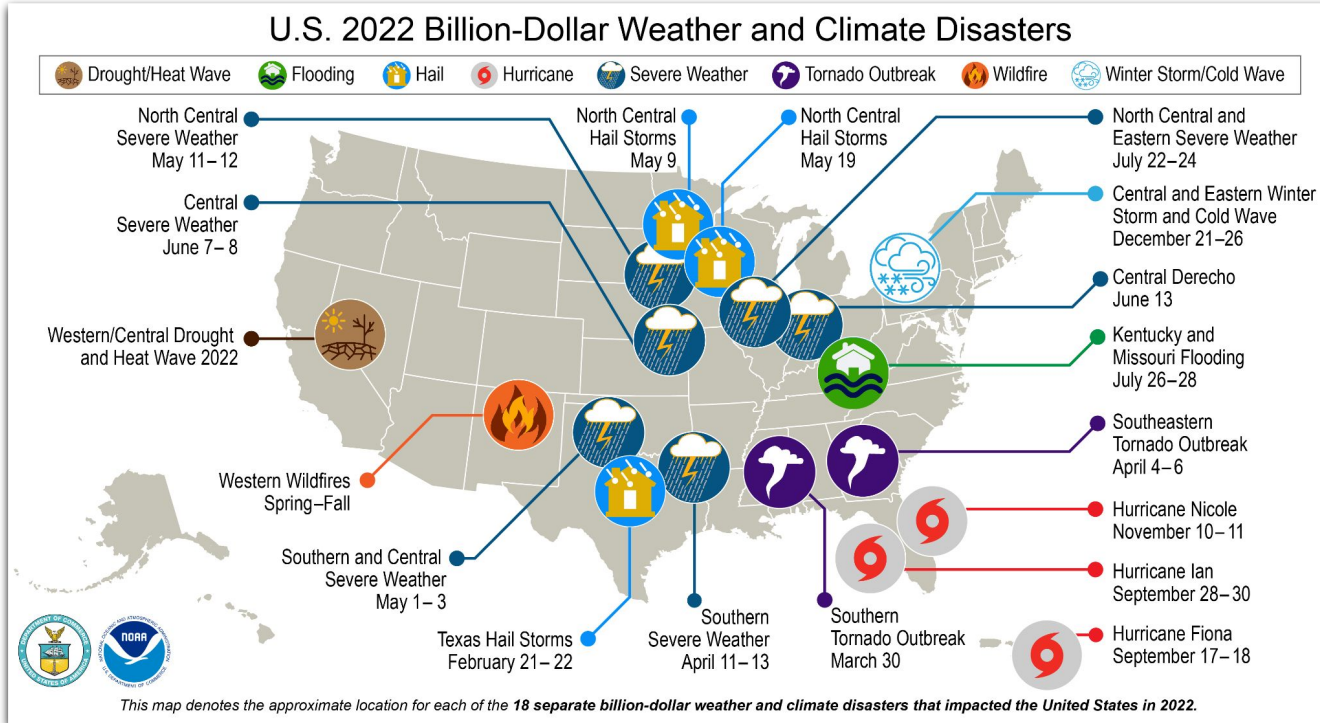
- Increased municipal service disruptions
- Increased supply chain disruptions due to damaged infrastructure



<https://earthobservatory.nasa.gov/images/149286/colorado-faces-winter-urban-firestorm>

Budget Governance

The cost of inaction



In 2022, the United States experienced 18 separate weather or climate disasters that each resulted in at least \$1 billion in damages. NOAA map by NCEI.



Budget Governance

The cost of inaction

resourceX
Let **data** lead the way



Re-defining “cost” assessments

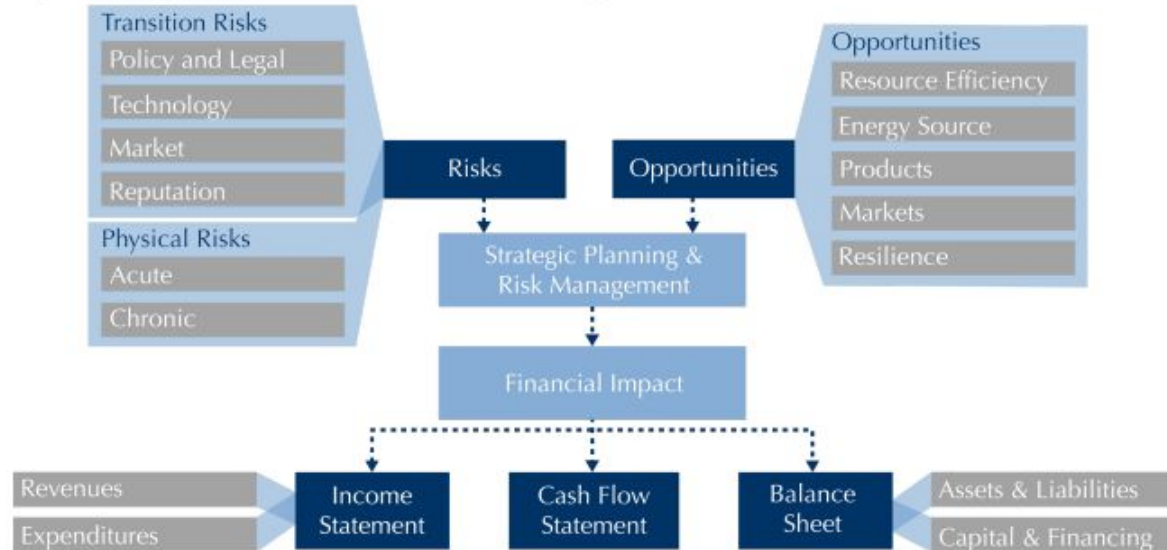
- **Social costs** (e.g. physical and mental health costs of extreme weather events)
- **Ecological costs** (e.g. loss of ecosystem services due to damage to natural infrastructure)
- **Local cost data** (economic, is the most important content for building a business case for climate action)



Budget Governance

Climate-related risks and opportunities

Figure 1: Impacts of climate-related risks and opportunities



This diagram shows how climate-related risks and opportunities can result in positive or negative financial impacts that affect an organization's financial position or performance.

Source: Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures

Budget Governance

ESG disclosure and impacts on credit ratings



GFOA recommends that governments evaluate the development and disclosure of information regarding the primary environmental, social, and governmental risks applicable to municipal issuers and their bonds in their preliminary and final official statements used in connection with bond sales and in other voluntary disclosure.

[GFOA ESG Disclosures article link](#)



Budget Governance

ESG disclosure and impacts on credit ratings



Environmental - The increase in the number of extreme weather events in recent years has raised public awareness about climate change. Investors and rating analysts are not just looking to see if risks are present, but also want information regarding what plans a government has to address these risks.

Social - It is important for issuers to consider the social factors that are challenging their community and decide if any have a connection to repayment of their bonds or could negatively impact operations or financial position over the term of its debt.

Governance - Governance factors have always been a part of government management, operations, and finances. Governance includes governmental decision-making, policies, legal requirements, organizational structure, and financial and budget management practices.



Budget Governance

ESG disclosure and impacts on credit ratings



Why is ESG important to state and local government?

Issuers of governmental securities should be aware that there could be credit rating differentiation depending on their approach to addressing ESG factors. Without clear ESG information—either through a rating agency report or disclosures—potential buyers of municipal bonds are likely to conduct their own ESG analysis, which may not include all relevant information or context that a government can provide especially regarding steps taken to mitigate these risks. These factors should serve as motivation for governments issuing municipal bonds that are still questioning if ESG should be considered for their disclosure practices, to invest the time to explore the subject, consider its application, and communicate their efforts to address challenges, specifically with regard to climate change and other environmental risks of the ever-changing world. The importance and content of ESG disclosure will vary depending on the geographic location and unique demographics of each government. In cases where a government does not have any E-environmental concerns or risks, the government should consider discussing that position in their disclosure documents.



Budget Governance

ESG disclosure and impacts on credit ratings



Cities

Our cities are changing. As home to more than half the world's population, they are where the fight against climate change will be won or lost. More than ever, local governments and their cities – of all shapes and sizes - around the world are leading the way to a net-zero and resilient future. We need to move even faster.

CDP-ICLEI Track is the world's leading city climate reporting platform

CDP-ICLEI Track is the world's leading climate reporting platform and progress accountability mechanism for cities. Tracking over 1,100 cities' climate action in 2021. These cities are reporting over 8,000 urban sustainability actions (such as energy efficiency and increased green spaces). CDP-ICLEI Track also measures their progress on the UN-backed climate campaigns, Race to Zero and Race to Resilience, which bring cities, businesses and investors together to create a zero-carbon and resilient future. Through CDP-ICLEI Track, cities are also able to report to several initiatives such as numerous ICLEI initiatives, C40, WWF and Global Covenant of Mayors at the same time.

2022 Cities A List include: Columbus and New York City!



Budget Governance

Alignment of climate action and fiscal budgeting

Palm Beach County Board of County Commissioners

VISION, MISSION, VALUES, GOALS & STRATEGIC PRIORITIES

Core Values

- FUNDAMENTAL COMPETENCE**
Trainings, tools, and professional development.
- UNWAVERING COMMITMENT**
Do the right thing for the right reasons for our residents.
- CREATIVE LEADERSHIP**
Explore fresh approaches with an open mind.
- INTERACTIVE COMMUNICATION**
Share information, listen attentively, provide feedback.

OUR VISION
Think strategically and anticipate the future. Ensure that decisions we make today will have lasting value.



Palm Beach County
Board of County Commissioners

OUR MISSION
To drive a continuous improvement culture of excellence that achieves a measurably high level of public satisfaction.

OUR GOALS
Customer Focus
Performance Measures
Empowerment
Continuous Quality Improvement
Cost Efficiency

Strategic Priorities

- ECONOMIC DEVELOPMENT**
- HOUSING & HOMELESSNESS**
- ENVIRONMENTAL PROTECTION**
- INFRASTRUCTURE**
- PUBLIC SAFETY**
- SUBSTANCE USE & BEHAVIOR DISORDERS**

For more information, please contact Dr. Keith A. Clinkscale, OFMB Strategic Planning and Performance Management Division Director, at (561) 355-4075.



Cross-Departmental Teams

	ECONOMIC DEVELOPMENT	HOUSING/ HOMELESSNESS	ENVIRONMENTAL PROTECTION	INFRASTRUCTURE	PUBLIC SAFETY	SUBSTANCE USE & BEHAVIOR DISORDERS
Airports	✓			✓	✓	
Community Services	✓	✓			✓	✓
Cooperative Extension	✓	✓	✓		✓	✓
Criminal Justice Commission		✓			✓	✓
Engineering & Public Works			✓	✓		
Environmental Resources Management			✓			
Equal Business Opportunity	✓					
Facilities Development & Operations	✓		✓	✓		
Fire Rescue	✓	✓		✓	✓	✓
Housing & Economic Sustainability	✓	✓		✓		
Human Resources	✓			✓		
Library	✓	✓		✓	✓	✓
Medical Examiner's Office						✓
Office of Community Revitalization	✓	✓	✓	✓		✓
Office of Resilience	✓		✓	✓		✓
OFMB	✓	✓	✓	✓	✓	✓
Palm Tran			✓	✓		
Parks and Recreation	✓	✓	✓	✓	✓	✓
Planning, Zoning & Building	✓	✓	✓	✓	✓	✓
Public Safety	✓	✓			✓	
Risk Management				✓	✓	✓
Tourist Development Council	✓			✓		
Water Resources			✓	✓		
Water Utilities	✓		✓	✓	✓	
Youth Services	✓	✓		✓	✓	✓

* Cross Departmental Teams for Each Strategic Priority

Budget Governance

Alignment of climate action and fiscal budgeting

“Local governments, in addition to leveraging financial resources, must also utilize their code and policy making capabilities to set standards for roads, buildings and land use tools.”

“Procurement capabilities are an untapped resource among many local governments to implement climate action and more equitable practices.”

2023



The Ambition Gap *From Intent to Implementation in Local Climate Action*

POLICY BRIEF



Local governments are not using all of their existing policy capabilities to support climate action.

Local governments, especially ICLEI members, are establishing audacious and necessary climate goals, but these entities are not realizing all of their policy or budget and financial capabilities to meet their intended climate ambitions. In addition to budget capacity, recognition of capabilities such as a municipality's purchasing capabilities can create direct and indirect impacts on a municipality's climate action plan. Similarly understanding tools such as codes, ordinances, or a municipality's climate action plan. Similarly understanding tools such as codes, ordinances, resident and business cooperation and the ability to communicate can help support and advance climate action.

Partnerships, and financial support is required to make such shifts. Local governments have considerable advocacy and other influencing channels that are not always utilized. These options from the interviews:

Local governments, in addition to leveraging financial resources, must also utilize their code and policy making capabilities to set standards for roads, buildings and land use tools. Procurement capabilities are an untapped resource among many local governments to implement climate action and more equitable practices.

Implementing climate action requires the creation of new systems of support and technical assistance that can support the needs of local governments and build their ability to leverage resources.

Partnerships for local government-serving partners: A network of service providers, service partnership network that enables financial, technology, and project management services to advance members' climate plan implementation.

Partnerships for local governments: Local governments need the alignment of budgetary and staffing resources and policy tools to be able to meet the objectives of climate plan objectives.



THE AMBITION GAP: FROM INTENT TO IMPLEMENTATION IN LOCAL CLIMATE ACTION — 15

Budget Governance



In breakout groups, discuss the following questions regarding your proposed priority projects.

- What are the specific roles and responsibilities of sustainability, budget/finance and procurement teams to support implementation of climate action?
- Has your organization discussed and evaluated climate-related risks?
- Has your organization done any work to quantify potential costs associated with climate-related risks and opportunities?
- Has your organization been approached or contacted by credit-rating agencies?
- Do you need any specific additional support from ICLEI USA/ResourceX to further develop implementation plans?

Priority Project Homework



Evaluate and identify resource reallocation and maximization opportunities in your organization. Continue building priority project(s) implementation plans with a focus on project funding.

Begin evaluating current operating programs + capital projects with a focus on:

- Sourcing (reallocation)
- Efficiencies (reallocation)
- Service Levels (reallocation)
- Fees & Charges (maximization)
- Grant Funding (maximization)
- Taxes & Rates (maximization)

Read:

[Climate-Related Financial Risks & Opportunities](#)

[How Cities Are Repurposing Funds to Invest in Impact](#)

