



Administrative Report

DISCUSSION ITEM

TO: HONORABLE CITY COUNCIL

FROM: James Vega, City Manager

DATE REPORT

PREPARED: February 17, 2023

MEETING DATE: February 28, 2023

SUBJECT: Second reading and adoption of Greenhouse Gas Reduction Code Ordinance, including amendments to the Ojai Municipal Code and adopting a new Chapter 9.17 in the Ojai Municipal Code requiring new buildings to be all electric with no natural gas infrastructure.

Recommendations

That City Council approve an Ordinance of the City Council of the City of Ojai Amending Ojai Municipal Code, Title 9, Chapter 1, Article 10 which changes the name from Reach Code to Greenhouse Gas Reduction Code, eliminates all exemptions except for infeasibility, and includes, per Council motion, science-based language and information provided by Mayor Stix.

Background

Ojai was the first City in the County to declare a climate emergency. The City led the way with programs such as the electrification of landscape equipment and adoption of Reach Codes (codes that reach beyond the state minimum).

The State of California allows cities to amend the California Building Standards Code (CBSC) to make them more restrictive, provided climatic, geographical or topographical findings apply. On October 22, 2019, the City adopted the 2019 CBSC with amendments by the Ojai City Council and an effective date of January 1, 2020. City Ordinance (Ordinance #904) was accepted by the Building Standards Commission on January 3, 2020, laying the foundation for the City's adoption of its Reach Code.

The City Council adopted Ordinance No. 911 (Reach Code), on November 10, 2020. It included findings of local climatic, geographical or topographical conditions that support the adoption of this more restrictive standard. The Ordinance requires electric appliances for new construction of residential and non-residential buildings. Electricity is the required energy source for home and water heating, cooking appliances and clothes dryers. Natural gas is not allowed for most new construction, unless an exemption or exception applies.

Discussion

On January 10, 2023, the Ojai City Council directed staff to draft and introduce an ordinance amending the Reach Code at the January 24, 2023, meeting and remove all exceptions, allowing only an infeasibility exemption. On January 24, the City Council continued the item to February 14, 2023. On February 14, the Reach Code, to be renamed the Greenhouse Gas Reduction Code was unanimously introduced, with adoption scheduled for February 28, 2023. The Greenhouse Gas Reduction code as proposed would apply to new construction and new residential units, but would not apply to remodels.

The ordinance is included as Attachment A. As introduced, the proposed ordinance would delete all nine prior exceptions for when all-electric utilities are required in new construction.

These exceptions are:

1. Temporary Buildings (such as construction trailers).
2. Attached Accessory Dwelling Units.
3. Any Free-Standing Accessory Dwelling Unit if the applicant can demonstrate to the satisfaction of the Building Official that the proposed accessory dwelling unit will require the installation of an upgraded electric utility panel.
4. New or replacement stationary emergency generators powered by natural gas.
5. Any portion of any new residential building that contains any residential units deed-restricted to be affordable housing at the very-low, low-or moderate income levels for at least fifty-five (55) years from the date of the building's certificate of occupancy.
6. Any project where compliance with this chapter shall adversely affect the project's participation in a Property Assessed Clean Energy (PACE) financing program agreement, in the reasonable judgment of the Building Official.
7. Any remodel or modification to any residential or non-residential building issued a certificate of occupancy or equivalent final approval by the Building Official before January 1, 2021, including any new or modified outbuildings, accessory structures and equipment, pool heaters, outdoor fireplaces, and outdoor cooking facilities on the same parcel as the existing building.
8. New or modified restaurants.
9. New or replacement swimming pool heaters and related equipment.

The City received public comment prior to the City Council meetings regarding this item. Many comments were focused on 2 questions: 1) whether this applied to remodels, or 2) whether commercial kitchens would still be allowed.

- 1) Remodels: As proposed, this ordinance would not apply to remodels but would apply to new construction or new residential units.
- 2) Commercial/restaurant Kitchens: As proposed, this ordinance would apply to new commercial kitchens, but not to remodels. An existing restaurant could remodel and keep a gas stove. However a new construction business with a commercial kitchen would need to install electric appliances, unless qualifying for an infeasibility exception. If the Council wishes to modify that

requirement, language could be added under covered project to make it clear that commercial/restaurant kitchens are not impacted.

Emergency Generator and Swimming Pool Heater Information

At the February 14, 2023 City Council meeting, Council directed City staff to research exceptions regarding new or replacement stationary emergency generators powered by natural gas, and new or replacement swimming pool heaters and related equipment.

Staff looked into stationary emergency generators powered by natural gas for residential homes and found the generators typically range from \$7,500 to \$15,000, which includes installation. Prices vary depending on the size of the generator. Larger stationary generators are capable of powering very large homes with high energy demands, however, the power capabilities vary based on the size of the generator. Stationary emergency generators have not been very common in Ojai and since 2019, only one building permit has been issued.

A home battery system is an alternative to stationary emergency generators as it is capable of powering an entire house. Home battery backup systems have a higher upfront cost and the typical home battery backup system ranges from \$10,000 to \$20,000 without installation. Depending on the energy needs, a home battery backup will usually last a day or two during a power outage. Home battery systems can be used with or without solar panels.

Other alternatives include portable gas or diesel generators and portable power stations (rechargeable battery), however, these options typically do not produce enough energy to power an entire home. Portable generators typically produce enough power to plug in select critical appliances, such as a refrigerator. Portable generators prices range from \$300 up to \$5,000, depending on the power generated. It is worth noting California will ban the sale of gas generators starting in 2028. Portable power stations are capable of powering home appliances such as a refrigerator for a short period of time if the device is fully charged, but once the battery is depleted, you would need electricity to recharge the battery. Pricing ranges from \$240 - \$4,000 depending on battery capacity and power output.

Staff also researched alternatives to gas pool heaters. Natural gas pool heaters typically cost \$1,000 to \$4,500 with labor costing an additional \$500 to \$1,500. Depending on the heater and weather conditions, it generally takes about 8-12 hours to raise a pools temperature 20 degrees. An alternative to natural gas pool heaters are heat pumps, which are powered by electricity and transfer heat from the outdoors into the water. They have a higher upfront cost ranging from \$2,000 to \$6,500 with labor costing an additional \$500 to \$1,000. It generally takes 24 to 72 hours to raise the water temperature by 20 degrees. However, heat pumps work less efficiently as the ambient temperature drops, and do not work efficiently below 50 degrees. From December to March, the average temperature in Ojai ranges from 50 degrees to 54 degrees.

Infeasibility Exemption and Appeal Process

Infeasible is defined as incapable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social and technological factors. The specific determinants of infeasibility as they relate to the Greenhouse Gas Reduction Code are included in the attached Ordinance.

- The proposed ordinance would allow for an infeasibility exemption. This exemption requires that the applicant identify in writing the circumstances that make it infeasible or a hardship, and present to the Community Development Director for final determination. The ordinance

identifies criteria to be considered. Financial consideration is not a basis for determination of physical or technical infeasibility in the proposed ordinance.

- Appeals shall be filed in writing to the Planning Commission and processed, with possible further appeal to the City Council, in accordance with the provisions of Article 30, Appeals of Chapter 2 of Title 10 of this Code.

Over the last three years, the City has approved five new single-family residences, no new commercial buildings and 109 ADU's (13 in 2020, 33 in 2021 and 63 in 2022). All ADU's fell under the Reach Code exceptions, three of the single-family residences received permits prior to Reach Code implementation, one is in the appeal process and one has followed the Reach Code requirements.

Cost Effectiveness

The California Public Utilities Commission's 2019 Energy Efficient Ordinance Cost-effectiveness Study for Climate has examined reach code costs in Climate Zone 9, which includes the City of Ojai, and determined that all-electric homes are cost-effective.

Based on lifetime equipment cost savings (the difference in cost for equipment and infrastructure combined with incremental replacement costs) there is an estimated cost savings of \$5,349 for an all-electric single family home and \$2,337 per apartment.

However, there can be substantial variability in costs, particularly related to natural gas infrastructure. Costs are project-dependent and will be impacted by such factors as site characteristics, distance to the nearest gas main, joint trenching, whether work is conducted by the utility or a private contractor, and number of homes per development among other things.

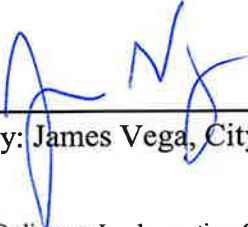
As the majority of the properties in the City of Ojai already have gas utilities adjacent to the property, there may be a decrease in the cost for gas connection, which may reduce the cost effectiveness of implementing the Reach Codes to those properties.

Environmental Review

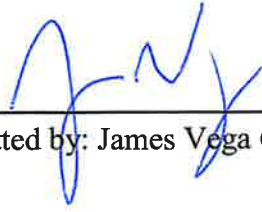
The adoption of this Ordinance is exempt from the California Environmental Quality Act (CEQA) per the State CEQA Guidelines Section 15061(b)(3) and § 15307 and § 15308, in that it can be seen with certainty that there is no possibility that the activity in question may have a significant negative effect on the environment and the proposed ordinance will protect natural resources and the environment. The proposed Ordinance will not have an impact on the environment because the amendments do not directly facilitate new development, or changes in the type and intensity of land use.

Fiscal Impact

The cost-effectiveness study discussed above is included as Attachment B.



Prepared by: James Vega, City Manager



Submitted by: James Vega City Manager

Attachments:

- A – Ordinance Implementing Greenhouse Gas Reduction Code, as Introduced
- B – 2019 Cost-effectiveness Study: Low Rise Residential New Construction