



Department: Administration
Cost Center: 1005
For Agenda of: 9/19/2023
Placement: Public Hearing
Estimated Time: 45 minutes

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SUBJECT: INTRODUCTION OF AN ORDINANCE APPROVING LOCAL AMENDMENTS TO THE CALIFORNIA ENERGY CODE

RECOMMENDATION

Introduce an Ordinance entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, adopting Local Amendments to Part 6 of the Building Construction and Fire Prevention Code, 2023,” to be codified under San Luis Obispo Municipal Code Chapter 15.04.060 – “Amendments – Energy Standards”.

POLICY CONTEXT

- [Resolution 11159 \(2020 Series\)](#) adopts a communitywide goal of carbon neutrality and a building sector goal of no net new increase of building GHG emissions as the result of new buildings starting in 2020.
- [Ordinance 1717 \(2022 Series\)](#) adds Chapter 8.11 (All-Electric Buildings) to the Municipal Code requiring that all new buildings be all-electric, with certain limited exceptions.
- [Administrative Order 01 \(2023 Series\)](#) pauses enforcement of Municipal Code Chapter 8.11 (All-Electric Buildings).
- [2023-25 Financial Plan Climate Action Major City Goal 4.1.h](#) directs staff to continue to monitor impacts to Municipal Code 8.11 (All-Electric New Buildings), and if necessary, return to Council with an alternative approach to achieving the City's climate action goals as they relate to new buildings.

REPORT-IN-BRIEF

In 2020, Council adopted a program to encourage all-electric new buildings. In 2022, Council updated that program to require new buildings to be all-electric via [San Luis Obispo Municipal Code Chapter 8.11](#). On April 17, 2023, a three-judge panel of the Ninth Circuit Court of Appeals ruled in [California Restaurant Association v. City of Berkeley](#), that a Berkeley ordinance requiring all-electric new buildings was pre-empted by the federal Energy Policy and Conservation Act of 1975 (EPCA) and was therefore invalid.

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On April 18, 2023, Council voted to direct the City Manager and Community Development Director to temporarily suspend enforcement of the all-electric building requirement for new buildings. Based on Council feedback from the April 18, 2023 Council meeting, staff added Task 4.1h to the 2023-25 Climate Action Major City Goal, which states: “Continue to monitor impacts to Municipal Code 8.11 (All-Electric New Buildings), and if necessary, return to Council with an alternative approach to achieving the City’s climate action goals as they relate to new buildings.”

Staff have continued to monitor the situation and have observed a lack of timely resolution in the Berkeley case, a lack of imminent statewide resolution for the problem, and the local receipt of mixed-fuel building permit applications.¹ Based on these observations, staff recommends adopting an interim solution.

The *California Restaurant Association v. City of Berkeley* ruling limits how the City can reduce emissions from new buildings. Staff have identified local amendments to the California Energy Code (also known as a “reach code”) to reduce greenhouse gas emissions in new buildings as the preferred alternative approach. Since the California Energy Code only regulates certain energy uses, this approach limits the City’s scope and therefore the reach code does not apply to cooking equipment (e.g., stoves), laundry dryers, or other unregulated energy uses.

The proposed reach code, provided as Attachment A, includes requirements for new buildings that would result in lower operational greenhouse gas emissions. To be consistent with state law, the City must make findings that the proposed building code amendments related to building energy performance are cost effective and use less energy than the standard State Code. The California Energy Commission (CEC) must agree with the City’s analysis before the local amendments to the California Energy Code can go into effect. This report finds that the proposed amendments that affect building energy use are cost effective; the studies that illustrate cost effectiveness are provided as Attachments B, C, and D.

While the proposed approach is less effective at reducing greenhouse gas emissions than the all-electric new building requirements codified in Municipal Code Chapter 8.11, the proposed reach codes provide the best and most timely opportunity to continue pursuing Council’s adopted climate action goals within the existing legal framework.

Should Council move forward with staff’s recommendation, the second reading of the Ordinance would occur on October 3, 2023. Pending California Energy Commission approval of the local amendments to the California Energy Code, the reach code would go into effect on January 1, 2024.

¹ “Mixed-fuel” refers to buildings that are served by natural gas and electricity utilities.

DISCUSSION

Background

Policy Background

On August 19, 2020, Council adopted the Climate Action Plan for Community Recovery via [Resolution 11159 \(2020 Series\)](#), which approved a communitywide goal of carbon neutrality and a building sector goal of no additional greenhouse gas (GHG) emissions as the result of new buildings. To achieve the building sector goal, [Council adopted a program to encourage all-electric new buildings](#) in 2020, and in 2022 [adopted an ordinance requiring new buildings to be all-electric \(San Luis Obispo Municipal Code Chapter "SLOMC" 8.11\)](#).

Ninth Circuit Ruling and Subsequent SLOMC Ch. 8.11 Enforcement Suspension

On April 17, 2023, a three-judge panel of the Ninth Circuit Court of Appeals ruled in [California Restaurant Association v. City of Berkeley](#) that a Berkeley ordinance requiring all-electric new buildings was pre-empted by the federal Energy Policy and Conservation Act of 1975 (EPCA) and was therefore invalid.

On April 18, 2023, as a result of the panel's decision, the San Luis Obispo City Council directed the City Manager and Community Development Director to temporarily suspend enforcement of the all-electric building requirement for new buildings (SLOMC Chapter 8.11)². The City of Berkeley is currently petitioning for additional review by the full Ninth Circuit Court of Appeals. Should a subsequent ruling be issued that overturns or otherwise vacates the Ninth Circuit Court of Appeals decision, the Administrative Order would be rescinded and enforcement of Chapter 8.11 will resume.

Justification for Developing an Interim Alternative Approach

Based on Council feedback from the April 18, 2023, Council meeting, staff added Task 4.1h to the 2023-25 Climate Action Major City Goal, which states: "Continue to monitor impacts to Municipal Code 8.11 (All- Electric New Buildings), and if necessary, return to Council with an alternative approach to achieving the City's climate action goals as they relate to new buildings." Council approved the Major City Goal work task via adoption of the 2023-25 Financial Plan in June of 2023. Staff have continued to monitor the situation and have observed the following:

- The ruling isn't likely to be resolved in a timely manner;
- There are no imminent statewide fixes for the problem (e.g., the California Energy Commission updates the California Energy Code on a triennial basis and any future updates made by the California Energy Commission to the statewide code that might be more favorable for low-emissions buildings would have to wait until the effective date of the 2025 California Energy Code, which wouldn't be enforceable until January 1, 2026); and

² The [Administrative Order](#) adopted under this direction outlining the conditions of the suspended enforcement is available on the City's website

- The City has already started to receive mixed-fuel building permit applications since the Administrative Order went into effect, which may “lock in” fossil fuel infrastructure in these buildings for their operational life.

Based on these observations, staff recommends adopting an interim energy reach code to reduce greenhouse gas emissions from new buildings.

PROPOSED APPROACH

The *California Restaurant Association v. City of Berkeley* ruling limits how the City can reduce emissions from new buildings. Staff have identified increased building energy performance requirements via local amendments to the California Energy Code (also known as a “reach code”) as the preferred alternative approach. The California Energy Code establishes whole-building efficiency requirements, which account for a building’s water heater, HVAC (heating, ventilation, and air conditioning) system, solar generating system, and insulation, among other things. However, it does not account for cooking equipment, laundry dryers, or other unregulated energy uses. As such, the proposed reach code does not regulate cooking equipment, laundry dryers, or other energy uses not addressed by the California Energy Code.

California Energy Code Energy Evaluation Metrics

The 2022 California Energy Code provides baseline efficiency and building performance standards that a project must meet before receiving a building permit. The California Energy Code provides different metrics for different types of buildings and is organized into three categories:

- **Single-Family Residential:** A new single-family residential building must meet or exceed “Energy Design Rating” (EDR) scores.³ There are three EDR score categories:
 - EDR1 (Source Energy) – EDR1 is a score representing a building’s energy efficiency expressed in terms that serve as a proxy for greenhouse gas emissions.
 - EDR2 (Efficiency) – EDR2 is a score representing a building’s energy efficiency expressed in terms of the value and cost of energy consumed at different times of the day and year.
 - EDR Total (Total Energy Design Rating) is a score representing the building’s total energy expressed in terms of the value and cost of energy consumed at different times of the day and year while also factoring in solar and energy demand flexibility.

³ The definitions in this section are simplified for brevity, for more information, see: https://energycodeace.com/download/66973/file_path/fieldList/FS.SF%20Bldgs.2022

- **Multi-Family Residential:** A new multi-family residential building must meet or exceed a standard that combines the value and cost of energy consumed at different times of the day and year (referred to as Time Dependent Valuation of energy, or TDV), and the emissions from the building's energy source. The 2022 Source Energy metric is new for all multifamily buildings, and it was added to support decarbonization and electrification policy goals.⁴
- **Non-Residential:** A new non-residential building must also meet or exceed a standard that uses TDV energy and Source Energy emissions scores.

Proposed Energy Performance Enhancements

Public Resources Code Section 25402.1(h)(2) and Section 10-106 of the Building Energy Efficiency Standards establish a process that allows local adoption of energy standards that are more stringent than the statewide standards.^{5,6} Under this process, the CEC requires any local amendments to the California Energy Code that affect energy use in regulated buildings to be cost effective and use less energy than the standard requirements.

Staff recommends that Council adopt cost effective local amendments (referred to as a "reach code") to the California Energy Code that would increase the required EDR1 score for single family residential buildings and the required Source Energy scores for all other buildings. As noted in Table 1, single-family residential new buildings would be required to exceed the standard design Total Source Energy Design Rating (EDR1) score by at least 6 points.⁷ Table 1 also identifies Source Energy performance requirement for new multi-family residential buildings (9% better than code for low-rise (three stories or fewer), 3% better for high-rise (four stories or more)), and 7% better for new non-residential buildings.⁸

Because of how the EDR1 and Source Energy scores are calculated in the 2022 California Energy Code, the higher standards proposed in the reach code would incentivize new buildings to include additional electric appliances/mechanical systems, while also allowing mixed-fuel buildings that include additional energy efficiency measures. The enhanced performance requirements would apply equally to mixed-fuel and all-electric buildings and are cost-effectively achievable through the energy code's performance pathway without requiring appliances that exceed federal efficiency standards.

⁴ The definitions provided in this section are simplified for brevity, for more information, visit:

<https://energycodeace.com/resources/?itemId=66025>

⁵ Public Resources Code Section 25402.1:

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PRC§ionNum=25402.1

⁶ Building Energy Efficiency Standards: https://www.energy.ca.gov/sites/default/files/2022-12/CEC-400-2022-010_CMF.pdf

⁷ As noted in Section 150.1(c)14 of the 2022 California Energy Code, some small single-family residential buildings in the City's Climate Zone (CZ5) are exempt from the mandatory solar requirement. Staff's recommendation exempts these buildings from the reach code.

⁸ Section 140.4(a)2 of the 2022 California Energy Code prescriptively requires electric heat-pump space-conditioning in several small-to-medium nonresidential building types including retail, grocery, schools, offices, financial institutions, and libraries. As such, staff's recommendation exempts these buildings from the reach code.

Table 1. Proposed Improved Energy Performance Standards

Building Type	Performance Requirement
Single Family Residential buildings	Exceed the standard EDR1 requirement by at least 6 points
Multi-Family Residential (Low)	Exceed the standard Source Energy requirement by 9%
Multi-Family Residential (High)	Exceed the standard Source Energy requirement by 3%
Non-Residential	Exceed the standard Source Energy requirement by 7%

Electric Ready Requirements

The 2022 California Energy Code requires certain mixed-fuel buildings to include “electric ready” components including electric outlets near natural gas appliances, appropriate ventilation for future heat pump appliances, and reserved and labelled breakers in the electrical panel for future electric appliances as follows:^{9,10}

- Single-Family Residential – heat pump hot water heaters are prescriptively required, and “electric ready” infrastructure is required for any building that includes a gas fueled furnace, clothes dryer, and/or cooktop.
- Multi-Family Residential – “electric ready” infrastructure is required in a newly constructed multi-family residential unit that includes a gas fueled space heater, water heater, clothes dryer, and/or cooktop. Centralized water-heating systems for multifamily buildings in which dwelling units do not have separate water heaters are exempt from these requirements.

During the drafting of this report, staff considered developing requirements for “electric ready” infrastructure for centralized water-heating systems in new multi-family residential buildings and for water heating systems in new non-residential buildings. Due to the complexity of these systems, uncertainty around the size and energy needs of future electric centralized water-heating systems, and uncertainty about the cost effectiveness standards required for such measures, staff is not recommending these requirements at this time. Instead, staff recommends that building permit applications identify a pathway for electrical conduit on construction drawings for fuel-fired central hot water heating systems in newly constructed buildings that aren’t currently subject to electric-ready requirements.

Practical Effect of the Reach Code

Because the City is working within the confines of the California Energy Code, the description of the proposed approach above is inherently technical. This section illustrates the practical effect of the proposed approach by providing a simplified example of how a single-family home designer would comply with the reach code.

⁹ For additional information about residential electric readiness requirements, see: <https://energycodeace.com/resources/?itemId=91861>

¹⁰ Note that the California Energy Code’s electric ready requirements extend to cooking equipment and clothes dryers even though these uses are not otherwise regulated by the code.

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A building designer working on a single-family home built to the code minimum would likely include high efficiency LED lighting, rooftop solar, an electric heat pump hot water heater, a natural gas furnace, insulated walls, an insulated attic, and efficient windows, among other things. The designer would load the building design into a computer model and estimate its energy performance. The energy modeling software would provide standard reporting metrics, including an EDR1 score. The designer would then compare the EDR1 score to a standard design building. In this case, the designed building's EDR1 score would be equal to the standard design building's EDR1 score and would comply with that part of the California Energy Code.

With the reach code in place, the designer would now need to achieve an EDR1 score that is 6 points better than the standard design building. If this building designer replaced the gas furnace with a commonly available heat pump HVAC system, the building would achieve a score that is 6 EDR1 points better than the code minimum and would be consistent with the proposed reach code requirements. Alternately, the building designer could keep the gas furnace and install a battery storage system, which would also result in an increase of more than 6 EDR1 points. The building designer also has the option to develop a package of efficiency and solar measures; so long as the measures lead to an increase of 6 or more EDR1 points better than the code minimum, it is consistent with the reach code.

This example is similar for the other building types where the compliance margins could be achieved by either installing electric heat pump HVAC equipment or installing some package of additional solar capacity and efficiency measures.

Cost Effectiveness

The California Energy Commission requires any local amendments to the California Energy Code that affect energy use in regulated buildings to be cost effective and to use less energy than the standard requirements. The CEC requires the local agency to adopt a determination that the energy standards are cost effective at a public meeting. The determination must subsequently be filed with the Energy Commission.

One way to illustrate cost effectiveness is through the “Time Dependent Valuation” or “TDV” metric. The TDV metric is what the California Energy Commission uses in evaluating cost effectiveness for efficiency measures in the California Energy Code and includes the onsite costs and savings of the proposed energy measures, as well as the energy system costs and benefits of the energy measures. The metric is “time dependent” because energy use has different costs and impacts depending on the time of day and season. For example, electricity saved during peak periods has a much higher value than electricity saved during off-peak periods.

In support of reach code development, the California Energy Codes and Standards Statewide Utility Program, which includes the State's Investor-Owned Utilities (PG& E, SDG&E, and SCE, under the auspices of the California Public Utilities Commission) developed and published the:¹¹

¹¹ The California Energy Codes and Standards Statewide Utility Program publishes cost effectiveness reports and accompanying study data at: <https://localenergycodes.com/content/resources>

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- 2022 Cost-Effectiveness Study: Single Family New Construction Study (Attachment B) and the associated cost-effectiveness data;¹²
- 2022 Cost-Effectiveness Study: Multifamily New Construction Study (Attachment C) and the associated cost-effectiveness data;¹³ and
- 2022 Code: *Non-residential New Construction Reach Code Cost-effectiveness Study* (Attachment D) and the associated cost-effectiveness data.¹⁴

These studies and the associated cost-effectiveness data are highly detailed and are included in the record to support Council's findings and policy decisions. The studies and the associated cost-effectiveness data include a calculated benefit-to-cost ratio for a wide variety of measures, building types, and climate zones. A benefit-cost value of "1" or greater illustrates that the measures save more than they cost and are therefore "cost effective."¹⁵ These studies and the associated cost-effectiveness data are the basis for staff's cost effectiveness findings and are sufficient to illustrate compliance with the requirements set forth under California Administrative Code Chapter 10-106.

Based on these studies, staff finds the proposed local amendments to the 2022 California Energy Code to be cost-effective and consume less energy than otherwise permitted by Title 24, Part 6. In short, using the California Energy Commission's TDV metric, the proposed amendments save more than they cost to implement. The following additional detail is included for transparency and to facilitate the California Energy Commission's review of the City's cost effectiveness findings:

1. *Requiring new single-family residential buildings to achieve an EDR1 margin over the standard building by 6 or more points.* As illustrated in the study data, an all-electric single-family home with additional efficiency measures would save energy relative to the base code and would achieve an EDR1 margin of 7.1 and a benefit to cost ratio of 12.6 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, additional rooftop solar, and a battery storage system would save energy relative to the base code and would achieve an EDR1 margin of 18.6 and a benefit to cost ratio of 1.2 on a TDV basis. It should be noted that an all-electric building built to minimum code standards using typically available appliances would achieve an EDR margin of 6.

¹² The cost-effectiveness data from the Single-Family Residential study is available at: https://localenergycodes.com/download/1286/file_path/fieldList/2022%20Single%20Family%20NewCon%20Study%20Data.xlsx

¹³ The cost-effectiveness data from the Multifamily Residential study is available at: https://localenergycodes.com/download/1564/file_path/fieldList/2022%20Multifamily%20New%20Construction%20Study%20Data.xlsx

¹⁴ The cost-effectiveness data from the Nonresidential study data is available at: https://localenergycodes.com/download/1373/file_path/fieldList/2022%20Nonresidential%20New%20Construction%20Study%20Data.xlsx

¹⁵ For more detail, see section 2.1.3 of https://localenergycodes.com/download/1266/file_path/fieldList/2022%20Nonres%20New%20Construction%20Cost-eff%20Report.pdf

2. *Requiring low rise multi-family buildings to achieve a Source Energy savings 9% or more.* As illustrated in the study data, an all-electric low rise multi-family building built to minimum code standards would achieve a Source Energy margin of 9% and a benefit to cost ratio of 9.2 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, additional rooftop solar, and a battery storage system would save energy relative to the base code, would achieve a Source Energy margin of 18% and would achieve a benefit to cost ratio of 1.6 on a TDV basis.
3. *Requiring high-rise multi-family buildings to achieve a Source Energy savings of 3% or more.* As illustrated in the study data, an all-electric high rise multi-family building built to minimum code standards would achieve a Source Energy margin of 6% and a benefit to cost ratio of 2.2 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, additional rooftop solar, and a battery storage system would save energy relative to the base code, would achieve a Source Energy margin of 3%, and would achieve a benefit to cost score of 3.3 on a TDV basis.
4. *Requiring non-residential buildings to achieve a Source Energy budget savings of 7%.* The Non-Residential New Construction Reach Code Cost-effectiveness Study provides analysis for several non-residential building prototypes. One of the prototypes is a retail building, which prescriptively requires electric heat pump space conditioning and along with other similar small-to-medium non-residential buildings that prescriptively require electric space conditioning, would be exempt from the reach code (see footnote 8, above). As illustrated in the study data for the remaining non-residential building prototypes, all-electric new non-residential buildings built to minimum code standards meet or exceed the 7% compliance margin. Mixed-fuel non-residential buildings with various additional energy efficiency measures and rooftop solar, would meet or exceed the 7% compliance margin, save energy relative to the base code, and are cost effective on a TDV basis.¹⁶

Available Resources for Lower Cost All-Electric Buildings

For projects that chose to go all-electric, the state of California and regional entities are providing technical assistance, substantial rebates, and incentives for all-electric new buildings. Current programs include:

- [California Electric Homes](#) is provided by the California Energy Commission and provides base incentives for all-electric new market rate residential buildings including \$3,000 for single-family homes, \$1,750 per multi-family residential unit, \$1,750 per accessory dwelling unit, and \$6,000 per modular or manufactured home. Program participation is capped at \$1.5 million per builder and includes additional incentives for items like induction cooktop and beyond code efficiency measures.

¹⁶ In addition to the study data posted on the California Energy Codes and Standards Statewide Program website, staff requested that TRC (the technical consultants that produced the Non-Residential New Construction Reach Code Cost-Effectiveness study) conduct additional model runs to identify cost effective measure packages for the “Quick Service Restaurant” building prototype. TRC found that a mixed-fuel Quick Service Restaurant with additional efficiency measures and a 4kW solar array would save energy relative to the base code, achieve a Source Energy compliance margin of 8.9%, and would be cost effective on a TDV basis with a benefit to cost ratio of 1.7.

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- [Central Coast Community Energy](#) provides additional incentives for all-electric accessory dwelling units that stack on top of the *California Electric Homes* program.
- [The Building Initiative for Low-Emissions Development \(BUILD\) Program](#) is provided by the California Energy Commission and includes technical support and incentives for all-electric new affordable housing including approximately \$3,399 per multifamily unit and \$5,500 per single-family home.
- [The Energy Code Coach](#) program offered by 3C-REN provides no-cost personalized support to help building professionals navigate the Energy Code.

Relationship to SLOMC 8.11 (All-Electric Buildings)

Section 6 of Administrative Order 01 (2023 Series), which paused enforcement of the City's all-electric new building requirements, notes that the Order "is automatically rescinded upon any judicial decision which overturns or otherwise vacates the Ruling." As described in the draft ordinance (attachment A), should this occur, Chapter 8.11 of the Municipal Code would supersede the reach code and enforcement of the reach code would be suspended so long as Chapter 8.11 is being enforced.

Previous Council or Advisory Body Action

- September 18, 2018 – City Council identified its carbon neutrality goal and directed staff to research the possibility of requiring carbon neutral buildings as part of the City's building codes.
- February 2019 – City Council provided unanimous direction to develop an approach to carbon neutral new development.
- June 4, 2019 – City Council adopts the Climate Action Major City Goal (MCG) with a "reach code" as an item in the work program.
- September 3, 2019 – City Council adopted the Clean Energy Choice Program for New Buildings.
- June 16, 2020 – City Council rescinded portions of the September 3 action and readopted the Clean Energy Choice Program.
- July 7, 2020 – City Council conducted the second reading of Clean Energy Choice Program ordinances.
- August 18, 2020 – The City adopted the Climate Action Plan for Community Recovery, which included building sector goals and explicitly identifies the need to update the Clean Energy Choice Program in 2022.
- May 18, 2021 – Staff provided a Climate Action Plan update to City Council, which included an update on building electrification progress.
- June 1, 2021 – City Council adopted the 2021-23 Financial Plan with the Climate Action Major City Goal that called for updating Clean Energy Choice Program in 2022.

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- February 1, 2022 – Staff provided a presentation on the first phase of the Clean Energy Choice Program and received strategic direction from City Council ahead of the 2022 Program update.
- July 5, 2022 – Council adopted the Clean Energy Program for New Buildings, which required new buildings to be all-electric.
- December 13, 2022 – Council adopted the Climate Action Plan Update, which reaffirms community and new building sector specific goals and includes the 2023-27 Climate Action Work Program focused on reducing emissions from buildings.
- April 18, 2023 – Council directed the City Manager and Community Development Director to temporarily suspend enforcement of the all-electric building requirement for new buildings (SLOMC Chapter 8.11.). Enforcement was formally paused via [Administrative Order 01 \(2023 Series\)](#).
- June 6, 2023 – Council adopted the 2023-25 Financial Plan, which includes Climate Action Major City Goal 4.1.h that directs staff to continue to monitor impacts to Municipal Code 8.11 (All-Electric New Buildings), and if necessary return to Council with an alternative approach to achieving the City's climate action goals as they relate to new buildings.

Public Engagement

As described in the [2019](#), [2020](#), and [2022](#) Council Agenda Reports, extensive outreach was conducted in various community forums and settings affirming that all-electric new buildings are feasible, cost-effective, and supportive of the City's climate action goals.

Prior to the Ninth Circuit ruling that led to the City's suspending enforcement of Municipal Code Chapter 8.11's all-electric new building requirement, the Council's policy had been seeing successful implementation. The work conducted in support of the proposed reach code is a continuation of existing Council policy related to low-emissions new buildings.

During development of the reach code, staff conducted community outreach in accordance with the Public Engagement and Noticing Manual. Specifically, the City presented the update to the Developer's Roundtable (e.g., developers, architects, engineers, design professionals, and property owners) and to the Green and Healthy Homes Roundtable (e.g., community-based organizations, technical experts, and key non-profit housing providers), notified appliance retail stakeholders about the proposed reach code, and highlighted the item in the City's Council Meeting Preview social media posts. Should Council adopt the reach code, staff would initiate general awareness outreach via the Council Meeting Recap and a news release; and would share information about the reach code directly with project applicants via Community Development Department staff.

Schedule and Next Steps

Should Council approve staff's recommendations, work would proceed on the timeline provided in Table 2. It is important to note that the California Building Code, which includes the California Energy Code, is updated every three years. Should Council adopt staff's recommendation, the local reach code would expire with the current Building Code on December 31, 2025.

Table 2. Schedule and Next Steps

Task	Timeframe
Second reading of the draft Ordinance (Attachment A) and submittal to the California Energy Commission.	October 3, 2023
Receive approval from the California Energy Commission	November - December
Reach code goes into effect	January 1, 2024

CONCURRENCE

Staff from Administration, Community Development, and the City Attorney’s Office concur with this report.

ENVIRONMENTAL REVIEW

Staff’s recommendations are found to be exempt from CEQA under the general rule, 15061(b)(3), because it can be seen with certainty that the provisions contained herein would not have the potential for causing a significant effect on the environment. Further, this ordinance is also exempt from CEQA under the categorical exemptions in Section 15308 of the CEQA Guidelines in that the proposed ordinance would institute regulatory requirements intended to protect the environment and natural resources.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2023-24

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other:				
Total	\$	\$	\$	\$

The reach code requirements will be implemented through the development review and/or building permit review process. The staff time to review projects is already budgeted and is a core work task of the Community Development Department. This work can be directly supported by the 3C-REN [Energy Code Coach Program](#), which provides technical support for code interpretation. Funded under the auspices of the California Public Utilities Commission, Energy Code Coach is free to the user and can be accessed by project applicants and City staff.

ALTERNATIVES

1. ***Council could request more information, suggest changes, or request that the proposed local amendments to the California Energy Code be presented for adoption at a later date.*** Should Council pursue this alternative, staff requests specific direction and feedback.
2. ***Council could take no action and direct staff to pursue other initiatives.*** This action is not recommended by staff because it is inconsistent the City's climate action goals and prior Council direction and adopted policy.

ATTACHMENTS

A - Draft Ordinance Adopting Local Amendments to the California Energy Code

B - 2022 Cost-Effectiveness Study: Single Family New Construction Study

C - 2022 Cost-Effectiveness Study: Multifamily New Construction Study

D - 2022 Code: Non-Residential New Construction Reach Code Cost-Effectiveness Study