



Administrative Report

PUBLIC HEARING

TO: HONORABLE CITY COUNCIL

FROM: James Vega, City Manager
Tom Juzwiak, CBO, Contract Building Official

**DATE REPORT
PREPARED:** October 30, 2020

MEETING DATE: November 10, 2020

SUBJECT: Second Reading and Adoption - Reach Codes Ordinance, including Amendments to the Locally adopted California Energy Code and California Building Code Implementing the Electrification of New Construction Residential and Non-Residential Buildings and Structures, by Amendment to Ojai Municipal Code, Title 9, Chapter 1, Article 10 – Requiring Certain Electric Facilities for New Construction Residential and Non-Residential Buildings.

Recommendations

That City Council:

- 1) Hold a public hearing;
- 2) Approve the proposed exemption from the California Environmental Quality Act (CEQA) per the State CEQA Guidelines Sections 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 ordinance does not directly facilitate new development, or changes in the type and intensity of land use. Therefore no further environmental review is necessary;
- 3) Approve and adopt the proposed ordinance regarding Reach Codes, including amendments to locally adopted California Energy Code and California Building Code implementing the electrification of new construction residential and non-residential buildings and structures by Amendment to Ojai Municipal Code, Title 9, Chapter 1, Article 10 – Requiring Certain Electric Facilities for New Construction Residential and Non-Residential Buildings.

Commission Recommendations:

The Climate Committee recommended that Council adopt Reach Codes and submitted a draft ordinance for Council review. Following the October 13 City Council meeting, the Climate Committee submitted suggested refinements to the draft ordinance (Attachment B). The Building Appeals Board received a presentation from the Climate Emergency Mobilization Committee on September 29, 2020 and determined that they were unable to make a recommendation to Council at this time pending further information from both outside resources as well as the Climate Emergency Committee.

Discussion

Ojai was the first City in the County to declare a climate emergency and has led the way with programs such as the electrification of landscape equipment and the creation of a Climate Emergency Mobilization Committee. The City's Climate Emergency Mobilization Committee has investigated Reach Code (codes that reach beyond the state minimum) development in California, and recommended that the City consider adopting Reach Codes.

The State of California allows cities to amend the California Building Standards Code (CBSC) to make them more restrictive, provided required findings are made. The current publication of the 2019 CBSC was adopted with amendments by the Ojai City Council on October 22, 2019 with an effective date of January 1, 2020. The City Ordinance (Ordinance #904) was accepted by the Building Standards Commission on January 3, 2020. Amendments to the California code of Regulations Title 24 require findings of local climatic, geographical or topographical conditions that support the adoption of a more restrictive standard.

On September 29, 2020, a meeting was held with members of the Building Appeals Board, the Building Official, and the Climate Emergency Mobilization Committee with a presentation on Reach Codes. On October 13 and 27, 2020, the City Council considered the Climate Emergency Mobilization Committee's recommendation to adopt Reach codes via proposed amendments which would require electric appliances for new construction residential and non-residential buildings by requiring electricity to be the energy source for providing heat to the structure, water heater, cooking appliances, and clothes dryers. The adoption of Reach codes would result in natural gas not being allowed for most new construction, unless an exemption applies.

Reach Code Requirements and Exemptions

After considering several options, as its October 27, 2020 meeting, the City Council introduced, on a 4-1 vote, a Reach Codes ordinance. The ordinance is included as Attachment A.

As introduced, the proposed codes would require all electric appliances in all newly constructed Single Family Residences, Multifamily Residences and non-residential buildings – unless an exemption applies. Over the last three years in Ojai, the City has approved 3 new single family residences, and 2 new commercial buildings, and it is therefore anticipated that the Reach Codes, as proposed, would impact approximately 1 new single family residence, and 1 new commercial building, on average each year. The City also approved 14 ADU's in that time period, but, as introduced, some would likely qualify for an exemption as discussed below. Additionally, as introduced, most remodels or alterations of existing buildings, with a certificate of occupancy or final approval issued before January 1, 2020, would not be impacted by Reach Code requirements for modifications or new accessory structures on those parcels.

The ordinance includes exemptions for temporary buildings (construction trailers), attached ADUs, free standing ADUs that would require an electrical panel upgrade, stationary emergency generators, any portions of a building that contains any residential units deed-restricted to be affordable housing, and any project where compliance would adversely affect the project's participation in a Property Assessed Clean Energy (PACE) financing program agreement. The ordinance also includes an exemption for any remodel or modification to a residential or non-residential building issued a certificate of occupancy or equivalent final approval before January 1, 2021 – including new or modified outbuildings, accessory structures and equipment, pool heaters, spa heaters, outdoor fireplaces, and outdoor cooking facilities. For example, this means that a pool heater or outdoor fire place for a building that receives final approval before implementation could still be supplied with gas.

Additionally, following the October 10 meeting, Council directed that staff add 2 more exemptions/exceptions: new or modified restaurants, and new or replacement swimming pool heaters and related equipment. Those are included in Attachment A. Lastly, any new construction that applies for plan check prior to implementation of this ordinance would also be exempt, although not specifically listed in the ordinance.

Appeals Process

At the October 27 City Council meeting, the City Council discussed a variety of appeals options. Consensus was not reached on how appeals should be processed. The draft ordinance includes a framework, but does not identify whether appeals would proceed directly to the City Council, or to a Commission or Board. Council should identify the appropriate process, and that process will be included.

Staff recommends identifying the Community Development Manager/Director as the person responsible for approving or denying exemptions, to be tested at the zoning clearance or other land use permit stage. Confirming whether the project will or will not require electric appliances will allow applicants to have some certainty as to the financial scope of their project, and thus to make other design and project decisions, than if this determination is deferred until later. If the Council delegates this decision making to the Community Development Director at the zoning clearance stage, then the City Council may wish to identify whether appeals of those decisions would proceed directly to the City Council, or to the Planning Commission instead.

Cost Effectiveness Study

Under the auspices of the California Public Utilities Commission, Pacific Gas and Electric (PG&E) and Southern California Edison (SCE) prepared a report (2019 Energy Efficient Ordinance Cost-effectiveness Study for Climate) of cost effectiveness analysis of various building prototypes with different Reach Codes options from the Statewide Reach Code cost effective studies. In this report the Reach Code concluded the following for Climate Zone 9, which includes the City of Ojai:

- Based on lifetime equipment cost savings (the difference in cost for equipment and infrastructure combined with incremental replacement costs) of \$5,349 for an all-electric single family home, this analysis found that the all-electric code compliant option is cost-effective in Climate Zone 9. For multifamily buildings, based on a cost savings of \$2,337 per apartment, the code compliant option is cost-effective in Climates Zone 9.
- However, the Reach Code Team found 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. While the best cost data available to the Reach Code Team was applied in this analysis, individual projects may experience different costs, either higher or lower than the estimates presented here.

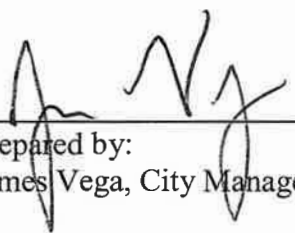
The majority of the properties in the City of Ojai already have gas utilities adjacent to the property. Therefore, there may be a decrease in the cost for gas connection, which may reduce the cost effectiveness of implementing the Reach Codes to those properties.

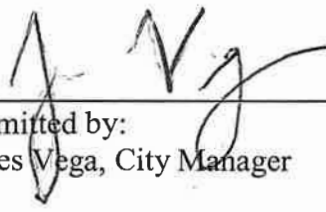
Environmental Review

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 C.


Prepared by:
James Vega, City Manager


Submitted by:
James Vega, City Manager

- Attachment: A –Ordinance Implementing Reach Codes, as Introduced
- B –Climate Committee Letter re: Draft Ordinance
- C – 2019 Cost-effectiveness Study: Low Rise Residential New Construction