

DOCKETED

| | |
|-------------------------|---|
| Docket Number: | 22-BSTD-07 |
| Project Title: | Local Ordinance Applications Exceeding the 2022 Energy Code |
| TN #: | 266545 |
| Document Title: | City of Mill Valley Ordinance 1360 Staff Report |
| Description: | Plain text of City of Mill Valley Ordinance 1360 staff report |
| Filer: | Anushka Raut |
| Organization: | California Energy Commission |
| Submitter Role: | Commission Staff |
| Submission Date: | 10/13/2025 2:50:28 PM |
| Docketed Date: | 10/13/2025 |



STAFF REPORT

TO: Mayor and City Council

FROM: Danielle Staude, Principal Planner
Grace Ledwith, Sustainability Coordinator

VIA: Patrick Kelly, Planning & Building Director
Emil Dilanian, Building Official

SUBJECT: Introduction of an Ordinance to Amend Title 14 (“Buildings and Construction Code”) of the Mill Valley Municipal Code (MVMC)

DATE: August 11, 2025

Approved for Forwarding:

Todd Cusimano, City Manager

Issue: First Reading and Introduction of an Ordinance to Amend Title 14 (“Buildings and Construction Code”) of the Mill Valley Municipal Code (MVMC) to: 1) add a new Section 14.05.021.1 to Chapter 14.05 (“Construction Codes”) amending the 2022 California Energy Code to require higher energy performance for certain single-family projects through various options; 2) amend Table 1 of Section 14.48.040 of Chapter 14.48 (“Green Building Standards”) to clarify energy requirements for single-family residential projects; and 3) find that the adoption of the Ordinance is exempt from environmental review pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), 15307 and 15308.

Recommendation: After reviewing all information, presentations, and public testimony, that City Council introduce the proposed Ordinance (**ATTACHMENT 1**) by title only, and waive further reading of an Ordinance to:

1. Amend MVMC Title 14 (“Building and Construction”), Chapter 14.05 (“Construction Codes”) to add new Section 14.05.021.1 amending the 2022 California Energy Code to require higher energy performance for certain Single-Family projects through various options;

City Council Staff Report

Subject: Green Building Energy Reach Code Ordinance

Date: August 11, 2025

2. Amend Table 1 of Section 14.48.040 of Chapter 14.48 (“Green Building Standards”) to clarify energy requirements for single-family residential projects; and
3. Adopt Findings of Fact supporting the MVMC Codes Amendments and find that the adoption of the Ordinance is exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3), 15307 and 15308.

Background: The California Building Standards Code (Title 24 of the State of California Code of Regulations) is updated and published on a three-year cycle. The California Building Standards Commission publishes the triennial codes, and State law mandates that these codes become effective throughout California 180 days after the publication date. The current (2022) cycle of State building codes became effective on January 1, 2023. Local jurisdictions may amend the published codes to address local climatic, geological, or topographical conditions. These amendments are called reach codes because they exceed or “reach” beyond the requirements of the State’s base code.

In 2022, Marin County staff led the development of a set of three reach codes:

1. All-electric new construction,
2. Single-family remodel energy reach code, and
3. Enhanced electric vehicle (EV) requirements for new construction and certain remodels.

The County conducted an extensive engagement process during code development, including a technical advisory committee with the City building officials, focus group interviews with various developers including builders of affordable housing, a community survey, and a public workshop.

The City’s Climate Action Plan (CAP) was updated and adopted in 2024 and indicates that the City will work collaboratively with other local jurisdictions to consider reach codes to simplify regulations for local contractors and builders that may be conducting work in various communities while also achieving the intended results of reducing GHG emissions for the community. During the CAP update outreach was conducted as part of updating the CAP measures. See “General Plan Compliance” Section for details.

At the January 2024 City Council retreat, staff recommended waiting until the new building code update to address green building requirements, however, due to recent legislation staff recommends adopting the Ordinance this month. Assembly Bill (AB) 130, which went into effect immediately upon signature by the Governor on June 30, 2025 imposes a moratorium on local reach code provisions applicable to residential units from October 1, 2025 to June 1, 2031, unless one of six exceptions apply. See “AB 130 Compliance” Section for details. As such, this Ordinance builds upon interests expressed in the City’s recently adopted Climate Action Plan and City Council direction. Included in the proposed Ordinance is a “reach” code amending the 2022 California Energy Code to address single-family building remodels. The proposed regulations focus on Single-Family renovations, as the majority of Mill Valley’s land use is Single-Family, resulting in the majority of building permit activity focusing on construction and renovations to single-family homes.

City Council Staff Report

Subject: Green Building Energy Reach Code Ordinance

Date: August 11, 2025

In addition to reducing emissions now, the proposed reach code contains measures that can help residents reduce emissions more easily in the future by requiring electric readiness measures for projects that include a laundry room or kitchen remodel, or an electrical service panel upgrade, to prepare for future installation of electric appliances. By installing electric infrastructure when it is most cost-effective, during major renovations, residents will be well positioned to transition to electric appliances and vehicles in the future.

The proposed reach code can also help Mill Valley prepare for state and regional regulations that will be going into effect in the coming years. The California Air Resources Board (CARB) will require all space and water heaters sold in the state to be zero-emission by 2030 in order to meet federal health-based standard for ozone, a major component of smog. This requirement will be implemented sooner in the Bay Area, with the Bay Area Air Quality Management District (BAAQMD) ruling that all water heaters sold or installed in the Bay Area must be zero-emission by 2027, and space heaters by 2029. The electric readiness measures in the proposed reach code can help prepare residents for these upcoming regulations by requiring electrical wiring and/or capacity improvements during planned renovations, making the transition to electric appliances easier and less costly in the future.

(Note that after further evaluation and discussion, staff has removed Electric Vehicle Readiness Reach Code from the discussion and proposed Ordinance based on new 2025 Building Code regulations that meets and/or exceed existing reach code standards).

Discussion: Based on state law, Staff has prepared an Ordinance (**ATTACHMENT 1**) for Council consideration to allow the City to maintain its interest and ability to apply a building “reach code” this cycle.

A summary of Green Building requirements by project type is provided in **ATTACHMENT 2** to illustrate the proposed changes, particularly for single-family residential construction projects. Redlines to the State Code are provided in **ATTACHMENT 3**.

New Section 14.05.021.1: Energy Efficiency and Electrification “Reach Code” (Attachment 1, Section 2, lines 82-199)

The Ordinance focuses on single-family building remodel energy reach code, which represent amendments to the 2022 California Energy Code for Single-Family renovations of 500 square feet or more. As noted in the “background” section above, the majority of Mill Valley’s land use consists of single-family homes (approximately 5,400 existing single-family units with almost 87% of these homes built before 1978), thus making the energy efficiency of these buildings the most impactful means of the community achieving its emissions reduction targets. The CAP indicates that emissions would be reduced by 2,651 MTCO₂E, representing approximately 15% of the total share of emissions reductions strategy for Mill Valley. Additional analysis and anticipated savings in terms of energy efficiency and cost savings is provided in the “Energy Efficiency and Financial Impact” Section below.

City Council Staff Report
Subject: Green Building Energy Reach Code Ordinance
Date: August 11, 2025

Summarized below are the new requirements outlined in the Draft Ordinance.

Requirements. The proposed energy reach code requires that additions and alterations which equal or exceed 500 square feet of floor area in single-family homes satisfy the following items as part of the proposed project:

1. Illustrate that the home includes energy and electrification measures by achieving a target energy savings score of 6 points (Attachment 2, Table 1). The code provides a list of energy efficiency and electrification measures that homeowners may select from to meet the target energy score (6 points based on climate zone 3). The measure options include improvements such as increasing attic and water heater insulation, replacing gas appliances with electric heat pump appliances, and solar plus electric readiness measures. Measures that already exist in the home may be counted towards meeting the target score if they meet the requirements specified in the Ordinance. Projects that include a laundry room or kitchen remodel, or an electrical service panel upgrade, must also install electric readiness measures to prepare for future installation of electric appliances.
2. Install LED lightbulbs, if not already present, and photocell controls on exterior lights (Attachment 2, Tables 1 and 2).
3. Include electric panel capacity for certain projects, such as those projects that include laundry room and/or kitchen remodels.

Exemptions. The proposed reach code includes several exemptions (Attachment 2, line 62-93) to provide flexibility, including waiving the reach code requirements for:

- Buildings constructed on or after January 1, 2011 are exempt from all requirements, as these buildings are substantially more energy-efficient than older buildings.
- New Junior and Accessory Dwelling Units.
- Mobile Homes or Manufactured Homes.
- Low-income residents. Residents enrolled in the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) Programs are exempt from meeting the target energy savings score but must still install lighting and water heater insulation measures.
- Hardships/Limited Scope of Work. The Building Official also has the authority to reduce or waive requirements in unique situations where compliance is technically or economically infeasible.

Target Levels. The County's reach code sets slightly different target and measure scores for each of the two Climate Zones in Marin County. Staff has developed the proposed checklist based on the values set for Climate Zone 3, which Mill Valley is part of.¹ For each Climate Zone, the County's code sets just one target score for all buildings built before 2011. Climate Zone 3 is

¹ The California Energy Commission determines these climate zones: <https://www.energy.ca.gov/programs-and-topics/programs/building-energy-efficiency-standards/climate-zone-tool-maps-and>.

City Council Staff Report

Subject: Green Building Energy Reach Code Ordinance

Date: August 11, 2025

considered more moderate in terms of temperature fluctuations and therefore has a lower target score. The target score of six points aligns with other jurisdictions in Climate Zone 3, including some of the unincorporated areas of Marin County and Tiburon.

Assessment of Square Footage during Renovations. For consistency, staff plans to calculate added/altered square footage using the same methodology that the Fire Department uses when determining whether fire sprinklers are required in major remodels. Alterations such as moving or replacing a wall and removing drywall or other wall coverings would cause the affected floor area of adjacent rooms to be counted towards the 500 square foot threshold. As noted above, there are exemptions for those renovation projects that may trigger the 500 square feet threshold but are limited in scope. The 500 square foot threshold was selected after discussion with staff at the County of Marin, as they intend to modify their regulations to consider 500 square feet with the 2025 Building Code Update. City staff will revisit the 500 square feet, should the County threshold not change.

Clarification of Green Building Requirements for Single Family Renovations (Attachment 1, Section 3, lines 200-206)

Based on the new reach code requirements, the proposed ordinance updates Table 1 in MVMC Section 14.48.040 to reflect the new energy efficiency requirements for qualifying single-family projects. See redlines below.

| MVMC Section 14.48.040: Requirements by Project Type and Size | | | |
|--|---|---|--|
| Project Type and Size | CalGreen Building Requirements | Additional Energy Efficiency Requirements | Electric Vehicle Readiness Requirements |
| Single-and Two-Family Additions and Alterations less than 1,200 square feet | CALGreen Mandatory | Meet the standards outlined for the project in the 2022 Building Energy Efficiency Standards. <u>Those projects that are 500 square feet or greater must also satisfy requirements identified in Section 14.05.021.1</u> | If the project is upgrading the main electrical service panel, comply with CALGreen Measure A4.106.8.1 |
| Single-and Two-Family Additions and Alterations 1,200 square feet or greater | CALGreen Tier 1 less Section A4.2 (Energy Efficiency) | Meet the standards outlined for the project in the 2022 Building Energy Efficiency Standards <u>and satisfy requirements identified in Section 14.05.021.1</u> | |

Note: Staff intends to further update the square footage thresholds identified in Table 1 as part of 2025 Code update but recommends making minimal edits, focused on the new regulations contained in the reach code (e.g. requirements for projects that are 500 square feet or more).

City Council Staff Report

Subject: Green Building Energy Reach Code Ordinance

Date: August 11, 2025

AB 130 Compliance. Pursuant to AB 130, the City cannot make amendments to State Building Codes, including the State Energy Code, that apply to residential units from October 1, 2025 to June 1, 2031 unless an exception applies. The following two exceptions are relevant to the proposed reach code:

- 1) Health & Safety Code Section 17895.5(c)(1): “The changes or modifications are substantially equivalent to changes or modifications that were previously filed by the governing body of the city or county and were in effect as of September 30, 2025.”

The proposed reach code requires a first and second reading before Council and becomes effective thirty (30) days after approval. Because the proposed Ordinance amends the State Energy Code, the City must send the approved Ordinance to the California Energy Commission (CEC) for review and approval. Once the City receives CEC approval, it can begin enforcing the Ordinance. Therefore, if the proposed reach code proceeds to a second reading and is approved by Council on August 18, the Ordinance will take effect prior to September 30, 2025. Enforcement of the Ordinance will begin upon approval of the reach code by CEC. Because CEC approval may take up to three months, staff intends to utilize the 2025 timeframe for outreach and education with enforcement beginning in 2026 with the adoption (and CEC approval) of the 2025 Code update. This approach will provide adequate time for building staff and plan checkers to understand the regulations and establish process for compliance.

- 2) Health & Safety Code Section 17895.5(c)(5): “The changes or modifications are necessary to implement a local code amendment that is adopted to align with a general plan approved on or before June 10, 2025, and that permits mixed-fuel residential construction consistent with federal law while also incentivizing all-electric construction as part of an adopted greenhouse gas emissions reduction strategy.”

On October 7, 2013, the City Council of the City of Mill Valley approved the Mill Valley 2040 General Plan (“General Plan”). On May 6, 2024, the City Council updated the Climate Element of the MV2040 General Plan and approved the Mill Valley 2030 Climate Action Plan (“CAP”). The General Plan and CAP among other things identify the City’s climate and environmental goals, including GHG reduction goals and strategies. The adopted 2030 CAP and Climate Element update the City’s emission reduction strategy, with a goal to reduce emissions 47% below 1990 levels by the year 2030.

The Climate Element also contains policy guidance directing the City to “utilize the City’s CAP to identify and implement strategies to reduce community-wide and municipal emissions” (Climate Element, Policy CL.6). Under this policy direction, the General Plan’s Climate Element directs the City to establish greenhouse gas reductions that meet or exceed statewide goals (CL.1-1); implement measures in the City’s CAP to achieve GHG emissions that exceed statewide targets and support the State’s goals to achieve zero net energy by 2045 (CL.1-2) and update the CAP to incorporate new reduction targets, as needed (CL.1-3).

City Council Staff Report
Subject: Green Building Energy Reach Code Ordinance
Date: August 11, 2025

The proposed reach code therefore aligns with the City’s General Plan by requiring certain single-family residential projects to incorporate, from a list of menu options, various measures that promote electric readiness, energy efficient building, and permits mixed-fuel residential construction consistent with federal law. These regulations also align with CAP goal EE-C4 (“Green Building Reach Code”) and RE-C4 (“Electrification Incentives, Assistance, Education and Outreach”). See “General Plan” Section for additional details.

In addition, the proposed reach code promotes the use of mixed-fuel residential construction consistent with federal law and incentivizes all-electric construction as part of the City’s adopted GHG reduction strategy memorialized in the General Plan by encouraging the electrification of certain single-family residential projects through a flexible menu of options weighted in accordance with a measure’s impact on overall electrification, and requiring certain residential projects install infrastructure to allow for greater electrical capacity.

Equity Impact:

The proposed Ordinance aligns with several other jurisdictions including Marin County, San Anselmo, San Rafael, Tiburon and Corte Madera, see Table 1 below for details. There are also exemptions included in the proposed Ordinance to provide reduced requirements for those with financial hardships and/or scopes of work that may not warrant energy upgrades, see “Discussion” section above.

TABLE 1: SUMMARY OF ENERGY REACH CODES FOR SINGLE-FAMILY PROJECTS, BY JURISDICTION

| Jurisdiction | Single-Family “New Construction” ⁽¹⁾ | Single-Family Renovations “Additions and Alterations” | |
|--------------|--|--|---|
| | Applicable CalGreen Code | Energy Efficiency “Reach Code” | Qualifying Project(s) |
| Mill Valley | Tier 1, with energy (10% over base code) | Tier 1 | Major Remodel (50% or more of SF/demo walls) |
| Marin County | Tier 1 | Flex Compliance | >750 SF *possible 500 SF in November >200 SF >750 SF *possible 500 SF in August >750 SF >500 SF >750 SF or Major Remodel>50% |
| Fairfax | Tier 1, with energy | | |
| Tiburon | Tier 1 | | |
| Corte Madera | Base Code (no Tier) | | |
| San Rafael | Based Code (no Tier) | | |
| San Anselmo | Tier 1 | | |
| Larkspur | Tier 1, with energy | Tier 1 | Major Remodel (50% or more of SF/demo walls) |

- (1) Many ordinances include major remodels in the “new construction” definition. Mill Valley’s definition of major remodels is 50%+ of (1) the current square footage a dwelling; or (2) the current exterior roof structure and exterior walls of a dwelling.
- (2) Larkspur has not yet adopted Tier 1 standards and is currently pursuing adoption before the September 30 deadline by introducing two ordinances that amend the 2022 Edition of the California Building

City Council Staff Report
Subject: Green Building Energy Reach Code Ordinance
Date: August 11, 2025

Standards Code, Title 24, California Code of Regulations and adopt the 2025 Edition of the California Building Standards Code, Title 24, California Code of Regulations.

Energy Consumption, Cost Effectiveness and Financial Impact: As noted above, the proposed Ordinance has been prepared based on General Plan, CAP and City Council direction. The proposed reach code is intended to reduce certain single-family residential building to be designed to consume less energy than permitted by the California Energy Code. This is supported by detailed analysis provided in ATTACHMENT 4 and Appendix B of the City's CAP.

In terms of financial impact to residents, the State of California requires that any reach code be cost-effective over the lifetime of the measure. The Statewide Reach Codes Team has completed studies demonstrating the code's cost effectiveness (see ATTACHMENT 4). The upfront cost of compliance varies significantly depending on home features and which energy efficiency and/or electrification measures are selected by the homeowner. However, the cost of compliance with this reach code is expected to comprise a small percentage of overall project cost for most renovation projects. As noted above in the "Equity" Section above, the proposed Ordinance also includes exemptions for those projects with limited scopes of work and/or homeowners/occupants that qualify as low-income as part of PG&E programs.

The energy reach code contains electric readiness measures for projects that include a laundry room or kitchen remodel, or an electrical service panel upgrade, to prepare for future installation of electric appliances. The EV reach code is focused on adding conduit and electrical infrastructure for future installation of EV charging stations. By installing electric infrastructure when it is most cost-effective, during major renovations, residents and businesses will be well positioned to transition to electric appliances and vehicles in the future.

In terms of financial impact to the City, staff training and outreach/education will be required as part of implementing the proposed reach codes.

Environmental Impact (CEQA):

This action is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) in that the standards set forth in the Ordinance are more protective of the environment than the California Energy Code standards, and there is no possibility that the activity in question may have a significant effect on the environment. As a separate and independent basis, this action is exempt from CEQA pursuant to CEQA Guidelines Section 15307 and 15308 in that the standards set forth in the Ordinance assure the maintenance, restoration, enhancement or protection of natural resources and the environment.

For energy efficiency and emissions reductions, see "Energy Consumption and Cost Effectiveness" Section above.

City Council Staff Report
Subject: Green Building Energy Reach Code Ordinance
Date: August 11, 2025

Community Input:

The City updated its Climate Action Plan and corresponding policies and programs contained in its General Plan's Climate Element in 2024. A taskforce was assembled to update the reports and include many forms of outreach as part of the update process, including task force meetings, Planning Commission hearings and City Council adoption in May 2024. City Council has also discussed reach codes at its public retreat in January 2025 and regularly scheduled meeting of July 21, 2025. County-wide outreach has also occurred on various topics as part of collaboration meetings with Building Officials and various state officials. Staff intends to utilize the remaining months in 2025 for education and outreach, followed by re-adoption of the proposed reach codes in 2026 with the adoption of the 2025 Building Code, as required by law.

General Plan Consistency:

Reach codes are one strategy that can help the City reach its goal of reducing greenhouse gas (GHG) emissions 47 percent below 1990 levels by 2040, as set forth in the City's Climate Action Plan, adopted in 2024. According to the City's 2020 GHG inventory, the two largest sources of emissions in Mill Valley are transportation, at 56 percent of emissions, and building energy use, at 38 percent of emissions. The proposed code changes address these two major sources of emissions by requiring energy savings in homes and increasing EV charging infrastructure during home renovation projects.

The proposed Ordinance specifically relates to Climate Element policy CL.6, directing the City to "utilize the City's Climate Action Plan to identify and implement strategies to reduce community-wide and municipal emissions" through the implementation of program CL.1-2 which states that the City will "implement measures in the City's CAP 2030 to achieve reductions in greenhouse gas emissions the exceed statewide targets, and to support the State's goal to achieve zero net emissions statewide by 2040."

The proposed regulations are consistent with those regulations in other surrounding jurisdictions (see Table 1 above) and is therefore consistent with General Plan Climate Element program CL1-1, which directs the City to "work with the State of California, County of Marin, local agencies, and energy providers to increase the proportion of renewable power used by residents and business and provide financial and technical assistance for clean energy installation and energy-efficiency upgrades throughout Mill Valley." Lastly, the draft Ordinance also encourages flexible compliance to encourage energy efficiency, as outlined in CL.1-5 of the Climate Element.

The Ordinance also complies with the following measures identified in the CAP:

RE-C1: Renewable Energy Generation and Storage

Update building codes, development codes, design guidelines, and zoning ordinances, as necessary, to further facilitate small, medium, and large-scale installations, where appropriate.

RE-C3(a): Building and Appliance Electrification for New Construction and Major Remodels

City Council Staff Report

Subject: Green Building Energy Reach Code Ordinance

Date: August 11, 2025

Study alternatives and draft regulations for Council consideration that require all new construction and major remodels to be all-electric. Explore opportunities to collaborate with the County and other Marin jurisdictions on the development of these regulations in conjunction with the triennial Building Code update, as legally permitted

RE-C3(b): Replacement of Natural Gas Appliances and Equipment on Burnout

Study alternatives and draft regulations for Council consideration that phase in requirements to replace natural gas appliances and equipment with electric appliances and equipment at time of replacement.

RE-C3(c): Replacement of Natural Gas Appliances and Equipment by 2030

Study alternatives and draft regulations for Council consideration that phase in requirements to replace all natural gas appliances and equipment with electric appliances and equipment by 2030.

EE-C4: Green Building Reach Code

Continue to adopt green building requirements for new and remodeled commercial and residential projects above the State building code.

EE-C5: Streamline Permit Process and Provide Technical Assistance

Coordinate with other Marin County jurisdictions to adopt consistent application requirements, where practicable.

Next Steps:

Upon second reading and adoption, staff will the ordinance to the California Energy Commission (CEC) and California Building, for review and approval, as required by law.

Should the proposed Ordinance be adopted, staff recommends utilizing the next six months as an education period to inform the building community about the new building code as well as the proposed Ordinance. Staff will then readopt the reach codes as part of the 2025 building code adoption process (required by law). Implementation and enforcement will then commence in January 2026 with the new building codes.

Attachments:

1. Draft Ordinance
2. Summary of Green Building Requirements, by Project Type
3. Redline of New Regulations– Expressly Marked Amendments for CEC Approval
4. Cost Effectiveness Analysis (output from the [Cost Effectiveness Explorer website](#) hosted by the California Energy Commission’s Codes and Standards Division and the 2022 CEC Cost Effectiveness Study for Existing Single Family Building Upgrades

Online Resources:

[Mill Valley 2040 Climate Element](#)
[2030 Climate Action Plan](#)