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For the Meeting of November 7, 2022

Consent Item; Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: November 1, 2023

Subject: Climate Action Plan Update

Recommendation:

That the City Council:

1. Receive and file a brief update on the status of the Regional Climate Action Plan; and
2. Approve the recommended modifications that will result in a Qualified Climate Action Plan.

Discussion:

As the Council is aware, the City has been collaborating with the County of Humboldt, the City of Eureka, the City of Arcata, the City of Blue Lake, the City of Trinidad, the City of Ferndale, the City of Fortuna to craft a regional approach for addressing the challenges of climate change through the development of a Regional Climate Action Plan (CAP).

This regional approach enables improved coordination and maximizes the effectiveness of Green House Gas (GHG) reduction measures. Throughout the development process of the draft CAP, all jurisdictions have been included in the conversations around decision-making.

The completion of the Humboldt Region Climate Action Plan (CAP) has encountered complications that require attention. Specifically, the consultants (Rincon) hired to conduct the environmental review for the Draft CAP requested supporting information to demonstrate the existing strategies can be achieved. Rincon concluded that the draft CAP is overly ambitious and the goals cannot be achieved. Attachment 1 is a detailed discussion explaining the complications that have been encountered in proceeding to the adoption of the CAP. These limitations prevent the Draft CAP from meeting the State requirements for a “qualified” CAP. A qualified CAP is one that meets State requirements so that future development projects requiring environmental review under State law can streamline greenhouse gas (GHG) impact analyses by demonstrating consistency with the qualified CAP. A qualified CAP also allows opportunities for potential grant funds for local jurisdictions.

In order to produce a qualified CAP, Rincon has recommended modifying the inventory of greenhouse gases to eliminate those baseline emissions that are not under local government control, and; design measures and goals to achieve a qualified CAP. A point of controversy has been whether to include point sources in the inventory. In consultation with Rincon, it is debatable whether there is sufficient local control over these emissions so point source emissions are not being included in the CAP.

The Board of Supervisors (BOS) received a report from the County Planning Department regarding the complications associated with the draft CAP on October 17, 2023. At that meeting, the BOS approved the request to move to the preparation of a qualified CAP.

It is anticipated that the draft CAP will be completed by the end of March 2024, the Draft Environmental Impact Report (DEIR) completed by the end of September 2024, the Final EIR (FEIR) completed by the end of 2024, and the public hearings to begin in January 2025.

Attachment 1: Discussion of Draft CAP challenges

Proposed Humboldt Regional CAP Modification

October 10, 2023

Summary

Completion of the Humboldt Region Climate Action Plan (CAP) has encountered complications that require attention. Specifically, the consultants hired to conduct the environmental review for the Draft CAP requested supporting information to demonstrate the existing strategies can be achieved. The process of attempting to justify the measures results in the conclusion they are overly ambitious and cannot be achieved. These limitations prevent the Draft CAP from meeting the state requirements for a “qualified” CAP, and the following discussion outlines the issues, provides options for moving forward, and includes a proposal that could result in a qualified CAP.

The Draft CAP is the result of a collaborative effort between the County of Humboldt, the City of Eureka, the City of Arcata, the City of Blue Lake, the City of Trinidad, the City of Ferndale, the City of Fortuna, and the City of Rio Dell to craft a regional approach for addressing the challenges of climate change. This regional approach enables improved coordination and maximizes the effectiveness of GHG reduction measures. Throughout the development process of the draft CAP, all jurisdictions have been included in the conversations around decision making. After consulting with the jurisdiction staff involved in the CAP formation on the issues and potential paths forward, it was collaboratively decided that the following proposal would be brought to the City Councils and the Board of Supervisors for consideration.

Background

A CAP that meets state GHG reduction goals is a “qualified” CAP that provides streamlining for CEQA required GHG impact analysis of future development projects by demonstrating consistency with the CAP. To be considered a “qualified” GHG reduction plan per CEQA Guidelines Section 15183.5(b), a) the CAP must quantify existing and projected GHG emissions over a specified time period within defined geographic area, b) establish locally and regionally appropriate reduction targets that are at least consistent with the State targets, c) identify and analyze sector specific GHG emissions from categories of actions within the geographic area, d) specify measures/actions including performance standards that are supported by substantial evidence that would on a project by project basis collectively achieve the specified emissions level, and e) establish a mechanism to monitor progress and amend the plan if the specified emission targets are not achieved, and f) be adopted in a public process following environmental review.

A qualified CAP provides consistency in implementation of GHG emissions reduction measures, sets the baseline for local expectations, and allows applicants to include the CAP provisions within their proposals. If a CAP is not qualified each new development will need to evaluate impacts on GHG emissions and develop independent mitigation for their impacts. This introduces a significant amount of variability in the implementation of GHG reduction objectives. A qualified CAP is more effective than a CAP that is not qualified because it not only meets state objectives, but has regulatory leverage to require new development and activities to comply with the CAP. An unqualified CAP does not have the same authority over new development projects and would not provide the same effectiveness in GHG emissions reductions in the Region. A qualified CAP also improves opportunities for localities to obtain grant funding to implement climate adaptation strategies.

The GHG reduction model was originally developed by consultant Environmental Indicator Accounting Services (EIAS). Since 2020, staff worked with EIAS and jurisdictions throughout the County to develop specific GHG reduction implementation measures based on the community priorities that were identified

during 2019 community workshops. The measures were vetted over months of review by several staff members. The objective was to provide ambitious but realistic measures that would provide the GHG reductions necessary to meet the state targets. To meet the state targets, implementation measures must demonstrate a 40% reduction of GHG emissions below 1990 levels by 2030 and significant progress towards net-zero emissions by 2045. Staff identified several concerns about meeting the required targets based on the GHG reduction model, given the very ambitious measures it included.

The existing Draft CAP was written to exclude project-level industrial sources of GHG emissions, also known as “point source” emissions, from the baseline 1990 GHG emissions inventory. For this reason, 2015 was chosen as the baseline year. The rationale to exclude point source emissions was that the reduction in industrial emissions was not achieved through the implementation of policies geared towards reducing GHG emissions but was achieved through a decline in the timber resource industry.

Upon completion of the Draft CAP, it was reviewed and accepted by all stakeholder jurisdictions. The intent was to use this draft as the project description for preparation of the EIR. A REAP grant was obtained by Humboldt County Association of Governments (HCOG) to pay for the EIR and a corresponding VMT analysis. The justification for the grant was to facilitate and expedite the development of housing in Humboldt County with the rationale that a qualified CAP would address GHG emissions associated with new development and would remove the need for that analysis on each new residential project. An unqualified CAP requires each project to evaluate its GHG emissions impact, which can be costly and time consuming.

Rincon Consultants, Inc. was chosen as the EIR consultant and after their review of the Draft CAP they asked for background information (i.e., substantial evidence) to justify the measures and targets proposed to reduce GHG emissions. Rincon’s scorecards on the measures listed in the Draft CAP are included as Attachment A. This began an analysis of the Draft CAP’s measures which revealed that the measures were written to accomplish the state goals for GHG emissions reductions without consideration of whether the goals could be achieved. As the measures were re-evaluated and redefined it became clear that the result would be a CAP that is not qualified. The initial approach in re-evaluating the Draft CAP was to reassess the numbers, determine the difference is between a qualified CAP and the current draft with measures that are supported, and then evaluate whether additional measures could be added to achieve a qualified CAP. This approach has been deemed to be infeasible.

A list of measures with weaknesses in the Draft CAP is included as Attachment B. Examples of how the Draft CAP overestimates its measures is seen in the objective to convert to Zero Emission Vehicles (ZEV) and in the objective to convert existing homes to all electric. As part of the analysis to provide substantial evidence that the goals of the Draft CAP were achievable, it was important to tie the goals to accepted sources of information. Related to ZEV’s, the California Air Resource Board’s (CARB) Advanced Clean Cars II rule provides a roadmap so that by 2035 100% of new cars and light trucks sold in California will be ZEV’s. It establishes interim targets of: 35% of cars sold statewide in 2026 will be ZEV’s, and 68% of cars sold in 2030 will be ZEV’s. Data for ZEV’s sold in Humboldt County between 2020-2023 was collected and analyzed, along with data from the DMV for registered passenger vehicles in Humboldt County, to project ZEV’s in Humboldt County by 2030. The results were then compared to the target specified in the Draft CAP. Following the CARB interim targets show it is likely that 11,415 ZEV’s would be sold during the Draft CAP time frame. Based on this the Draft CAP’s target for 34% ZEV (18,301 ZEV’s) ownership of passenger vehicles in Humboldt County by 2030 is overestimated and not achievable. This is reflected graphically in Attachment C.

Additionally, the Draft CAP's target for complete electrification of homes is 26% by 2030 (14,293 homes). This requirement would need to be tied to something triggering of the conversion such as sale of the home or issuance of a building permit. Using the County as an example, there are approximately 27,000 units which is approximately half the homes in the County. This goal is beyond reach. Looking at Building Permits and home sales, on average the Humboldt County Planning & Building Department receives approximately 300-400 remodel applications and 300-400 transfers of sales per year. There would be a maximum of 800 opportunities per year to potentially require 100% electrification. Over a period of seven years that would only result in a total of 4,800 homes being completely electrified. The County's share of this goal would be approximately 7,000 homes. This leaves a gap of approximately 2,200 units that still would need to be electrified. This is compounded by the reality that a percentage of the County is within rural areas where electricity is not currently available, and people live off grid. In addition, a decision needs to be made as to when complete electrification will be required. Should the measure require electrification for any home transfer which may be financially infeasible for more affordable units? Should complete electrification be required for issuance of Building Permits associated with minor repairs? At what level is complete electrification required? These are only two examples of the many measures and targets in the Draft CAP that lack substantial evidence to show how they could feasibly be achieved by 2030.

Unfortunately, the facts and science contained within the existing draft do not allow the CAP to reasonably achieve a qualified status. There are not funds currently available to pay for an EIR that is not qualified, therefore a change in approach and funding is necessary to either reach a qualified CAP or accept a CAP that is not qualified.

A key issue is that grant funding from the HCAOG for preparation of the CAP EIR cannot be used for a CAP that is not qualified. The grant for preparation of the EIR is based on enabling the approval of housing. This only occurs with a qualified CAP which removes the need for proposed development projects to evaluate their GHG emissions under CEQA.

To address this situation a proposal was requested from the EIR consultant to resolve the vulnerabilities of the current Draft CAP, included as Attachment D. Doing this will involve redoing and rethinking some work for the CAP and will cost both time and money. The grant funds currently dedicated to preparation of the EIR can be reallocated to make improvements to the CAP such that it will be qualified and will use the most current methodologies and science to address the climate crisis. Additional funds will need to be found to complete the environmental work, but the priority is to achieve a qualified CAP. It has become apparent that there is not a viable path forward for the current Draft CAP.

Proposal

In order to achieve a qualified CAP the proposal is to redirect the funds allocated for preparation of the EIR to Rincon to revise portions of the CAP. An important concept in achieving this is to right size the Greenhouse Gas Inventory, forecast, and targets. State guidance recommends focusing the inventory, forecasting and target setting on emission sources that a jurisdiction can have influence over through developed strategies. While the existing inventory does exclude point sources from past industrial output, it also includes other GHG emissions that the local jurisdictions have limited control over. Once the inventory is appropriately sized, measures can be tailored to achieve the appropriate reductions. This does not include using point sources as part of the Inventory. This would involve Rincon taking the following actions:

1. Update the GHG Inventory. This would be from community wide data as of 2022 and include sources of emissions that the County and incorporated cities have influence over.

2. Update the Forecast. The current forecast does not contain the state policies that are considered best practice to include or exclude. The Rincon team will utilize their forecasting tool to update both a business-as-usual (BAU) forecast and an adjusted forecast (which includes reductions from state legislation) of expected emissions broken down by emissions sector for specific future years, such as 2030 and 2045.
3. Update Target Analysis. Rincon will work with the jurisdictions to identify targets that are practical, defensible, and consistent with current state legislation, including SB 32 and the newly signed AB 1279. Rincon will produce both per capita and mass emission-based targets for the review.
4. Measure Development. Rincon will work to 1) revise existing measures such that the goals are well supported with the developed actions; 2) assess any policy or program gaps and identify additional opportunities for emission reductions and new measure development; 3) develop targeted approaches that are differentiated specifically for municipal and rural areas of the county; 4) quantify the GHG reduction potential of the revised and new measures and provide documentation of the substantial evidence supporting the strategy.
5. Scenario-Planning for GHG Reduction Strategies. Rincon will begin by inputting the current strategy goals into their Scenario Planning and Reduction Quantification (SPARQ) tool. The SPARQ tool calculates GHG reduction potential based on the established goals and using standard substantial evidence. The GHG emission reduction potential is then compared to the adjusted forecast and established target to demonstrate the emissions that would need to be reduced by additional action or increased implementation of established actions to reach the target.
6. Revised Measures and Action List. Based on the above criteria and the existing measures and actions of the Draft CAP, Rincon will develop a draft list of revised/new GHG reduction measures and actions that will act as a roadmap and align with the County's GHG reduction targets for the established target years. The measure and action list will include the recommended County and/or incorporated City involvement (e.g., role, department lead), linkages to existing plans, codes, or activities, and the identification of interested parties, community-based organizations, and partners essential to the successful implementation.
7. Measure Quantification and Substantial Evidence Documentation. Rincon will also provide the necessary substantial evidence to support the quantification of each strategy, measure, and action. Providing substantial evidence to support the developed strategy is critical to the defensibility of the CAP and to demonstrate how the CAP will meet the established targets and ultimately be a qualified GHG reduction plan per CEQA guidelines.
8. Interagency Engagement. Rincon will work with staff from each participating jurisdiction.
9. Community Engagement. Two community workshops will be held.

This will take between 4-6 months of time and cost up to \$127,000. At the end of this effort, we expect to have a revised CAP document that will meet all required criteria to be qualified. If we do not modify our approach at this time, the result can only be an unqualified CAP.