



City Council Agenda Report

Meeting Date: September 10, 2024

Prepared By: Nick Zornes

Approved By: Gabriel Engeland

Subject: Electrification Incentives

COUNCIL PRIORITY AREA

- Business Communities
- Circulation Safety and Efficiency
- Environmental Sustainability
- Housing
- Neighborhood Safety Infrastructure
- General Government

RECOMMENDATION

Accept Environmental Commission Recommendations #1, #2, and #5 for Accelerating Building Electrification.

FISCAL IMPACT

At this time there is no direct fiscal impact associated with the acceptance of the Environmental Commission Recommendation. Staff will solicit potential service providers, and if necessary, will provide a mid-year budget adjustment request in January 2025.

ENVIRONMENTAL REVIEW

This Ordinance is exempt from environmental review pursuant to Section 15061 of the State Guidelines implementing the California Environmental Quality Act of 1970.

PREVIOUS COUNCIL CONSIDERATION

January 23, 2024 (Adoption of 2024 City Council Strategic Goals) – Attachment 1

February 27, 2024 (Acceptance of Environmental Commission 2024 Work Plan) – Attachment 2

BACKGROUND

On January 23, 2024, the Los Altos City Council adopted a resolution affirming the City Council's 5-Year Strategic Goals. Among other goals, the resolution included Goal #3 which is:

Environmental Sustainability, the City of Los Altos will be a leader in environmental sustainability through education, incentives and adaptation initiatives, and practices identified in the City Climate Action and Adaptation Plan.

On February 27, 2024, the Los Altos City Council conducted a Study Session to meet with individual commissions and discuss each 2024 Commission Work Plan. Among other commissions the Los Altos Environmental Commission presented their 2024 Work Plan proposal which included Project, Goals, and Tasks. The following Work Plan Item was identified by the Environmental Commission and accepted by the Los Altos City Council:

Project: Accelerate Building Electrification (CAAP Item 2.1)
Goal: Reduce GHG Emissions coming from residential and commercial buildings.
Tasks: Work with staff to research and develop decarb programs. Assist staff with outreach/education.

ANALYSIS

In March 2024, the Environmental Commission formed a subcommittee made up of three (3) commissioners (B. Delagneau, R. Humayun, and L. Teksler) for Building Electrification. The subcommittee's overarching task was to work on various ideas for Building Electrification and return to the Environmental Commission to present recommendations for how the City of Los Altos should proceed. On August 14, 2024, the subcommittee presented its recommendations to the Environmental Commission. The following recommendations were presented (Attachment 3):

#1 – Partner with outside third party to accelerate electrification of residences.

#2 – Develop a comprehensive citywide educational/outreach plan.

#3 – Provide Zoning Incentives for elective Electrification.

#4 – Charge an Environmental Fee for the usage of Gas Appliances.

#5 – Other Considerations – Reach Codes are no longer enforceable, Recommendation to wait for New California Building Codes in 2025 (CBC 2025) before making additional local regulatory changes such as Reach Codes.

DISCUSSION

Staff support most recommendations made by the Building Electrification Subcommittee and accepted by the Environmental Commission.

Recommendation #1, to partner with an outside third-party vendor to accelerate electrification of residences within the city is advantageous and in line with what other neighboring jurisdictions are doing to electrify such as the City of Mountain View. The Management Analyst II in charge of Sustainability efforts within the city is already engaging potential vendors regarding this topic and obtaining proposals for the desired scope of work.

Recommendation #2, develop a comprehensive citywide educational/outreach plan. As a part of the efforts that will be accomplished by Recommendation #1, the partnership with an outside third-party vendor for electrification acceleration includes significant outreach and marketing programming as part of the scope of services. Additionally, the City of Los Altos is close to executing an agreement for the development and deployment of a new city website which will

accomplish several of the other goals included in Recommendation #2. City staff introduced the idea of tabling at the Los Altos Farmers Market to the Environmental Commission in Summer 2024, and it is planned for this effort to continue as items are necessary for Public Outreach. Additionally, the Environmental Commission has taken on the stewardship of planning and hosting the Annual EV Fair here at the Civic Center and will further develop their plan on hosting this event.

Recommendation #3, provide zoning incentives for elective electrification, such as increased Floor Area Ratio, and Lot Coverage in exchange for all-electric development. The Assistant City Manager of Land Use does not recommend proceeding with this recommendation currently. The Los Altos City Council has already increased the allowance of floor area ratio and lot coverage for residential development in prior action late last year and yearly this year. Additionally, other policy decisions have been made which require a 2:1 ratio for replacement of trees on private property, taking away the potential lot area for additional square footage.

Recommendation #4, charge and environmental fee for the use of gas appliances within the city, in other words a user fee/tax, or surcharge. After consultation with the City Attorney, not only would this item require a comprehensive Nexus Study and Engineers Report, but it would most likely trigger a vote of the people as it deals with taxation, and user charges. The Assistant City Manager of Land Use does not recommend proceeding with this recommendation.

Recommendation #5, the Environmental Commission acknowledges that Reach Codes adopted in 2022 are not enforceable due to the United States Ninth Circuit Court of Appeals decision in 2023. With the upcoming California Building Code update the Environmental Commission recommended pausing any further local amendments such as Reach Codes until review of the 2025 California Building Codes. The Assistant City Manager of Land Use agrees with this recommendation as any new modifications or amendments to local building codes would take several months to research, review and deploy which most likely would be preempted by the 2025 CBC.

ATTACHMENTS

- 1. 2024 – City Council Strategic Goals**
- 2. 2024 – Environmental Commission Work Plan**
- 3. August 14, 2024 – Building Electrification Subcommittee Recommendations**