

DOCKETED

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Council Agenda Report

Department Name: Community Development
Cost Center: 4006
For Agenda of: July 7, 2020
Placement: Consent
Estimated Time: N/A

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SUBJECT: SECOND READING OF ORDINANCE NO. 1684 AND 1685 (2020 SERIES) INTRODUCED BY THE CITY COUNCIL ON JUNE 16, 2020, TO ADD LOCAL AMENDMENTS TO THE ENERGY CODE IN TITLE 15 AND TO AMEND TITLE 17 TO PROVIDE LIMITED TERM REGULATORY FLEXIBILITY TO SUPPORT ALL-ELECTRIC NEW BUILDINGS

RECOMMENDATION

1. Adopt Ordinance No. 1684 (2020 Series) implementing an Energy Reach Code entitled “Local Amendments to Part 6 (Energy) of the 2019 California Building Code” adding Chapter 15.04.110, entitled “Amendments – California Energy Code”, to the City’s Municipal Code (Attachment A); and
2. Adopt Ordinance No. 1685 (2020 Series) implementing regulatory flexibility through December 31, 2022 in support of the Clean Energy Choice Incentive Program (Attachment B); and
3. Direct staff to submit the approved local amendments and accompanying required submittal forms and information to the California Energy Commission to initiate the local amendments to California Energy Code review and approval process.

DISCUSSION

On June 16, 2020, the City Council voted 4 – 0 (Council Member Pease recused) to re-introduce Ordinance No. 1684 and introduce Ordinance No. 1685 (2020 Series), which amend Titles 15 and 17 respectively of the City’s Municipal Code, adding local amendments to the California Energy Code and amendments to the City’s Zoning Code in order to provide limited term regulatory flexibility for all-electric new buildings. The Ordinances were considered together with a Resolution that was re-adopted to establish a “Clean Energy Choice” policy that new buildings should be all-electric and that energy use in new buildings should not cause net additional greenhouse gas emissions. Also included in Council’s consideration are Clean Energy Choice program incentives outlining technical support, financial support, and communication support. Finally, the Council directed staff to monitor program progress and return in June 2021 for deliberation and consideration of a carbon offset program that would comprise the final component collectively referred to as the Clean Energy Choice Program for New Buildings.

Previous Council Action and Policy Context

Previous Council Action and Policy Context are described in detail in the June 16, 2020 Council Agenda Report that is also inclusive of the September 3, 2019 Council Agenda Report (Attachment C). The two ordinances proposed for adoption were introduced on June 16, 2020.

Public Engagement

The City conducted a thorough engagement process as outlined in the June 16, 2020 Council Agenda Report (Attachment C).

CONCURRENCE

The Office of Sustainability, Community Development, Fire Department, and Utilities Department concurs with the recommendations in this report.

ENVIRONMENTAL REVIEW

The Clean Energy Choice Program for New Buildings ordinances are categorically exempt from CEQA because they constitute actions taken by a regulatory agency for the purpose of protecting the environment (CEQA Guidelines Section 15308). In addition, these ordinances are exempt from CEQA under the General Rule, 15061(b)(3), on the grounds that these standards are more stringent than the State energy standards, there are no reasonably foreseeable adverse impacts, and there is no possibility that the activity in question may have a significant effect on the environment.

As supported by the 2019 Statewide Cost Effectiveness Studies, the Clean Energy Choice Program ordinances affect building energy performance to be cost-effective and consume less energy than permitted by Title 24, Part 6 and results in lower energy use. Further, the studies demonstrate that the ordinances would not result in an increase in the cost to develop housing. Additionally, the ordinances are expected to have a net benefit to the environment through the reduction in GHG emissions. The ordinances are limited in application to the construction of new buildings. The proposed Clean Energy Choice Program for New Buildings is supported by PG&E and there is no evidence that the electrical grid would be negatively impacted or that any effects on the electrical grid would impact public safety. Given that the State has a directive to go carbon neutral by 2045, the ordinances also fit within the statewide framework toward decarbonization that is already underway.

The ordinance to provide regulatory flexibility is additionally categorically exempt from environmental review under the Class 3 exemptions for (1) construction and location of limited numbers of new small facilities or structures (2) installation of small new equipment and facilities in small structures (15303 CEQA Guidelines).

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2020-21

Funding Identified: Yes/No

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$50,000			TBD
Total	\$50,000			TBD

The Clean Energy Choice Program for New Buildings is a 2019-21 Climate Action Major City Goal work task that is identified to be continued as responsive to the Economic Recovery Meta Goal and funding and staff resources are allocated in the 2020-21 budget. For next steps, staff will submit to the CEC and have the program ready for implementation, anticipated September 1, 2020. The \$50,000 figure presented in the Fiscal Analysis Table, above, represents encumbered funds for the technical support component of the Clean Energy Choice Incentive Program.

ALTERNATIVES

1. **No Action**. The City Council could decide to take no action on the proposed ordinances that implement the Clean Energy Choice Program for New Buildings. This action is not recommended because it would prevent the program from going into effect.
2. **Continue Discussion**. The City Council could continue consideration of this item to a future date. If the Council chooses this option, direction should be provided to staff regarding the additional information needed to make a decision on the item.

Attachments:

a - Ordinance No. 1684 (2020 Series)

b - Ordinance No. 1685 (2020 Series)

c – COUNCIL READING FILE – Council Agenda Report dated June 16, 2020