



Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow

SUBJECT: CLIMATE SMART SAN JOSE PLAN SEMI-ANNUAL UPDATE

DATE: September 14, 2022

Approved

Date

9-7-22

RECOMMENDATION

Accept this update on Climate Smart San José activities and recommend this item for full Council consideration at the October 18, 2022, City Council meeting.

OUTCOME

Provide a semi-annual update to the City Council on key activities completed and underway to implement Climate Smart San José.

EXECUTIVE SUMMARY

The Climate Smart San José plan (“Climate Smart”) was approved by City Council in February 2018 and includes goals and milestones that align with the 2016 Paris Agreement, designed to prevent global temperatures from rising by more than 2°C (or 3.6°F). Climate Smart is focused on achieving greenhouse gas (GHG) reductions in three primary categories: energy, water, and mobility. In November 2021, City Council adopted a resolution to work towards community-wide carbon neutrality by 2030 and in June 2022 approved the Pathway to Carbon Neutrality by 2030 to further focus staffs’ efforts and accelerate work towards this new goal. Since 2019, the City’s climate efforts have been supported with an in-house Climate Advisor position and significant technical resources through the American Cities Climate Challenge. This support concluded in June 2022.

The City continues to seek out and employ cutting-edge and impactful tactics and programs to further Climate Smart San José goals. This update report highlights the many areas of progress achieved since the last update in April 2022 that covered activities through February 2022.

BACKGROUND

Adopted in February 2018, Climate Smart is a data-driven plan with specific goals to reduce community-wide GHGs through energy, water, and mobility. As anticipated, Climate Smart needs to be updated to ensure alignment following the Envision San José 2040 General Plan four-year update and to reflect new learnings and technological advances since approval.

In February 2019, City Council approved the City's scope of work in its American Cities Climate Challenge (ACCC) memorandum of understanding (MOU), which included an in-house Climate Advisor position and significant in-kind services together valued at \$2.5 million over an initial two-year period. The MOU term, including the position and technical support, was extended for one year and concluded on June 30, 2022. With this extended support, the City was able to obtain Council approval in June 2022 for both Electrify San José: Framework for Existing Building Electrification and a proposal to amend the zoning ordinance as it pertains to parking and transportation demand management.

Following Council's resolution in November 2021 setting a community-wide carbon neutral by 2030 aspiration for San José, Council approved the Pathway to Carbon Neutrality by 2030 in June 2022 to further focus staffs' efforts and accelerate work towards this new goal. Council direction included for staff to 1) return to the Transportation and Environment (T&E) Committee by December 2022 with an evaluation of any multifamily electric vehicle (EV) charging infrastructure updates to the building reach code, the City's roof space design standards to minimize its carbon footprint and expand rooftop solar, and mitigation of the embodied carbon in building materials, and 2) return to Council by February 2023 with recommendations on establishing a Climate Commission.

ANALYSIS

City staff across multiple departments and in collaboration with various community partners has continued to make significant progress, as detailed below, on programs and policies supporting Climate Smart goals.

Climate Smart Core Resources and Activities

Climate Smart Funding

City staff collaborates across departments to track and pursue private, state, and federal funding opportunities to support Climate Smart initiatives. Table 1 (below) provides a summary of Climate Smart external resource acquisition in the reporting period and total for Fiscal Year (FY) 2021-2022.

Table 1. Value of Acquired External Resources Supporting Climate Smart Goals

	Total Received in Reporting Period (Mar.-Aug. 2022)	Total Received in FY 21-22
Direct Funding	\$1,523,000*	\$7,451,776**
In-Kind Resources	\$361,200	\$762,400
Total	\$1,884,200*	\$8,214,176**

*Includes \$1,450,000 in funding to ESD for Senate Bill 1383 efforts to reduce GHG emissions related to organic waste.

**Includes \$5,066,776 in funding to San José Clean Energy for three years of energy efficiency and electrification programs.

The City applied for \$600,000 in external funding in this reporting period and is currently awaiting notification on awards for these applications. In addition, staff is working on applications due in September and October 2022 for up to \$2.9 million in funding and resources. The Inflation Reduction Act, passed in August 2022, and the State of California Proposed Budget and the federal Infrastructure Investment Jobs Act, passed in November 2021, are allocating an unprecedented amount of funding for building and transportation electrification and climate resiliency initiatives. The Climate Smart team is closely monitoring and preparing for these opportunities as well as additional funding opportunities anticipated in the near future to support building electrification, energy efficiency, weatherization, EVs and EV charging infrastructure, transportation mode shifting, and climate resiliency planning and implementation. City staff also continues to leverage and promote available external resources, incentives, and programs that align with Climate Smart goals to reduce staff time and programmatic costs.

Climate Smart Community Outreach and Engagement

- **Climate Smart Champion Awards:** At the 3rd annual Climate Smart Champion Awards event in April 2022, City staff recognized thirteen individual and team awardees for outstanding efforts in 2021 that align with Climate Smart goals.
- **Equity-focused Co-creation with Community-Based Organizations:** Climate Smart initiatives are leading in the effort to develop City policies and programs more equitably by using a co-creation approach working with community-based organizations (CBOs) representing historically marginalized communities. This approach is being utilized in the following Climate Smart projects:
 - **Delivering Zero Emissions Communities (DZEC)** – The City was awarded the DZEC grant in July 2021 and, starting in February 2022, began conducting Equity Task Force meetings with five CBOs over the course of six months. The purpose of the Equity Task Force was to understand the impacts of freight on local communities and brainstorm strategies to limit the negative consequences of these impacts. Work under this grant also included an analysis of freight-related data and strategies to reduce GHG emissions of freight in collaboration with the Mineta Transportation Institute at San José State University and one-on-one informational interviews with local and national freight companies. The grant has been extended until summer 2023. The grant’s second stage will fund further community engagement and develop a neighborhood-based pilot.

- **Zero Emissions Neighborhood (ZEN) pilot** – Through March 2022, City staff met with six CBOs to gather input on the ZEN neighborhood selection and pilot implementation. After consulting with these CBOs and the City’s Project Hope team and examining equity metrics, staff identified the Santee neighborhood in Council District 7 for the pilot. The Guadalupe-Coyote Resource Conservation District granted the City \$73,000 to implement urban greening measures in the pilot area. Staff met with community leaders to gather feedback on projects residents would be interested in. Staff will continue to gather input from the community and identify funding opportunities for further ZEN pilot measures to implement.
- **EVs and Shared E-Mobility Services** – City staff is working closely with Veggielution, First Community Housing, and Silicon Valley Bicycle Coalition to co-develop e-mobility programs and services by and for its equity priority communities, starting in East San José. The City and its partners are collaborating on surveys, educational events, and community conversations to inform residents about the benefits and opportunities presented by transportation electrification and empower them to help shape that future in their communities. Based on those conversations, the City, its partners, and the community will seek grant funds to implement those programs and services as well as build the capacity of its environmentally-focused CBOs in this area.
- **Climate Smart Challenge:** Staff continues to promote the City’s [Climate Smart Challenge platform](#) which currently has 893 users. Participants have completed more than 1,800 climate actions that have resulted in \$60,500 saved, 230 tons of CO₂ reduction, and 250,000 gallons of water saved. City staff received approval to continue utilizing the Challenge platform through at least September 2023.
- **GoGreen Teams:** GoGreen Teams is a team-based community engagement pilot supported by Community Climate Solutions (CCS), the creators of the Climate Smart Challenge platform. City staff, in partnership with CCS, trained 40 Team Leaders through April 2022, resulting in approximately 25 active teams during the pilot period. Team Leaders hosted nine meetings for their teams to learn about and take action on climate solutions – focused on food and waste, home energy, transportation, water, climate resilience, and disaster preparedness. City staff met with team leaders to discuss the program and offer resources. The first GoGreen Team pilot cohort will conclude in September 2022. Staff will evaluate pilot metrics after the first round is completed and will provide a summary in the next Climate Smart update. City staff hopes to improve upon and expand the program based on learnings from the first cohort.
- **Social Media:** Staff deployed social media campaigns and shared more than 10 posts on ESD’s and San José Clean Energy’s (SJCE) Facebook, Instagram, and Twitter platforms to highlight program initiatives.
- **Climate Smart Dashboard:** Staff updated the Climate Smart Data Dashboard, publicly available on the Climate Smart website, to include the latest available data on 19 Climate

Smart metrics, data on City government and communitywide GHG emissions, and summaries of City efforts and activities related to each metric.

Climate Smart Program and Policy Updates

Climate Smart Pillar 1: A Sustainable & Climate Smart City

San José Clean Energy

In full operation since February 2019, SJCE now serves about 350,000 customers. For 2022, SJCE's default GreenSource service is 60 percent renewable and 95 percent carbon-free, and its TotalGreen service is 100 percent renewable. Nearly 2,000 residential and commercial customers have upgraded to TotalGreen. SJCE also offers a low-cost service called GreenValue that is 40 percent renewable and 80 percent carbon-free. SJCE maintains a 97 percent participation rate, which means only 3 percent of customers have opted out of SJCE to receive full service from PG&E.

In addition, SJCE automatically enrolls customers with low incomes who qualify for the state CARE and FERA programs into its SJ Cares program to receive more renewable energy at SJCE's lowest rates. In March 2022, SJ Cares customers began receiving an extra 5 percent rate discount. SJ Cares customers pay the lowest rates in San José.

Since its launch in February 2019, SJCE has invested \$1 billion in more than 500 megawatts (MW) of new renewable energy and reliability resources. SJCE has contracted for these resources at cost-effective prices through long-term power purchase agreements, helping it provide competitive, stable rates.

SJCE is also a member of California Community Power (CC Power), a joint powers authority comprised of 10 community choice aggregation organizations and formed to procure large-scale renewable energy and reliability resources. The City Council has approved SJCE's participation in the following CC Power projects:

- 69 MW of long-duration storage with developer REV Renewables in Kern County, California. SJCE will receive 15.37 MW and the project is expected to come online in 2026.
- 50 MW of long-duration storage with Onward Energy in Escondido, California. SJCE will receive 12.11 MW and the project is expected to come online in 2025.
- 64 to 125 MW of geothermal energy from Ormat Nevada, Inc., including three projects in California and five in Nevada. SJCE is expected to receive between 12.5 and 24.5 MW and the projects are expected to come online between 2024 and 2026.
- 13 MW of geothermal energy from Open Mountain Energy, LLC in Esmeralda County, Nevada. SJCE will receive 2.26 MW and the project is expected to come online in 2024.

Energy Efficiency Programs

In September 2021, SJCE was awarded \$5.1 million from the California Public Utilities Commission administered Public Purpose Program charged to administer energy efficiency programs in San José over 3 years. Staff and program implementer Franklin Energy expect to launch the programs in September 2022. SJCE's residential program - San José Home Appliance Savings Program – will provide discounts ranging between 50 and 70 percent on energy-efficient electric appliances and free smart thermostats and smart plugs for moderate-income single-family households and single-family households located in disadvantaged communities. SJCE's commercial program - San José Energy Efficient Business Program – will provide technical assistance and discounts for Heating, Ventilation, and Air Conditioning (HVAC), water heating, and refrigeration systems and components for small businesses and schools.

Solar Access (Disadvantaged Community Green Tariff program)

The Solar Access program offers customers with low incomes living in disadvantaged communities a 20 percent bill discount and 100 percent solar energy from a solar facility in Northern California. The 20 percent discount can be combined with other discounts for up to 55 percent savings. Staff began enrolling customers in November 2021, and the program became fully subscribed as of June 2022, with more than 800 customers. These 800 customers receive monthly bill discounts ranging from \$30 to more than \$100. The program is expected to run for 20 years.

Climate Smart Pillar 2: A Vibrant City of Connected & Focused Growth

Increasing High Density Housing

The North 1st Street urban village plan was approved in spring of 2022 and will permit up to 1,678 additional housing units. Staff is working on the Five Wounds Station Area Plan, which will update and consolidate existing urban village plans for Roosevelt Park, Little Portugal, Five Wounds, and 24th Street and William, with work on this effort expected to be completed by Q1 2024. Currently this update is projected to add over 5,500 additional housing units. This work to increase housing density in urban villages is implementing Climate Smart strategy 2.1 to “densify our city in focused growth areas”.

Transportation Demand Management and Parking Ordinance and Policy Update

The City reevaluated its car parking and transportation demand management (TDM) policies to advance Climate Smart, ACCC, and Envision San José 2040 General Plan transportation and land use goals. In June of 2022, staff presented several alternative proposals to the Council regarding modifying the City's parking ordinance. The Council chose a proposal to update Title 20 (the Zoning Ordinance) to move away from mandatory minimum parking requirements based on the project size and use, and instead move towards a more flexible approach that will allow developments to evaluate their specific parking needs while the site is being planned for development. In conjunction, the ordinance will expand TDM project requirements to encourage new and existing residents to shift trips from single-occupancy vehicles to alternatives such as transit, biking and walking. These TDM requirements can be fulfilled with infrastructure (such as building or expanding bicycle and pedestrian facilities) or programs such as providing transit

passes or bike share memberships to tenants. Staff expects to bring this policy and ordinance update based on the Council's direction to a City Council Public Hearing by the end of November 2022.

Move San José

On August 9, 2022, Council adopted the citywide transportation plan, Move San José. Move San José lays out a new approach for transportation and decision making, toward a sustainable, equitable, and enjoyable San José. Implementing Move San José will make it easier and safer to travel in San José. It also addresses transportation inequities for those who have historically been underserved. Move San José is a strategic, data and equity-driven citywide transportation plan that focuses the City's work on projects, programs, and policies that will most effectively meet the City's transportation goals. Move San José used an equity-centered outreach campaign to articulate the City's transportation goals clearly and developed data-driven strategies to address them. The data-driven work of Move San José is informed by a Decision Support System (DSS) that uses key performance indicators to identify needs around the city. The DSS will allow DOT to continue to monitor progress over time toward achieving the City's goals.

Move San José's 26 strategies are organized into three categories: streets, transit, and policies and programs. The plan used the DSS analysis and public input to craft strategies at citywide and Council District levels that move the needle on the City's transportation goals. Move San José also conducted an organizational review of DOT, which is leading to improvements in processes, culture, and decision-making tools.

Transit First Policy

On August 9, 2022, Council adopted the Transit First Policy (Council Policy 5-8). The policy articulates the value of transit for the City. The policy outlines how staff will place the needs of equitable, reliable, and competitive transit over those of other road users on Grand Boulevards (major transportation corridors that connect City neighborhoods). Decisions on how streets are designed and how the entire right-of-way will be used are made across many departments and processes - for example, with new development, when streets are repaved, and when the City applies for grants to improve city streets. The Policy statement helps ensure these different processes align with the overall goal of improving transit.

Along Grand Boulevards under the Policy, planners and engineers will begin by designing transit supporting facilities (space for transit vehicles and people walking to and/or using transit) and then allocate space to other road users. When conflicts arise, transit facilities will be prioritized over others. This will at times reduce the speed and space available for non-transit travel.

Implementation of the Policy will happen over time, as resources and opportunities allow. The Policy does not set up a new program resourced to implement the direction. Instead, the Policy will impact choices being made in operations, design, and planning projects. Opportunities to make design choices favoring transit include the annual pavement program street redesigns, grant funded improvements to the right-of-way or signal retiming projects.

California Electric Vehicle Infrastructure Project

The California Electric Vehicle Infrastructure Project (CALeVIP) is a \$14 million rebate program for Level 2 and Direct Current Fast Charging infrastructure co-funded by SJCE and the California Energy Commission. CALeVIP launched in December 2020. The Center for Sustainable Energy, which is administering the program, continued to review the applications and some projects have begun receiving incentives. As of March 2022, 52 Level 2 and 11 Direct Current Fast Chargers funded by the program are operational. Projects are to be completed through 2023.

Direct Current Fast Charging Hubs Pilot

SJCE will return to Council this fall with a financial feasibility analysis for a Direct Current Fast Charging Hubs pilot program to increase access to affordable and reliable EV charging in low-income and disadvantaged communities. SJCE would control variable retail pricing to encourage midday charging.

Climate Smart Pillar 3: An Economically Inclusive City of Opportunity

Energy & Water Building Performance Ordinance

Adopted in 2018, the Energy & Water Building Performance Ordinance (BPO) requires owners of nonresidential and multifamily buildings, 20,000 square feet or larger, to annually track their energy and water use with the Environmental Protection Agency (EPA) platform ENERGY STAR Portfolio Manager® and share that information with the City.

The current 2022 reporting year is anticipated to have the highest compliance rates to date. Of the participating buildings, 75.2 percent are either in compliance, expected to be in compliance pending report revisions, or received an approved extension. Due to the City's high BPO compliance rate this year, the San José metro area ranked first on the EPA's 2022 ENERGY STAR Mid-Sized Top Cities list for U.S. metropolitan areas with the most ENERGY STAR certified buildings and 16th on the [Overall] Top Cities list.

Starting in 2023, the BPO will begin its final phase of implementation, Beyond Benchmarking. Beyond Benchmarking will require buildings to meet energy and water efficiency standards on a five-year rolling basis. For buildings that do not meet standards, a pathway for improvements may be required.

Framework for Existing Building Electrification

Following public review and input, City Council approved the Electrify San José: Framework for Existing Building Electrification in June 2022. The Framework does not include any mandates but offers strategies to: raise awareness about the benefits of using electric appliances and the negative health impacts of using gas; encourage the growth of high-quality building electrification jobs in San José; reduce housing and energy costs through building electrification programs; and increase access to clean and reliable energy.

Building Reach Code Update

The State of California approved its 2022 Building Code so City staff is working on an administrative update to the City’s building reach code ordinance to align with these new standards as well as the City’s Natural Gas Infrastructure Prohibition Ordinance (adopted after the building reach code). Staff will bring this updated ordinance for Council’s consideration in October 2022 to allow for implementation by January 1, 2023. Per Council direction at the June 14, 2022, meeting, staff will return before the end of the calendar year, after stakeholder engagement, with an analysis on including a requirement for an increased percentage “EV-ready” charging infrastructure in multifamily buildings with parking.

Supplemented by the building reach code, the City’s Natural Gas Infrastructure Prohibition Ordinance requires all-electric new construction across all building types, with minimal exceptions. The most recent data available¹ on natural gas fuel cells in San José indicates that there are about 20 systems, with a combined generation capacity of about 30 MW, all installed between 2010 and 2019. With the assumption that these fuels cells are fueled by natural gas, staff estimates that these systems produce about 77,000 metric tons of carbon dioxide equivalent per year. This is about one percent of all communitywide greenhouse gas emissions. No exemptions for new fuel cell installations have been permitted since the Natural Gas Infrastructure Prohibition Ordinance went into effect for commercial buildings in August 2021.

See the Current Climate Smart Initiatives (Attachment A) for a full summary of initiatives.

Looking Ahead

City staff plans to complete the following items in the next reporting period (September 2022 – February 2023):

- Execute the contract for an existing building electrification and workforce development accelerator program;
- Finalize the new Climate Smart Zero Waste Element;
- Complete Inventory of 2020 City Government Greenhouse Gas Emissions;
- Award contract for Climate Smart administrative update;
- Adopt administrative regulations for one-way vehicle sharing services;
- Develop an initial electric vehicle charging infrastructure strategic plan;
- Start development of an integrated employee TDM program; and
- Release RFP for phase two of the Move San José DSS, which will develop deeper forecasting, post-project evaluation, and public interface functionality.

¹ California Air Resources Board, Emergency Backup Power Options – Commercial tool, <https://ww2.arb.ca.gov/our-work/programs/public-safety-power-shutoff-psps-events/emergency-backup-power-options-commercial>
U. S. Environmental Protection Agency Emissions & Generation Resource Integrated Database (eGRID), <https://www.epa.gov/egrid>

Staff also expects to bring the following items to City Council:

- Administrative update to the building reach code (Q3 2022)
- Existing building electrification and workforce development accelerator program update (Q3 2022)
- Parking and TDM Ordinance (Q4 2022)
- Fast charging hubs pilot (Q4 2022)
- SJCE 2022 Integrated Resources Plan (Q4 2022)
- Climate Smart Natural and Working Lands and Zero Waste Elements (Q1 2023)
- Climate Commission recommendations (Q1 2023)

CONCLUSION

Progress on a multitude of Climate Smart initiatives, as evidenced by this report, continues to be significant. Focused attention on reducing emissions from the transportation sector, the largest GHG contributor in San José, and from the use of natural gas in the buildings sector is well underway but will need to accelerate to meet the City's new carbon neutral by 2030 goal. The intersection of climate work and equity present a strong opportunity to help our communities most adversely affected by climate change transition to a clean energy economy and enjoy the associated public health benefits.

EVALUATION AND FOLLOW-UP

Staff will provide progress updates to the Transportation and Environment Committee and City Council on Climate Smart San José activities on a semi-annual basis.

CLIMATE SMART SAN JOSE

The recommendation in this memo aligns with all Climate Smart San José energy, water, and mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the October 3, 2022, T&E Agenda as well as on the October 18, 2022, City Council's Agenda website.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, Department of Transportation, Department of Community Energy, and the Department of Planning, Building and Code Enforcement.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

Climate Smart San José activities align with the Climate Smart San José strategies and the City's Envision 2040 General Plan approved by City Council.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Julie Benabente, Deputy Director, Environmental Services at Julie.benabente@sanjoseca.gov.

Attachment A: Current Climate Smart Initiatives