



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO THE BICYCLE AND PEDESTRIAN ADVISORY COMMISSION, SUSTAINABILITY COMMISSION, PARKS AND RECREATION COMMISSION AND PLANNING COMMISSION

SUBJECT

Approval of a Work Plan to Achieve the 2020 Greenhouse Gas Reduction Targets in the Adopted Climate Action Plan and Budget Modification No. 22

REPORT IN BRIEF

The City of Sunnyvale Climate Action Plan (CAP) was adopted by the City Council on May 20, 2014 (Attachment 1). The CAP is a Greenhouse Gas (GHG) emissions reduction plan to address the causes of climate change and reduce the impacts of climate change in the future. It was adopted as a response to the State of California's legislative directive (AB 32) for cities to develop local plans to reduce GHG emissions.

The CAP builds upon the City's current and past environmental efforts. It is an assertive program that advances the City's long-term commitment and leadership role in the area of sustainability. The CAP takes existing City programs, codes and policies and combines them with new GHG emission reduction strategies and creates a timeframe for implementation and monitoring that would result in Sunnyvale exceeding the recommended GHG reduction goals outlined by the State.

The CAP includes over a 100 GHG emission reduction strategies (goals, measures and action items) and provides an Implementation Matrix that maps out the responsibilities and implementation time frames for each strategy. The Implementation Matrix identifies which strategies to accomplish in the near-term (before 2016), mid-term (before 2020) and long-term (after 2020).

As part of the Council action to adopt the CAP, staff was directed to come back with a work plan and possible funding strategies to achieve the CAP greenhouse gas (GHG) emission reduction targets in the plan. Staff was also directed to return to Council with a recommendation for securing a CAP monitoring program. The Draft CAP Work Plan 2020 (Attachment 4) lays out a schedule and plan for achieving the Near and Mid-term CAP strategies (those identified before 2020). The CAP Work Plan operationalizes the implementation program, providing more specific information on key action steps, current status, responsible departments, and implementation timeframes. Additionally, potential funding sources are identified for individual actions as well as potential funding strategies for the overall program.

The City will also require a monitoring tool or program in order to track CAP achievements. Monitoring is necessary in order to provide the Council with progress updates, to justify environmental review streamlining for projects and to possibly qualify for grants. Staff recommends acquiring a product made specifically for Sunnyvale by the same consultant that prepared the CAP

and that staff will provide Council with bi-annual progress reports as well as a bi-annual process for modifying the CAP. While most funding decisions are directed to the City's operating and projects budget cycles, this report also includes a recommendation for appropriation of funding for the CAP monitoring program and for initial outreach related to implementation of the CAP.

Staff is recommending that the commissions recommend that the City Council adopt the proposed CAP 2020 Work Plan, adopt a bi-annual CAP progress reporting schedule and adopt a bi-annual CAP modification process as outlined in this report. Included in this report is a minor modification to the CAP measure requested by Council. Staff is also recommends a budget modification for a CAP monitoring tool and for initial CAP implementation.

Minutes from the Council meeting of May 20, 2014 are attached (Attachment 2).

The CAP Work Plan 2020 is scheduled to be considered by the City Council on November 25, 2014.

BACKGROUND

The purpose of the CAP is to reduce GHG emissions in an effort to combat the effects of climate change. The City's CAP goes beyond the State target of 15 percent reductions by 2020 established by AB 32. The CAP also advances the City's long time commitment to the environment and sustainability. On May 20, 2014, the City Council approved adoption of the CAP with additional direction to staff as follows.

In response to input by the Silicon Valley Association of Realtors, the Council voted to eliminate CAP measure EC-3.1, which was to establish an ordinance to require homeowners to perform and disclose energy and water audits at time of sale. Council directed staff to come back with some alternatives for consideration. The recommended alternative is discussed in this report.

Staff was also directed to move forward with the three "just do it" action items that could be accomplished without further City action or consideration. As noted in the Work Plan spread sheet the "just do it" action items that pertained to managing GHG emissions from construction vehicles and equipment have been added to the Condition of Approval list for all discretionary development projects and are included in the CAP CEQA checklist for verification. Staff was also directed to revise the City's CEQA initial study checklist to reflect CAP measures for future public and private projects. The revised CEQA checklist is attached for information (Attachment 3).

The Council also directed staff to come back with a timeline, work plan and possible funding strategies for CAP GHG emission reduction measures, and to return to Council with a recommendation for a CAP monitoring program with proposed budget modification as needed. The primary purpose of this report is for consideration of a proposed CAP Work Plan for meeting the targeted reductions established for 2020.

EXISTING POLICY

The proposed work plan and monitoring program conveyed in this report are consistent with the adopted City of Sunnyvale Climate Action Plan adopted by Council on May 20, 2014. The CAP Work Plan 2020 operationalizes the Implementation Program described in Chapter 5 of the CAP.

ENVIRONMENTAL REVIEW

The work plan and related follow up CAP measures discussed in this report are not considered

separate projects under CEQA and no separate environmental documentation is required. A Negative Declaration was adopted for the CAP and implementation program in compliance with California Environmental Quality Act (CEQA) provisions and City Guidelines. The Initial Study for the CAP determined that the CAP would not have a significant negative effect on the environment and no mitigation was required. The CAP Initial Study and Negative Declaration are available along with the CAP RTC of May 20, 2014 at:

<https://sunnyvaleca.legistar.com/LegislationDetail.aspx?ID=1798218&GUID=019B03E8-3EA0-471C-9243-FBFE5F96F8FC&Options=&Search=&FullText=1>

DISCUSSION

CAP Work Plan 2020 (Attachment 4)

Staff has prepared the Climate Action Plan Work Plan 2020, which operationalizes the Implementation Program included as Chapter 5 of the adopted Climate Action Plan. The scope of this work plan includes activities scheduled for implementation in the “near” and “mid” terms, which in their aggregate are aimed to achieve the 2020 greenhouse gas reduction target. The CAP Work Plan 2020 lays out the implementation timeframes for each activity, the approach for monitoring and reporting on CAP progress, the approach to updating the CAP, and a detailed description of funding strategies that will be utilized to implement the reduction measures. These elements are summarized below.

Monitoring and Reporting

Staff proposes that a CAP Progress Report will be provided to Council and related commissions on a bi-annual cycle to coordinate with Earth Day in April of 2016, 2018, 2020 and onward. Each report would cover the previous two calendar years. Given the number and magnitude of implementation actions, monitoring and reporting on the CAP is anticipated to be a staff intensive task. Annual reporting may not allow enough time to get programs up and running long enough to provide feedback and monitoring data. A bi-annual monitoring report will provide updates on the following:

- Emissions reductions using direct indicators such as per capita electricity use and vehicle miles traveled (VMT) as well as the performance metrics identified in the CAP implementation program;
- Status of CAP GHG emission reduction measures and actions (e.g., policies implemented, actions completed, participant information);
- Updated Work Plan matrix;
- Updated information on funding strategies, including grant opportunities evaluated and applications submitted.

The CAP is intended to streamline future environmental review of public and private projects for meeting the GHG reduction strategy of the Bay Area Air Quality Management District (BAAQMD). To take advantage of this CEQA streamlining feature, the City must monitor and document its progress in meeting its minimum 15 percent GHG reduction target. Documenting this progress will also increase the City’s competitiveness for future state grants where sustainability is a goal and grant criterion.

In order to effectively track CAP activities and related emissions, staff proposes to secure the services of Pacific Municipal Consultants (PMC) for \$90,000 for a five-year term. PMC would provide an Excel-based tool for monitoring the GHG emission reductions in the Sunnyvale CAP, support the

development of the bi-annual Progress Report, and provide additional technical support during the first five years of the CAP. PMC is the same professional consultant that helped prepare the CAP. Their deep understanding of Sunnyvale's plan and underlying evaluation of reduction measures and their ability to provide prompt technical support for the initial implementation timeframe will be invaluable to staff. They have the ability to quickly establish a monitoring tool that is tailored specifically to the Sunnyvale CAP as opposed to a more generic monitoring tool. The new contract would be executed under the City Manager's authority. This report proposes that Council appropriate funding of \$24,000 to begin work this fiscal year.

Making CAP Modifications

When the CAP was adopted in May 2014, Council members asked how future modifications to the CAP could be presented and considered. Staff proposes that such modifications be requested at the bi-annual CAP Progress Report public hearing, during which Council and the related commissions can suggest changes to the CAP. Staff would report back to the Council in September of that year, with the following:

- Evaluation of the suggested items on GHG reductions, CAP goals, and program resources.
- Recommendations to incorporate selected suggestions into the CAP Work Plan based on benefit and feasibility.
- Possible metrics for quantifying and monitoring the proposed changes.
- A prepared study issue paper to be ranked the following year if more study is needed.

Based on the CAP issue paper, Council can determine what if any action is required to adopt, drop or study the proposed modification. Some modifications may require CEQA analysis. Proposed modifications would be considered first by related commissions and then by Council.

Funding Strategies

Given the wide array of activities included in the CAP, and the limited local resources available to implement them, the City will employ a diverse set of strategies to secure implementation resources. Funding approaches are summarized below; a more detailed discussion of funding strategies is included in the CAP Work Plan 2020 (Attachment 4).

The City's local options include the General Fund and special enterprise funds (i.e., Water Supply and Distribution Fund, Wastewater Management Fund, Solid Waste Management Fund, and Development Enterprise Fund). Reduction measure implementation funded by an enterprise fund must have nexus with those services. CAP strategies not aligned with special funds would need to be supported by the General Fund or external funding.

Staff has identified where implementation of Greenhouse gas emissions reduction strategies are already underway and associated funding has been incorporated into the City's existing operating or projects budgets. In cases where the cost to implement has been identified as minimal, costs will be absorbed within the responsible department's existing budget. These items were identified as the "Just Do It" items in the May report on the Climate Action Plan. Where implementation costs cannot be absorbed or where the City lacks the capacity to implement, staff will bring forward recommendations as part of the budget process. Staff plans to establish with the upcoming budget cycle one or more dedicated Projects Budget items for CAP implementation, providing flexibility to leverage outside opportunities and address priorities year-to-year.

External Funding Opportunities

In the near future, there will be numerous opportunities to leverage external funding for local CAP implementation. These opportunities include state and federal grants, participation in regional programs, and potentially through participation in a Community Choice Aggregation program.

In 2012, the Legislature and Governor Brown established the Greenhouse Gas Reduction Fund to receive proceeds from California's Cap-and-Trade auctions and to provide the framework for how the auction proceeds will be administered. The first round of grant solicitations is scheduled for early 2015 with awards made in mid-2015. Staff expects strong, competitive interest across the State for the total \$832 million approved by the legislature for the first cycle.

There is also funding available through other state agencies such as the California Energy Commission. In addition, some CAP actions may align well with other federal and state grant programs related to transportation, water and wastewater, solid waste, and public safety. Staff will actively monitor relevant grant solicitations, and pursue grant funding for CAP implementation where there is good alignment with the funding solicitation's objectives, with the goal of maximizing external funding for Sunnyvale CAP implementation. Seed resources may be needed to develop grant packages and provide local match funding.

Another potential source of funding renewable energy and energy efficiency measures is through participation in a Community Choice Aggregation program. The City Council prioritized a Study Issue for 2014 to evaluate a Community Choice Aggregation program (CCA). Included as part of the scope of the study is identification of which CAP reduction measures can be funded and implemented by a CAA.

In addition to seeking external funding, staff will also leverage partnerships and reduced cost staffing opportunities. Staff will maintain participation in organizations that strategically support the advancement of CAP initiatives. Staff will also participate in programs that provide subsidized or low cost, qualified staffing support, such as Climate Corps Bay Area. This program places a Fellow, who has graduated with a four-year degree and expressed a professional interest in the environmental field, with a participating City to implement environmental programs. Staff has secured its first Fellow to support schools outreach for water pollution prevention. This report proposes appropriation of additional funding to add an additional Fellow for CAP implementation.

Lastly, the City may consider the creation of new fees or taxes to fund CAP initiatives. At this time, no specific actions are included to pursue such funding options.

Related Study Issues

The CAP Work Plan includes key steps for the reduction measures, including further study where appropriate. Staff proposes that CAP studies are managed as part of the CAP work program and not as part of the annual Study Issues process. Implementation of CAP study items is anticipated to reduce staff's capacity for additional Study Issues, as resources are focused on this adopted, multi-faceted plan. Over the last three years, several Study Issues have been deferred or activity suspended pending adoption of the CAP. An update and recommendations regarding related Study Issues follows:

ESD 12-01 Community and Operational Greenhouse Gas Inventory (Prioritized in 2012, contingent on grant funding or other collaborative opportunity): The community component of this

issue is fulfilled by the recommendations in this report with development of the CAP tracking tool. Separately, a municipal operations GHG inventory was last developed in 2012 as a project of Joint Venture Silicon Valley. No process or resources have yet been established for an on-going operational inventory. Staff will continue to seek grant or partnership opportunities and have included this task as part of the CAP Work Plan 2020. Staff recommends dropping ESD 12-01 as a separate study issue.

ESD 12-03 Impact of Sea Level Rise on Land Use (Deferred pending completion of the CAP): This study issue is substantially addressed by the Adaptation Strategies section of the CAP, namely Action A-3.1: Analyze and disclose possible impacts of climate change on the project tor plan area with an emphasis on sea level rise. This action is included in the Work Plan 2020. Staff recommends dropping ESD 12-03 as a separate study issue.

ESD 13-05 Ecodistrict Feasibility and Incentives (Prioritized for 2013; staff recommended action to follow CAP and LUTE and no funding was allocated): Staff has not further evaluated this issue and no funding has been allocated. Staff will provide an update during the next Study Issue cycle.

ESD 14-02 Community Choice Aggregation: As noted in the Funding Strategies section of this report, Council prioritized and funded this study for 2014. Concurrently, interest has blossomed, and Mountain View and Cupertino have approved funding to conduct a collaborative study on the feasibility of pursuing Community Choice. This study will include benefits, costs, risks, prospective partners, and the framework for moving forward. Staff anticipates bringing the resulting study to Council in early 2015.

Alternative to Time of Sale Residential Energy Audits

The Draft CAP presented to Council in May 2014 included measure EC-3.1 as part of the Residential Energy Efficiency strategy to focus on residences constructed prior to 1990. This measure was identified as a mid-term measure to start in 2016:

EC- 3.1: Establish a residential energy conservation ordinance that requires homeowners to perform and disclose energy and water audits at time of sale.

When the CAP was approved, Council eliminated Action Item EC-3.1 based on feedback from the Silicon Valley Realtors Association. Staff was directed to come back with a recommendation for a way to recapture the potential of energy audits by an alternate approach. The CAP consultant removed the measure from the final CAP and recalculated the program reductions without it. The CAP meets the GHG reduction goals without measure EC-3.1.

Staff recommends that a more general version of EC-3.1 be included in the CAP as follows:

Revised EC-3.1: Establish a residential energy conservation program that encourages or incentivizes homeowners to perform energy and water audits, with an emphasis on leveraging homeowner decision-making during home sale, purchase, and remodel.

The revised Action Item captures the intent of the original measure, while allowing additional time for staff to work with the Silicon Valley Realtors Association and other regional partners such as the Silicon Valley Energy Watch Program to explore how residential energy and water audits can be accelerated. Similar partnerships have recently emerged in other jurisdictions including San Mateo and Portland, Oregon. For example, in September 2014, the San Mateo Energy Watch Program in

conjunction with the Santa Mateo County Association of Realtors offered free, full day training - Green Home Expertise for Real Estate Professionals. Home remodels can frequently follow real estate transactions, and are prime opportunities for integrating energy efficiency measures that will result in on-going financial and energy savings for the homeowner. Other key partners may include community and faith-based organizations. Staff will continue to track progress on similar efforts, seek potential program partners, and update the program approach with the 2015 CAP Annual Report, which is recommended to be presented to the Council in April 2016.

CAP CEQA Analysis for Future Projects

When new developments (private) or capital improvements (public) are proposed, the City is required to determine if those projects are exempt or are “projects” as defined under the California Environmental Quality Act (CEQA), which would require environmental analysis to determine if a Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report must be prepared. To make the preliminary determination staff prepares an Initial Study that is a standardized checklist of environmental issues that need to be evaluated in order to decide which CEQA process to use.

A supplemental checklist has been prepared for the City of Sunnyvale’s Initial Study analysis that helps staff determine if a project is consistent with the CAP. If a project is consistent then the project-specific CEQA analysis can be streamlined and likely no additional GHG emissions analysis is required. If the project is not found to be consistent with the CAP additional, project-specific GHG impact analysis is required to complete the CEQA process. The City would determine on a case-by-case basis if a project should be approved if it is not consistent with the CAP.

A draft CEQA CAP supplemental checklist has been provided for information only. It will be completed and implemented by staff. No action on the checklist is required.

FISCAL IMPACTS

The Implementation chapter of the adopted CAP includes a policy commitment to fund the CAP. Over its 20+ year lifespan, the CAP will have significant costs associated with its implementation. The program is an assertive, long-term effort with many measures and actions that are slated to be implemented in the near-term (2016), mid-term (2020) and long-term (post 2020) timeframes. A CAP cost analysis was provided to the Council in May that provided general cost projections for implementing the CAP measures and action items. Big ticket costs (measures or action items over \$100,000) were highlighted. Cost estimates will be refined as specific funding recommendations are brought forward, typically as part of the Operating and Projects Budget processes.

As described above under Funding Strategies, the recommended CAP Work Plan 2020 identifies likely and potential funding sources for the CAP GHG emissions reduction measures and action items (Attachment 4). This information will be updated as the part of the Bi-annual Progress Report.

In order to initiate selected new activities, this report proposes to appropriate \$69,000 from the General Fund for the current fiscal year. Of that amount, \$24,000 would be used to develop and launch the CAP tracking tool. An additional \$45,000 would be used to secure Climate Corp Bay Area staffing and develop initial outreach strategies and materials for promotion CAP initiatives.

Staff is recommending an appropriation from the General Fund Budget Stabilization Fund. This one time appropriation will not have a significant effect on the fiscal health of the General Fund.

However, to the extent that other funding sources are not identified, ongoing costs related to the CAP implementation are a new addition to the General Fund and therefore compete directly with other services for limited resources. Budget Modification No. 22 has been prepared to appropriate funding as follows:

**Budget Modification No. 22
FY 2014/15**

	Current	Increase/ (Decrease)	Revised
General Fund			
<u>Expenditures</u>			
New Project: CAP Implementation Reserves	\$0	\$69,000	\$69,000
Budget Stabilization Fund	\$38,341,772	(\$69,000)	\$38,272,772

PUBLIC CONTACT

Public contact was made by posting of the Agenda Notice on the official bulletin boards and website for the Bicycle and Pedestrian Advisory Committee, Sustainability Commission, Parks and Recreation Commission, and the Planning Commission. Email notification was also made to interested parties, including the Silicon Valley Association of Realtors, Sunnyvale Cool, Sustainable Silicon Valley, and local business and neighborhood associations.

ALTERNATIVES

Alternative 1: Approve the Climate Action Plan Work Plan 2020

Alternative 2: Approve the bi-annual CAP monitoring and reporting timeframe

Alternative 3: Approve the bi-annual CAP modification process

Alternative 4: Approve revised CAP action related to residential energy and water audits

Alternative 5: Approve Budget Modification No. 22 to provide funding for the CAP tracking tool and for initial outreach for CAP implementation

Alternative 6: Amended action as directed by the Council.

Alternative 7: Other action as directed by the Council

RECOMMENDATION

Alternatives 1 through 5: 1) Approve the Climate Action Plan Work Plan 2020; 2) Approve the bi-annual CAP monitoring and reporting timeframe; 3) Approve the bi-annual CAP modification process; 4) Approve revised CAP action related to residential energy and water audits; and 5) Approve Budget Modification No. 22 to provide funding for the CAP tracking tool and for initial outreach for CAP implementation.

Staff recommends approval of the CAP Work Plan 2020 with funding strategies and implementation timeframes. The work plan closely follows the adopted CAP's Implementation Program. It has been prepared with more accurate knowledge of the City's programs and processes and with an understanding of the current budget and available funding sources and projected staffing levels.

Staff recommends a bi-annual approach to CAP monitoring, reporting and modification. A bi-annual frequency will allow an adequate period between reports to implement new measures and action

items and provide enough time to collect meaningful feedback and data.

Staff recommends revising Action Item EC-3.1 as follows:

EC-3.1: Establish a residential energy conservation program that encourages or incentivizes homeowners to perform energy and water audits, with an emphasis on leveraging homeowner decision-making during home sale, purchase, and remodel.

This revision addresses the goal of the original time-of-sale approach included in the draft CAP and allows staff to investigate recent and emerging partnership approaches to develop a cost-effective means of accelerating efficiency audits.

Lastly, staff recommends approval of Budget Modification No. 22 to begin implementation in the current fiscal year of the CAP tracking tool, which will serve as the basis for documenting progress meeting the GHG reduction targets in the CAP, and to begin outreach related to CAP implementation, including utilizing low-cost staffing options such as that offered by Climate Corps Bay Area.

Prepared by: Gerri Caruso, Principal Planner

Prepared by: Melody Tovar, Regulatory Programs Division Manager

Reviewed by: Trudi Ryan, Planning Officer

Reviewed by: John Stufflebean, Director of Environmental Services

Reviewed by: Manuel Pineda, Director of Public Works

Reviewed by: Hanson Hom, Director of Community Development

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. City of Sunnyvale Climate Action Plan
2. Minutes from City Council hearing May 20, 2014
3. Supplemental CAP CEQA Initial Study checklist
4. Draft CAP Work Plan 2020