



24-4968

DATE: May 7, 2024 (Item No. 57)

TO: Board of Supervisors

FROM: Jasneet Sharma, Director, Office of Sustainability

SUBJECT: Delegation of Authority for California Energy Commission Local Government Building Decarbonization Challenge

RECOMMENDED ACTION

Approve delegation of authority to the County Executive, or designee, to submit grant application to the California Energy Commission Local Government Building Decarbonization Challenge for grant funding to advance the Municipal Operations for Building Decarbonization and Residential Building Decarbonization Planning Project in an amount not to exceed \$400,000 for period September 1, 2024 through June 30, 2027, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on September 1, 2024.

FISCAL IMPLICATIONS

The CEC LGBDC grant application led by the County will request up to \$400,000 in grant funds. If the County's application is successful, the Office of Sustainability will return to the Board of Supervisors with a request for an appropriation modification to increase the budget for revenue and expenditures. There is no local match requirement for the CEC LGBDC grant.

REASONS FOR RECOMMENDATION AND BACKGROUND

On March 15, 2024, the California Energy Commission (CEC) released the Local Government Building Decarbonization Challenge (LGBDC) funding opportunity. A total of \$4,070,070 is available through this competitive grant solicitation to provide funds to local governments for municipal and community building decarbonization planning, developing local codes and ordinances for building decarbonization, and workforce development. The County of Santa Clara is an eligible applicant and plans to apply for funds to develop building decarbonization programs in unincorporated county.

The Bay Area Air Quality Management District (BAAQMD) adopted regulation amendments related to furnaces and water heaters in 2023 to support improvements to regional air quality and public health. The rule amendments establish zero nitrogen oxide

(NOx) emissions standards for new furnaces and water heaters installed in residential and commercial buildings that use natural gas appliances starting in 2027.

According to analysis from Silicon Valley Clean Energy (SVCE), water heaters tend to fail about every 12 years and replacement installations with heat pump water heaters (HPWH) could lead to over 1,300 more permits per year in unincorporated territory starting in 2027. To prepare unincorporated areas of the county for BAAQMD rules implementation, the County's grant application will include activities to 1) Advance Municipal Operations to Support Building Decarbonization and 2) Support Community Building Decarbonization Planning. These activities also align with the priority building electrification strategies identified for unincorporated county as part of the Community Climate Roadmap, the public review draft of which will be released in May 2024. The activities the County is proposing will help prepare low-income residents to electrify their homes and gain access the health benefits and cost savings from electrification.

The specific activities that will be proposed in the grant application include:

1. Advance Municipal Operations to Support Building Decarbonization: Permit Support Pilot Program
 - Develop a pilot program to provide 1:1 support and electrification resources to permit applicants at the building permit counter
 - Work with SVCE to identify opportunities and align and update permitting for electrical appliances. This may include staff training, pre-application support materials, free permit pilots (funded through SVCE), permit concierge, virtual inspections, distribute pre-approved permits or facilitate permits for certified contractors, etc.
2. Community Building Decarbonization Planning: Neighborhood Electrification Pilot Program
 - Identify a disadvantaged or low-income community/neighborhood in unincorporated county for the pilot using the federal criteria per the White House Climate and Economic Justice Screening Tool (CEJST).
 - Conduct a Neighborhood Housing Stock Study to understand neighborhood characteristics and cluster work on blocks that have similar housing stock
 - Develop and implement a neighborhood engagement strategy in partnership with a non-profit or community-based organization, which may include door-to-door outreach, focus groups, ambassadors, and demonstration workshops
 - Recruit residents to participate in neighborhood pilot and conduct a feasibility study of homeowners interested in participating in the pilot

Only planning related work is eligible under the LGBDC funding opportunity, not equipment purchases, replacement or implementation work. The County's efforts will prepare unincorporated area residents to transition their homes to all-electric. When residents are ready to install electric appliances, costs for service panel upgrades and electric appliances can be offset by rebates and funding through decarbonizations program funding such as the

Bay Area Regional Energy Network (BayREN), SVCE, San Jose Clean Energy (SJCE), and TECH Clean California.

Existing Efforts

The work that will be conducted through the LGBDC grant will complement existing efforts (described below) the County already has underway:

- **Community Climate Roadmap 2035:** Currently under development, the Roadmap identifies key strategies for reducing greenhouse gas emissions from residential buildings, including conducting a neighborhood scale existing building electrification pilot and educating communities about their options to electrify.
- **Bay Area Regional Energy Network (BayREN):** The County currently conducts outreach to residents and supports them in electrifying their homes through the BayREN Single Family and Multifamily Programs, and those efforts will be leveraged for the LGBDC grant.
- **Energy Resilience and Equity study:** The Energy Resilience and Equity Study analyzed buildings in unincorporated county to identify opportunities and considerations to electrify buildings while improving resilience and supporting equity.
- **Silicon Valley Clean Energy Program:** SVCE recently allocated approximately \$34 million in program funding to several programs to support SVCE residential and commercial customers in their efforts to upgrade to efficient electric technologies and move away from polluting fossil fuels and is providing \$4M to enable policies and permitting that can support building electrification.

Reason for request of Delegation of Authority

This delegation of authority is being requested as County staff are currently working with the County's Department of Planning and Development and community partners to finalize the proposal scope and budget up until the May 20 deadline for LGBDC. The pace of these ongoing discussions will preclude submitting the grant application for Board approval before *the application deadline on May 20, 2024.*

As part of the application process, the County staff must submit certification of authority to apply on behalf of the County. Accordingly, staff seeks a delegation from the Board authorizing the County Executive, or designee, to submit the grant application and required application materials, including a letter certifying of the authority to apply and to administer the grant.

CHILD IMPACT

Actions to electrify buildings will have positive impacts on children and youth by reducing their exposure to pollutants and by contributing to local efforts to mitigate climate change.

SENIOR IMPACT

Actions to electrify buildings will have positive impacts on seniors by reducing their

exposure to pollutants and by contributing to local efforts to mitigate climate change.

SUSTAINABILITY IMPLICATIONS

The recommended action would have a positive impact on sustainability through the **Climate Protection and Defense** priority area by working towards becoming a carbon neutral County and through the **Prosperous and Just Economy** priority area by enhancing collaboration between partners and leveraging the County's resources to enhance sustainability.

CONSEQUENCES OF NEGATIVE ACTION

If the delegation of authority is not approved, the County would miss an opportunity to receive up to \$400,000 in funds to support communities in decarbonizing their homes.

STEPS FOLLOWING APPROVAL

The Clerk of the Board will notify Jasneet Sharma of the Office of Sustainability.

ATTACHMENTS:

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