



# TOWN OF HILLSBOROUGH

San Mateo County  
1600 Floribunda Avenue  
Hillsborough, CA 94010

# 13

**PUBLIC HEARING  
CITY COUNCIL MEETING  
APRIL 11, 2022**

## AGENDA STAFF REPORT

**ITEM SUBJECT: ADOPTION OF AN ORDINANCE AMENDING TITLE 15 (BUILDINGS AND CONSTRUCTION) OF THE HILLSBOROUGH MUNICIPAL CODE, CHAPTER 15.10 (ENERGY CODE), BY ADDING SECTION 15.10.050 (ENERGY REACH CODE) AND AMENDING BY REFERENCE THE 2019 CALIFORNIA ENERGY CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 6) AND FINDING THE ACTION TO BE EXEMPT FROM CEQA**

**SUMMARY:** At the March 14, 2022 City Council meeting, by unanimous vote, the City Council introduced and waived further reading of an ordinance amending the Hillsborough Municipal Code related to new low-rise residential construction to require that space heating and water heating appliances be required to be electric and cooking and clothes drying appliances using natural gas or propane be required to be prewired for a future electric replacement appliance.

The introduction of the ordinance followed feedback received from the City Council at the February 14, 2022 City Council meeting, directing staff to draft an All-Electric Preferred Mixed-Fuel Option Energy Reach Code Ordinance for City Council consideration.

At the February 14, 2022, City Council meeting staff from the Building & Planning Department provided an update on the Department's progress on development of an Energy Reach Code Ordinance. Staff provided an overview of three reach code options (Gas Ban, All-Electric Required, and All-Electric Preferred), recommending that Council consider adoption of an All-Electric Preferred model with a mixed-fuel option. Out of the three models, the All-Electric Preferred model allows building designers and developers the greatest flexibility in building design while still addressing concerns greenhouse gas emission concerns related to the use of natural gas and propane.

As space heaters and water heaters are the largest gas-using appliances in a single-family dwelling, staff further provided the Council with two sub-options for consideration under this model:

1. Require all new single-family residential construction to implement an electric space heating or electric water heating appliance, or
2. Require all new single-family residential construction to implement an electric space heating and electric water heating appliance.

After discussion and deliberation, Council provided direction to staff to return at the March 14, 2022 City Council meeting with an All-Electric Preferred Mixed Fuel Option ordinance for introduction, with sub-option 2 which requires all new single-family residential construction to implement an electric space heating and electric water heating appliance.

Town staff met with staff from Peninsula Clean Energy (PCE) to discuss any cost-effectiveness study requirements. Town staff were provided with the 2019 cost effectiveness study that has been used by several jurisdictions to support the adoption of a residential all-electric reach code ordinance (required or preferred), and PCE staff have indicated that the Town will likely not need to conduct an additional cost-effectiveness study or secure any additional approval from the California Energy Commission (CEC) as the CEC has deemed that such an ordinance is not an energy conservation or efficiency standard. Depending on choices made by the applicant, the cost savings may vary significantly. Applicants may select high efficiency systems that initially have a higher purchase cost and potential operational cost. Cost savings and energy savings are calculated on the entire efficiency of the dwelling.

### Energy Reach Code Adoption Process; Required Findings

The State of California adopts statewide building standards that are organized in Title 24 of the California Code of Regulations, referred to as the California Building Standards Code. State law permits local jurisdictions to adopt local amendments that are more restrictive than the minimum statewide building standards if the local jurisdiction makes findings determining that the proposed changes are reasonably necessary because of local climatic, geologic, or topographical conditions. This section describes the findings that support the proposed ordinance.

The proposed Energy Reach Code would amend the 2019 California Energy Code in order to reduce the GHG emissions associated with natural gas production, transmission, and combustion within the Town of Hillsborough by requiring all new single-family residential construction to implement electric space heating and electric water heating appliances, unless the project meets performance-based requirements in the Energy Code. Greenhouse gas (GHG) emissions are a proven contributor to climate change, which is already impacting the Town of Hillsborough through increased wildfire risks. The following are the findings required to amend the 2019 California Energy Code:

- Climatic findings: In the Town, normally the months of May through September have no rain and abundant sun, drying out the great quantities of vegetation present everywhere in Town and providing an extensive fuel source for fires. Seasonal climatic conditions in and around the Town create severe fire hazards to the public health and welfare. Reducing greenhouse gas (GHG) emissions associated with natural gas is necessary to reduce the Hillsborough's contribution to climate change, which is contributing to severe local climatic conditions.
- Geologic findings: The Town's western boundary is within a few miles of the San Andreas Fault, one of the major seismic faults running through California. An earthquake along the San Andreas Fault, or along any of the other numerous seismic faults elsewhere in the Bay Area, could break gas, electrical, and water lines, increasing the chance of fires and impairing the ability to fight them. Reducing the reliance on natural gas in new construction will decrease the risk of fires caused when gas lines rupture or break in seismic-related events. Experts have cautioned that one or more major earthquakes in the Bay Area, affecting the whole region, are inevitable and will probably happen sometime within the next several decades.

- **Topological findings:** The Town’s hilly topography, numerous cul-de-sacs, winding narrow roads, numerous canyons, high proportion of landscaped areas to hardscape areas within the developed portions of the Town, and substantial areas of open space with dense, natural vegetation all mean that there are substantial areas throughout Town where urban and wildland areas abut and which have the potential for fires that could spread quickly over a wide area and threaten many homes and inhabitants.

The findings above demonstrate that the proposed Reach Code, which will reduce natural gas use, transmission, transportation and combustion within Hillsborough, are reasonably necessary to address climatic, geologic and topologic conditions in the Town.

When a local jurisdiction adopts or amends a code by reference, special procedures apply as set forth in Government Code, Section 50022.1 et seq. If the City Council decides to adopt the draft ordinance, state law (Government Code, Section 50022.3) requires the Council to schedule a public hearing on the proposed ordinance to coincide with the second reading. Staff has provided notice of this hearing as required by state law.

**FISCAL IMPACT:** There is no fiscal impact related to introduction of this ordinance; however, staff notes that there may be a negligible fiscal impact related to future ordinance enforcement. The Town has received a \$10,000 grant from PCE to assist with project-related costs.

**ENVIRONMENTAL ISSUES:** The adoption of the ordinance is not a project under the requirements of the California Environmental Quality Act, together with related State CEQA Guidelines (collectively, “CEQA”) because it has no potential for resulting in a physical change to the environment. In the event that this Ordinance is found to be a project under CEQA, it is exempt from further environmental review pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility that the action approved may have a significant effect on the environment. In this circumstance, the proposed action would have no or only a de minimis effect on the environment by requiring all new single-family residential construction to implement electric space heating and electric water heating appliances unless the project meets the performance-based requirements in the Energy Code. The Ordinance is also exempt from CEQA under CEQA Guidelines section 15308, because it is a regulatory action for the protection of the environment to reduce greenhouse gas emissions.

**ATTACHMENTS:** Ordinance

**PREPARED BY:** Tim Anderson, Assistant Director of Building & Planning

**RECOMMENDATION:** Adopt the ordinance entitled “Ordinance of the City Council of the Town of Hillsborough Amending Title 15 (Buildings and Construction) of the Hillsborough Municipal Code, Chapter 15.10 (Energy Code), by Adding Section 15.10.050 (Energy Reach Code) and Amending by Reference the 2019 California Energy Code (California Code of Regulations, Title 24, Part 6) and Finding the Action to be Exempt from CEQA.”