

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **February 1, 2022**

TO: Honorable Mayor and City Council
VIA: Bob Nisbet, City Manager
FROM: John Doughty, Public Works Director
TITLE: **BUILDING ELECTRIFICATION ORDINANCE**

RECOMMENDATION:

Conduct a public hearing, waive first reading, and introduce an ordinance adopting a new chapter 14.06 to the Half Moon Bay Municipal Code entitled "Electrification of Buildings."

FISCAL IMPACT:

Staff has estimated the direct fiscal impact of ordinance adoption to be approximately \$100,000. This cost is associated with the initial construction of the new all electric corporation yard. These costs will eventually be offset by use of solar energy. There will be some additional costs of administration, but these costs will be absorbed by the operating budgets of Community Development and Public Works.

As with any other major policy initiative, preparation of this Ordinance represents a significant commitment of time and effort. We estimate that the City has spent approximately 1,000 total staff hours to research and prepare the Ordinance. These costs have been borne by the City's General Fund.

STRATEGIC ELEMENT:

This action supports the Infrastructure and Environment and Healthy Communities and Public Safety Elements of the Strategic Plan.

BACKGROUND:

The City Council conducted a community study session on building electrification policy opportunities on February 2, 2021. Following community input, the City Council directed staff to prepare a draft ordinance that addressed the following policy areas:

1. No new Fuel Gas hookups; all new construction (residential and commercial) must be built all-electric

2. Any appliance that is replaced within an existing building must be replaced with an electric alternative
3. All Fuel Gas lines must be capped and/or decommissioned by January 1, 2045

A draft ordinance was prepared and released on April 22, 2021. Consistent with Council direction, the City initiated a robust public outreach effort between its release and September 15, 2021.

On September 21, 2021, the City Council conducted a study session to receive a report on community feedback on the draft ordinance. Due to extensive public comment and City Council discussion, the item was continued to October 5th for additional review and direction. During the October 5, 2021 Study Session, staff held a guided discussion with the City Council to address policy decision points necessary to update the draft ordinance and ready the document for introduction.

The City Council held a Public Hearing on November 16, 2021 in anticipation of introduction of the proposed Building Electrification Ordinance. The draft ordinance included edits based on direction from previous Study Sessions. More than 80 public comments at the hearing represented both support and opposition for the proposed ordinance. Following the public comment, City Council directed staff to make additional edits and continued the introduction of the proposed Ordinance to December 7, 2021.

On December 7, 2021, the City Council conducted a public hearing. Upon receipt of public comment and closing of the public hearing, the City Council introduced the revised ordinance and authorized the City Clerk to notice second reading and adoption for December 21, 2021.

On December 21, 2021, the ordinance was pulled from the Consent Agenda. Following public comment and extensive Council deliberation, the City Council voted 3-2 to not adopt the Electrification Ordinance. The vote included direction to staff to return to City Council with a revised Electrification Ordinance focused on “New Construction”.

For more information and background on this building electrification policy, please refer to the staff reports published for the [February 2, 2021 Study Session](#), [September 21, 2021 Study Session](#), [October 5, 2021 Study Session](#), the [November 16, December 7 and December 21, 2021 City Council Meetings](#). Links to all staff reports, attachments, staff presentations, and an FAQ on the proposed ordinance can also be found on the City’s [Building Electrification Webpage](#).

DISCUSSION:

In response to the City Council direction, Staff has updated the draft Electrification Ordinance to focus on “New Construction”. An overview of the provisions and Table summary follow:

1. New Construction Only. The ordinance no longer includes provisions related to remodel construction or replacement of fuel gas appliances in existing buildings. The Ordinance proposes to retain prior introduced provisions that require all new residential and non-

residential construction to be “All-Electric”. City staff will strongly encourage pre-wiring of remodels and excepted ADUs, but will not mandate all-electric.

New Construction Exceptions: The draft ordinance retains exemptions for Junior Accessory Dwelling Units (ADUs) and Attached ADU’s to eliminate conflict with prior remodel/burnout provisions.

2. “In-Process” Applicants for New Construction. Previously the City Council requested that staff include some flexibility for owners who may have invested in building plans and/or are in the process of applying for permits for any new Mixed-Fuel buildings prior to the ordinance introduction. Staff has retained the previously introduced provisions providing “in-process” applicants some flexibility to proceed with the construction of a Mixed-Fuel Building so long as the applicant Electrically Pre-Wires for future electric appliances and receives all necessary building permits before January 1, 2023.
3. Conversion to Mixed Fuel Buildings. The City Council previously directed that the electrification ordinance preclude the conversion of an All-Electric” building or unit to a mixed fuel building. Based upon direction given December 21, 2021, staff retained these provisions. The draft ordinance precludes the conversion of an All-Electric to Mixed-Fuel residence immediately upon effective date of the ordinance and no later than January 1, 2045 for non-residential and mixed use buildings. Non-Residential and Mixed-Use timing was the subject of significant deliberation and the City Council may wish to re-consider this issue in light of the transition away from remodel applicability. Prior versions included a delay in applicability of prohibition to January 1, 2025.
4. Termination of Gas Service. The draft ordinance includes provisions for terminating natural gas service to existing buildings by January 1, 2045. As noted previously, the provision would not affect mobile home parks that fall under State of California jurisdiction. Further, the City cannot preclude the conveyance of natural gas to areas outside of the City limits.
5. Greenhouses exemptions. During the public process, greenhouse owners/operators/employees made impassioned pleas to exempt greenhouses from the ordinance due to their unique operating conditions and critical economic benefit to the local economy. The December 7, 2021 draft ordinance included an exemption for existing greenhouses until January 1, 2030. The exemption was primarily in response to the ordinance applicability to remodels of existing buildings. In light of the removal of the remodel provisions, staff is recommending an exemption for all greenhouses (new or remodel) through January 1, 2045. This represents a change from prior direction which the City Council may wish to discuss.

6. Other exemptions. The draft ordinance retains two major exemptions from the prior drafts. First, the ordinance allows the Sewer Authority Mid-Coastside Sewer Plant to operate utilizing natural gas until January 1, 2045. Secondly, the ordinance includes the exceptions for propane to serve small, portable appliances outside the building.

Summary of Ordinance Provisions

Title	Description	Effective Date	Location in Draft
Requirement for All-Electric Newly Constructed Buildings	All newly constructed buildings must be built using all-electric design	30 days after Ordinance adoption	14.06.030
Conversion to Mixed-Fuel Buildings Prohibited (Residential)	No existing All-Electric Residential Buildings may be converted to a Mixed-Fuel Building	30 days after Ordinance adoption	14.06.040(A)
Conversion to Mixed-Fuel Buildings Prohibited (Non-Residential)	No existing All-Electric Non-residential buildings may be converted to a Mixed-Fuel Building	January 1, 2045	14.06.040(B)
Termination of Gas Services	All gas lines must be capped and/or decommissioned by January 1, 2045	January 1, 2045	14.06.050
<u>Exemption:</u> Commercial Greenhouses	Commercial Greenhouses are exempt from provisions until January 1, 2045.	<u>Expires</u> January 1, 2045	14.06.060(A)
<u>Exemption:</u> Wastewater Treatment Facilities	Wastewater Treatment Facilities are exempt from Ordinance until 2045.	<u>Expires</u> January 1, 2045	14.06.090(B)
<u>Exemption:</u> Portable Propane Use Outside of Building Envelope	Portable propane appliances outside of building envelope are exempt from Ordinance.	N/A	14.06.090(D)

Next Steps

If there is consensus to proceed with the ordinance, as presented, the ordinance can be introduced with second reading (adoption) scheduled for the City Council meeting on February 15, 2022. If the Ordinance is adopted on February 15, 2022, the Building Electrification Ordinance would become effective thirty days later (March 17, 2022).

ATTACHMENT:
Ordinance