TO:          HONORABLE CITY COUNCIL

FROM:        CITY MANAGER

DEPARTMENT:  PLANNING AND COMMUNITY ENVIRONMENT

DATE:        SEPTEMBER 8, 2008

CMR: 354:08

SUBJECT:     ADOPTION OF AN ORDINANCE ADDING A NEW CHAPTER
             16.18 TO THE PALO ALTO MUNICIPAL CODE ESTABLISHING
             LOCAL ENERGY EFFICIENCY STANDARDS FOR CERTAIN
             BUILDINGS AND IMPROVEMENTS COVERED BY THE 2005
             CALIFORNIA ENERGY CODE

RECOMMENDATION

Staff recommends that the City Council adopt the attached ordinance adding a new Chapter
16.18 (Local Energy Efficiency Standards for Certain Buildings and Improvements Covered by the

BACKGROUND

On June 2, 2008, the Council passed Ordinance No. 5006, adopting mandatory green building
regulations for residential and commercial building projects. Additionally, the Council adopted a
companion Resolution No. 8825, establishing specific green building standards to comply with
the ordinance. The green building ordinance specifies use of the United States Green Building
Council (USGBC) LEED (Leadership in Energy & Environmental Design) rating system for
commercial building projects and the Build it Green GreenPoint Rated system for residential
projects. Both rating systems specify minimum energy efficiency standards for buildings that
exceed the requirements of the current (2005) California Energy Code (Part 6 of Title 24 of the
California Code of Regulations) that the Council adopted on November 26, 2007 by Ordinance
No. 4980. The proposed ordinance is intended to make the energy efficiency requirements of
the locally adopted Energy Code consistent with those of the green building regulations.

DISCUSSION

Although the California Energy Code prescribes minimum energy performance standards for
new buildings, requiring increased energy efficiency at the local level will further reduce energy
costs for building owners, further reduce energy consumption during periods of peak demand
and further reduce greenhouse gas emissions. The proposed ordinance would apply to all new
residential and non-residential construction and would establish increased energy efficiency standards that are roughly 15% greater than minimum standards in energy current code requirements.

California Public Resources Code Section 25402.1(h)(2) states that modifications to the California Energy Efficiency Standards by a local jurisdiction may be done only after a study has been undertaken and findings made that determine that the proposed modifications are cost effective. Upon introduction of the ordinance, the study and findings must be presented to the California Energy Commission (CEC) prior to implementation of the proposed local standards. After CEC review and approval, which could take up to three months, staff will bring the ordinance back to Council for final adoption and the ordinance will be effective 30 days thereafter.

Because locally adopted energy efficiency standards also constitute amendments to the California Buildings Standards Code, after final adoption by Council, the ordinance (amendments) must be filed with the California Building Standards Commission (CBSC) and must include additional findings that demonstrate how the amendments are reasonably necessary due to unique local climatic, geologic or topographic conditions pursuant to California Health and Safety Code Section 17958.5. To date, only 11 jurisdictions in the state have amended the 2005 Energy Code to establish increased local energy efficiency standards (see http://www.energy.ca.gov/title24/2005standards/ordinances_exceeding_2005_building_standards.html). Also, this process will be updated when the CEC publishes the next (2008) edition of the California Energy Code.

A copy of the recently completed study of Palo Alto’s proposed local Energy Code amendments, “Palo Alto Green Building Ordinance Energy Cost-Effectiveness Study” prepared by Gabel Associates, LLC, is attached and will be presented more fully to the Council at the September 8th meeting. The study concludes that the increased energy efficiency standards of the City’s green building regulations are cost-effective and would justify to the CEC increasing the City’s energy standards.

The ordinance will be forwarded to the CEC following Council introduction at this meeting. The ordinance will return for second reading following CEC review.

**POLICY IMPLICATIONS**
The Energy Code amendments are consistent with and directly support the City’s recently adopted green building regulations.

**RESOURCE IMPACT**
Resource impacts from the adoption of the ordinance are limited to staff training costs and implementation of public outreach efforts. As with the enforcement of the existing Energy Code standards, these costs are recovered through Building Permit fees.

**ENVIRONMENTAL REVIEW**
The proposed ordinance preserves and enhances the environment, in that it would set forth minimum energy efficiency standards within the City of Palo Alto for all new residential and
commercial construction. Thus, staff has determined that this action is exempt from the California Environmental Quality Act (CEQA) in accordance with Public Resources Code Section 15061(b)(3), because “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

PREPARED BY: ________________________________
LARRY I. PERLIN, PE
Chief Building Official

DEPARTMENT HEAD REVIEW: ________________________________
CURTIS WILLIAMS
Interim Director of Planning and Community Environment

CITY MANAGER APPROVAL: ________________________________
JAMES KEENE
City Manager

ATTACHMENTS

2. Palo Alto Green Building Ordinance Energy Cost-Effectiveness Study” prepared by Gabel Associates, LLC.

COURTESY COPIES:

Chamber of Commerce
Stanford – Jean McCown
Home Builders Association
Board of Realtors
League of Woman Voters
Silicon Valley Leadership Group
Santa Clara Valley Chapter AIA