

1 [Accept and Expend In-Kind Gift - Deloitte Tax LLP - Climate Tax Advisory Services -
2 Estimated up to \$112,089]

3 **Resolution authorizing the Environment Department to accept and expend an in-kind**
4 **gift of pro bono tax services, with an estimated value of \$112,089 for a term of**
5 **engagement effective upon approval of this Resolution through May 31, 2025, provided**
6 **by Deloitte Tax LLP, to help the City identify opportunities to obtain federal tax credits**
7 **for qualifying sustainability activities, and authorizing the Director of the Environment**
8 **Department or the Director’s designee, to enter into and execute the agreement, and**
9 **amendments thereto, consistent with the proposal and necessary to carry out the**
10 **purpose of the agreement or this Resolution, as defined herein.**

11
12 WHEREAS, The Inflation Reduction Act of 2022 (IRA) is a comprehensive federal
13 legislative package designed to significantly enhance the United States’s (U.S.) ability to fight
14 climate change, and represents the largest federal investment in climate and clean energy to-
15 date; and

16 WHEREAS, The IRA aims to cut greenhouse gas emissions 40% by 2030 by building
17 on prior city progress and supporting climate justice communities; and

18 WHEREAS, The IRA dedicates \$369 billion to climate and energy initiatives and
19 includes grant funding and incentives for electric vehicles, building efficiency, appliance
20 electrification, and pollution reduction rebates; and

21 WHEREAS, The IRA is poised to support San Francisco in achieving its ambitious net-
22 zero emissions target by 2040 through greenhouse gas reductions, the creation of healthier
23 living environments, and job growth; and

1 WHEREAS, The Department of the Environment (“Environment Department”) has
2 already secured three federal grants since 2023 for approximately \$2,000,000, some of which
3 is sourced from the IRA; and

4 WHEREAS, The Environment Department has been facilitating efforts to enable the
5 City to benefit from non-grant IRA funds available to incentivize governments to electrify, use
6 renewable energy, decarbonize buildings and fleets, and improve energy efficiency; and

7 WHEREAS, City government projects and purchases are eligible to tap into a newly
8 available pool of federal funds made possible by the IRA’s “Elective Pay”, or “Direct Pay”
9 provisions; and

10 WHEREAS, The Internal Revenue Service (IRS) describes Elective Pay as allowing
11 “applicable entities (as defined), including tax-exempt and governmental entities that would
12 otherwise be unable to claim these credits because they do not owe federal income tax, to
13 benefit from some clean energy tax credits by treating the amount of the credit as a payment
14 of tax;” and

15 WHEREAS, Deloitte Tax LLP (“Deloitte”) will provide the City with ad hoc tax consulting
16 and advice on what sustainability projects or programs qualify for “Direct Pay,” but will not
17 provide legal advice or receive any confidential information in the course of the project; and

18 WHEREAS, Deloitte services may include the following: 1) Education - educate City
19 personnel and partners through ad hoc trainings and workshops related to tax credits and
20 incentives; 2) Planning and Project Scope - work with City personnel to assist in planning and
21 general tax guidance related to state and federal tax credits, incentives, and grants that may
22 be available for each capital expenditure project, with a focus on tax credits that qualify for
23 “Direct Pay” under Section 6417 of the Internal Revenue Code; and 3) Strategic Analysis –
24 evaluate San Francisco's ownership of qualifying renewable energy assets, consider tax
25

1 structuring options, gather requirements to qualify for increased credit amounts under the IRA
2 for each project, and offer support to address potential barriers to maximizing benefits; and

3 WHEREAS, At the end of the Strategic Analysis phase, Deloitte will summarize the
4 findings regarding the potential considerations, opportunities, and benefits identified and
5 present a summary to the City and County of San Francisco; and

6 WHEREAS, The gift does not require an ASO amendment; and

7 WHEREAS, No indirect costs are included by the Environment Department to
8 maximize the value of the pro bono legal services; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby waives inclusion of indirect costs in
10 the gift budget; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors approves the acceptance and
12 use of an in-kind gift of pro bono tax advisory services, with a value estimated up to \$112,089
13 provided by Deloitte to support the City and County of San Francisco in identifying and
14 obtaining tax credits and incentives related to qualifying sustainability activities; and, be it

15 FURTHER RESOLVED, That the Director of the Environment Department or the
16 Director's designee is authorized to enter into and execute the engagement letter agreement
17 with Deloitte ("Agreement"), an unexecuted draft of which is included in the official file for this
18 Resolution, including a provision that authorizes Deloitte and its affiliates to use the
19 Environment Department and/or City's name as part of a general client list, and in other
20 publicity, advertising and promotional materials, a draft of which Agreement is included in the
21 official file for this Resolution; and, be it

22 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
23 executed by all parties, the Environment Department shall provide a copy of the executed
24 Agreement to the Clerk of the Board of Supervisors for inclusion in the official file for this
25 Resolution.

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Recommended:

Approved: /s/ _____

Mayor

/s/ _____

Approved: /s/ _____

Department of the Environment
Department Head

Controller



City and County of San Francisco

Tails Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 240836

Date Passed: October 01, 2024

Resolution authorizing the Environment Department to accept and expend an in-kind gift of pro bono tax services, with an estimated value of \$112,089 for a term of engagement effective upon approval of this Resolution through May 31, 2025, provided by Deloitte Tax LLP, to help the City identify opportunities to obtain federal tax credits for qualifying sustainability activities, and authorizing the Director of the Environment Department or the Director's designee, to enter into and execute the agreement, and amendments thereto, consistent with the proposal and necessary to carry out the purpose of the agreement or this Resolution, as defined herein.

September 25, 2024 Budget and Finance Committee - RECOMMENDED

October 01, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240836

I hereby certify that the foregoing Resolution was ADOPTED on 10/1/2024 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

10/3/24

Date Approved