



COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT
LONG RANGE PLANNING
MEMORANDUM

Date: September 9, 2014

To: Montecito Planning Commission

From: Heather Allen, Planner *HA*

Subject: Energy and Climate Action Plan
September 17, 2014 Montecito Planning Commission Hearing

1.0 Introduction

The purpose of this memorandum is to respond to the Montecito Planning Commission's (MPC) request for more information at their August 25, 2014 hearing. The MPC requested information that highlights the mandatory emission reduction measures (measures) and how all measures will be implemented and monitored. The MPC also requested additional information on cost-to-date for the development of the ECAP, the estimated annual costs to the County of Santa Barbara (County) associated with ECAP implementation and monitoring, and if the requirement for monitoring the ECAP's implementation progress every five years could instead be a decision voted on by the Board of Supervisors (Board) at each five year mark. The following sections respond to these requests.

2.0 Mandatory Measures

Planning and Development staff provided a briefing to the Board in March of 2013 in which staff identified five options for setting a greenhouse gas (GHG) reduction target. All of the options used the same reduction measures and changed how they are implemented to achieve more or less reductions. The Board voted 3-2 to recommended Option 4 which set a County GHG emission reduction target of 15% below the baseline as well as completing a feasibility study on implementing Community Choice Aggregation. Since voluntary measures alone cannot achieve a 15% reduction, Option 4 provided a balanced approach with voluntary, phased, and mandatory measures to achieve the target and also allow project applicants to rely on the ECAP for programmatic tiering under CEQA. The ability to use the ECAP for CEQA tiering relieves development project applicants of the burden and cost of analyzing impacts on a project by project basis.

Full implementation of the ECAP can reduce emissions by 15% below baseline 2007 levels by 2020. Achieving these reductions requires a broad mix of creative and effective measures that meet local priorities. The largest reductions result from the Sustainable Communities Strategy and Measure BE 2- Energy Efficient Renovations, achieving reductions of 32,410 metric tons of carbon dioxide equivalent (MTCO_{2e}) and 22,470 MTCO_{2e}, respectively. Measure BE 2 is a mandatory measure; there are four additional mandatory measures in the ECAP.

Appendix D of the ECAP includes a cost-benefit analysis of eleven key measures including all five mandatory measures. The costs listed in the cost-benefit analysis assume no grants or incentives are available to the County or to participants to offset the costs identified. While grant programs and incentives vary from year to year, potential grants or incentives that help defray the costs of implementing energy efficiency measures are included in Appendix D. All five mandatory measures are described below including estimated cost to the County and per participant over a six year period.

BE 2: Energy-Efficient Renovations - Incentivizes homeowners and commercial and industrial building owners to improve the energy efficiency of existing buildings upon renovation or alteration. The measure supports and provides resources for tax credits, grants, loans, and other incentives to assist the public, businesses, and the local agencies with the purchase of energy-efficient equipment. By providing incentives to owners who complete energy renovations, the energy efficiency of buildings will improve across the county and, ultimately, contribute to the reduction of GHGs emissions.

Staff's recommended changes to Measure BE 2 Action 2 would require energy audits for all building permits valued greater than \$15,000 (as opposed to \$10,000), offers expedited building permit plan check for implementing audit recommendations, and considers providing a rebate for completing the audit or a waiver of building permit fees if upgrades are completed. The originally proposed Measure BE 2 Action 2 has a total cost to the County of \$25,000 and a cost per participant of \$600. Costs to the County include staff time to develop an ordinance. Costs to the participant includes the added costs of conducting an audit (approximately \$500) and the increased permit fee for staff time to review audits/permits, but does not require implementing audit recommendations. With staff's recommended change to Measure BE 2 Action 2, the costs to the County and to the participants would remain the same; however, there likely would be fewer participants who actually implement audit recommendations.

BE 4: Energy Scoring and Audits - Improves the energy efficiency of buildings at the time of sale for all residential buildings, and discloses energy use history when nonresidential buildings are leased or sold. Staff's recommended changes to Measure BE 4 Action 1 would only require residential property owners to complete energy audits at time of building sale. In comparison, the originally proposed measure requires a prescribed set of energy upgrades to be undertaken at the time of building sale or within one year from close of escrow for all residential buildings. Measures like BE 4 have a significant impact on the community-wide GHG reductions because new construction is required to meet California Green Building Standards Code (Title 24, Part 6); however, there is limited new construction in southern Santa Barbara County. The County does contain a lot of existing housing that may not be energy efficient and/or water efficient. Requiring energy audits for residential buildings at time of sale ensures that energy efficiency

will be improved in a wide range of buildings throughout the County, especially the County's older housing stock.

The originally proposed Measure BE 4 Action 1 has a total costs to the County of \$100,000 and a cost per participant of \$3,560. County costs include staff time to draft the ordinance, initial staffing costs to develop and distribute outreach materials, and to assist residents and businesses with implementation of the energy-efficiency compliance items. The participant cost includes the added costs of equipment replacement which comprises equipment cost and installation. Staff's recommended changes to Measure BE 4 Action 1 may slightly reduce the cost to the County and would reduce the cost to the participant. The new costs to the participant with staff's recommended modifications would be \$600 and includes the costs of conducting an audit (approximately \$500) and the increased permit fee for staff time to review audits/permits, but does not require implementing audit recommendations.

BE 8: Energy Efficiency and Green Building Standards - Implements energy efficiency and green building practices for developments requiring building permits to exceed the California Green and Building Code (Title 24) standards. BE 8 Action 3 requires all building permits subject to Title 24 standards to exceed the Title 24, Part 6 by 15% and earn 25 points for residential buildings or 15 points for nonresidential buildings from the County's green building program (Smart Build Santa Barbara) checklist.

Measure BE 8 Action 3 has a total cost to the County of \$50,000 and a cost per participant of \$2,100. The costs to the County include staff time to develop the program. Participant costs are estimated at approximately \$2,000 to comply with the action and an increase in permit fees to cover staff time to enforce compliance.

RE 1: Alternative Energy Development - Increases the use of alternative energy technology in new & existing development. Measure RE 1 Action 7 requires new buildings to install renewable energy systems or be built "renewable energy-ready." Measure RE 1 Action 7 requirements for new buildings to be built "renewable energy ready" is already a condition of the California Green Building Standards Code (CALGreen); therefore, there are no new costs to single-family residential projects, multi-family projects under four units, and commercial projects less than 10,000 square feet associated with this item.

RE 2: Solar Water Heaters - Increases the replacement of existing water heaters with solar water heaters. Measure RE 2 Action 1 requires new residential development and encourages existing development to participate in the state's CSI-Thermal program.

Measure RE 2 Action 1 has a total costs to the County of \$12,000 and a cost per participant of \$6,900. A nominal amount of staff time would be required on an annual basis to disseminate utility prepared materials. Cost per participant is estimated based on 25 homes that have installed solar thermal heaters to date in Santa Barbara County through the CSI initiative. Average costs per system for a single-family home, without incentives or consideration of utility savings, is \$8,700. Incentives through the program have averaged approximately \$1,800 per system, bringing total participant costs down to approximately \$6,900.

3.0 Implementation and Monitoring

Chapter VI of the ECAP includes an implementation program comprising a set of implementation measures and a set of implementation tools. The ECAP implementation tools are technical analyses and tools completed as part of the ECAP planning process, including: a focused cost-benefit assessment of specific GHG reduction measures and a feasibility tool to assess all measures; an Excel-based ECAP monitoring and reporting tool; an ECAP consistency checklist; and a Reduction Measure Implementation Matrix. The County will need to track ECAP implementation to confirm if proposed reduction measures are successfully reducing emissions as estimated and planned, and to allow for potential reevaluation of the reduction measures as may be needed. These monitoring procedures are consistent with the requirements identified in the State CEQA Guidelines Section 15183.5(b) for a Qualified GHG Reduction Strategy.

The cost-benefit and feasibility tool was developed to assist the County with measure prioritization efforts. This tool uses an evaluation framework with three categories: 1) benefits, 2) costs, and 3) implementation considerations. The tool is set up to weigh each category with equal consideration, although the County may adjust the weighing as desired. County staff will use the ECAP consistency checklist to identify applicable ECAP measures when reviewing ministerial and discretionary projects. This checklist will help County staff identify required mitigation standards for new projects. The checklist will also help project applicants understand additional voluntary measures that can support Santa Barbara County's sustainability goals. The checklist will serve as the summary of project-level standards from the ECAP, acting as a "one-stop shop" for the County for GHG analysis and mitigation under CEQA. The checklist will help ensure appropriate use of the ECAP under CEQA by identifying voluntary and mandatory measures to integrate into the project design or other standards. This ensures that new development will benefit from CEQA streamlining provisions while also assisting the County to implement the measures in the ECAP and achieve its GHG reduction goal. An Excel-based monitoring tool has been developed to support effective monitoring and implementation of the ECAP. This tool can be used to collect data, track GHG emissions, and assess the effectiveness of the ECAP measures. Lastly, the ECAP's implementation matrix (Table 6-2) presents key criteria to guide County staff as they prioritize and program ECAP measures to achieve GHG reductions.

4.0 Implementation Cost

County departments will play various roles monitoring and implementing the implementation measures and emission reduction measures discussed in the ECAP. Table 6-2 in the ECAP identifies the departments that may be responsible for implementing each emission reduction measure. Table 6-2 also identifies the performance targets total costs to the County and community as well as savings to the community, and time frame for each measure. Costs to implement the measures in Table 6-2 include all start-up expenses including the purchase of new equipment or material, installation, and any costs to keep the measure in operation such as

associated staffing costs. Savings that occur from the measure due to lower resource use resulting in lower bills are provided for the community.

For the eleven measures which received a more detailed cost-benefit analysis, the implementation matrix presents the specific costs and savings as identified by the analysis in parentheses. Cost and savings estimates, both ranges and specific values, are based on case studies and assumptions. They may not reflect future conditions or the actual details associated with the County's method of implementing the measure. The costs and savings are provided for planning and prioritization purposes only. All costs and savings will be analyzed in greater detail based on community priorities, local goals, and the availability of technical innovations necessary to support the measure. Once established as a priority, detailed costs and savings for measures or program implementation will be included in annual work plans and budgets presented to the Board of Supervisors.

5.0 Require Board Authorization for Future Updates

Several MPC commissioners expressed concerns about annual cost for ECAP implementation and monitoring and suggested that future updates to the ECAP occur only after Board consideration and authorization. Effective ECAP implementation will inherently involve an annual commitment of both County staff and resources to achieve the 15% GHG reduction target. This includes funding for development of ordinances and programs to implement priority measures; ongoing project and building/development permit monitoring to assess the effectiveness of voluntary, phased and mandatory measures; pursuing state and federal funding sources to establish incentives and funding for implementing ECAP programs; and funding sources for a more comprehensive five year update of the ECAP which includes an updated GHG forecast and recommended revisions to measures to achieve the adopted target. ECAP programs and priorities will be presented to the Board for future funding through the P&D annual work program and budget.

The Board could decide against ECAP implementation and monitoring; however, many of the measures would become ineffective and the County would be at risk of not reaching its adopted reduction target. This would result in the County potentially losing the ability for CEQA tiering. Per CEQA Guidelines §15183.5, local governments may use adopted plans consistent with the CEQA Guidelines to assess the cumulative impacts of projects on climate change, if the adopted plan includes a certified EIR. In order to benefit from the streamlining provisions discussed in this section of the legislation, a plan for the reduction of GHG emissions must establish a mechanism to monitor the plan's progress toward achieving the target analyzed during environmental review and to require an amendment if the plan is not achieving the specific target.

Implementation of the ECAP and monitoring its progress towards meeting the reduction target satisfies the requirements of Section 15183.5 of the CEQA Guidelines for a Qualified GHG Reduction Strategy¹ and would allow CEQA tiering.

¹ CEQA (California Environmental Quality Act). 2014. Statutes and Guidelines.

6.0 Climate Action Strategy Costs

Lastly, the MPC requested information on the cost-to-date budget for the Climate Action Strategy. The cost-to-date for the Climate Action Strategy includes costs for the Climate Action Study (Phase I) and the ECAP (Phase II) from Fiscal Year 2009/10 until the present Fiscal Year (FY 2014/15). The cost-to-date is summarized below:

- Total costs-to-date: \$742,940.
- SCE and PG&E grant funding for development of the ECAP: \$333,027.
- General Fund contribution: \$409,913.