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### REPORT TO COUNCIL

#### SUBJECT

Staff Responses to City Council Questions and Feedback on the Draft Climate Action Playbook (CAP 2.0) from Council Study Session on March 26, 2019 (Information Only)

#### BACKGROUND

On March 26, 2019, staff presented the updated Climate Action Plan (“Draft Climate Action Playbook”) to City Council during a Study Session. While staff addressed many of the questions during the meeting, there was not sufficient time to respond to all the questions. Staff responses to outstanding Council questions are provided below.

#### DISCUSSION

##### Alignment of Green Building Program with Climate Action Playbook

The updated Green Building Program (adopted May 2019) provides incentives for electrification. The Playbook builds on this Program by examining Reach Codes, in partnership with Silicon Valley Clean Energy (SVCE), as a part of Move 2.E - Evaluate code and permitting processes to streamline building electrification. Reach Codes are building codes that are more advanced than those adopted by the state. They can be a tool to create options within the building code to incentivize electrification, through either performance-based or prescriptive measures.

Currently, SVCE, Peninsula Clean Energy (PCE), and the County of San Mateo’s Office of Sustainability are working together with a consultant team to develop draft Reach Codes that their member jurisdictions, including Sunnyvale, may adopt. Staff is working with SVCE and neighboring jurisdictions to evaluate whether Reach Codes can be effectively implemented in Sunnyvale and will solicit community and stakeholder feedback on such a proposal. Staff plans to present a recommendation regarding Reach Codes to City Council in fall 2019. Subsequently, Reach Codes would need to be submitted to the California Public Utilities Commission (CPUC) for approval. Staff will also present a recommendation regarding adoption of the 2019 Building Standards Code in 2019. Both the 2019 Building Code and the Reach Codes would be effective January 1, 2020.

##### Potential for Developing a Policy for Mandatory All-Electric Buildings

Policy to mandate that all new construction is all-electric would require a detailed study and submission of an application to the California Buildings Commission to amend Sunnyvale’s Building Code with an appropriate justification. Further technologies to support all-electric buildings, particularly for all building uses (including commercial kitchens), are not yet mature enough to be deployed as a singular approach, which may affect the feasibility of consistently implementing such a policy.

Reach Codes provide an alternative that is an intermediate path between the Green Building Program and mandatory building electrification requirements. The City’s Green Building Program has

successfully encouraged sustainable development - commercial and residential buildings that are energy-efficient as well as water efficient and built using materials and methods that promote resource conservation, indoor air quality, and waste minimization during construction. The Green Building Program first provided incentives to encourage voluntary participation for exceeding mandatory design standards, and later mandated those standards in subsequent cycles of the Program. Similarly, Reach Codes still provide options to developers who may choose an all-electric pathway or a mixed fuel pathway (which must achieve higher efficiency standards), while making it significantly easier to construct all-electric buildings. Reach Codes also enable new technologies to mature and become more abundantly available in the marketplace before electrification becomes mandatory. And lastly, if adopted simultaneously in multiple cities in the Bay Area, Reach Codes can help ease the transition for developers and minimize the competitive impacts of such regulations on individual cities. Thus, Reach Codes may pave the path for eventual adoption of mandatory all-electric building codes.

#### Implementing Fee or Tax Changes to Fund Climate Action

Any fee or tax changes proposed as potential funding strategies in the Playbook would involve a study by staff, community engagement to gather public input on the proposed changes, and a recommendation to Council for approval before being implemented. The initial funding approaches that staff has proposed for Game Plan 2022 are to request funding from the General Fund (as included in the City Manager's Adopted Budget for FY 2019/20) and to leverage the City's partnership with SVCE to fund decarbonization programs for buildings and transportation. With Game Plan 2022, staff is also proposing in Move 2.F to study whether a differential Utility User Tax (UUT) designed to incentivize use of clean electricity over natural gas in existing buildings is a viable option for generating revenue for further Playbook implementation. Changes to the UUT would require a ballot measure to secure voter approval prior to implementation.

#### Modifying Play-level Targets

The numerical targets for Plays are set for the selected milestone years of 2030 and 2050, such that the progress of all Plays can be assessed on the same time frame. Below are clarifications of the Play-level targets and the rationale for some of the targets as proposed in the Draft Playbook:

- For Play 1.1, the City's target is to achieve 100% participation in clean electricity by 2030. While the City could possibly achieve this sooner than 2030, there are significant constraints to doing so. 100% participation would include "direct access" electricity customers, who procure directly from energy providers and for whom user information and electricity source information is not available to the City.
- For Play 1.2, the target is calculated as total MWh from local solar divided by the total MWh from the entire community (includes commercial and residential electricity from SVCE, PG&E and direct access). This target takes into account the state's policy requiring solar on all new residential by 2020 and all new commercial by 2030 (effective January 2020). Additional policies to enhance solar for existing buildings in addition to new construction could help accelerate this target; however, such policies are not contemplated in the Game Plan 2022.
- For Plays 2.1 and 2.2, which contemplate complete electrification of existing and new buildings, are ambitious and not easy to achieve. Accelerating the targets further may not be realistic given that Sunnyvale is fairly built out and existing buildings will be challenging to convert to all-electric without substantial investments.
- For Plays 3.1 and 3.2, targets are expressed as a reduction in the total vehicle miles traveled (VMT) in Sunnyvale by all vehicle types divided by the service population (which includes

those who live in Sunnyvale as well as those who work in Sunnyvale). The targets are expressed as a percent reduction in VMT/service population relative to 2016 VMT/service population.

### Policy Changes with Significant GHG Impact

The Playbook proposes several policy changes. Some examples include:

- Move 2.E, which would examine opportunities to encourage building electrification by streamlining code and permitting;
- Move 2.F, which would investigate the potential to create a differential tax rate for natural gas that would be higher than that for electricity;
- Move 2.H, which would research the potential to pass a mandatory solar ordinance for new commercial developments.

Adoption of the Playbook does not automatically establish these policies; rather, adoption of the Playbook directs staff to pursue evaluation of the approaches and develop proposed policy, which would need to be approved by the City Council in order to be implemented. These policies, if adopted, would potentially create significant reductions in natural gas use and associated emissions. Further policy changes may be proposed in subsequent implementation plans (Game Plans).

### Engaging the Community for Effective Implementation

Staff recognizes that community engagement is critical to the community adopting new behaviors and achieving emissions reductions. For this reason, Strategy 5 of the Playbook is dedicated to “Empowering Our Community.” Within this, Play 5.1 focuses on creating awareness and engaging the community in climate action. Moves planned through 2022 include Move 5.A, which focuses on building connections between neighbors and creating grassroots engagement; Move 5.E, which focuses on engaging youth on climate change; and Move 5.F, which will engage large businesses to encourage their employees to participate in climate action.

### Potential Emissions Reductions from Solid Waste

As shown in the staff presentation, solid waste emissions reductions contribute to a very small portion (3%) of the total emissions reductions needed to achieve an overall 80% reduction in emissions below 1990 levels by 2050. This is because the impact of implementing the policies in the Zero Waste Strategic Plan is largely accounted for as an ongoing impact of Climate Action Plan 1.0 (CAP 1.0) implementation. Therefore, only additional strategies identified in the Playbook, beyond those envisioned in the Zero Waste Strategic Plan, provide additional emissions reductions.

Further, addressing single-use plastics is not called out specifically in the Playbook as their greenhouse gas emissions impact, as tracked in the City’s communitywide inventory, is not significant. This issue would be addressed as a part of Move 4.C, which is broadly focused on reducing waste. With the Playbook’s proposed Game Plan 2022, staff does not envision examining the viability of a fee or tax on single-use plastic items to discourage their use; however, such fees or taxes could be considered for future Game Plans and will be examined as part of Study Issue ESD 19-01 in the upcoming fiscal year.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

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