



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

**SUBJECT: CLIMATE SMART SAN JOSE
PLAN SEMI-ANNUAL UPDATE**

FROM: Kerrie Romanow

DATE: March 13, 2023

Approved

Date

3/27/23

RECOMMENDATION

Accept this update on Climate Smart San José activities and recommend this item for full Council consideration at the May 2, 2023, City Council meeting.

SUMMARY AND OUTCOME

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. In November 2021, City Council adopted a resolution to work towards community-wide carbon neutrality by 2030, accelerating the City’s Climate Smart goals. In June 2022, City Council approved the Pathway to Carbon Neutrality by 2030 (“Pathway”) to focus staffs’ efforts on four key strategies to accelerate movement toward the achievement of this new carbon neutrality goal: move to zero emission vehicles; reduce the miles we travel in our vehicles by at least 20%; switch our appliances from fossil fuels to electric; and power our community with 100% carbon-neutral electricity.

The City continues to seek out and employ cutting-edge and impactful tactics and programs to further Climate Smart San José and carbon neutrality by 2030 goals. This semi-annual Climate Smart update highlights the key activities completed, underway, and planned as of the September 2022 through February 2023 reporting period. Highlights of activities within the reporting period include: acquisition of \$3,500,000 in external grants and resources to support Climate Smart initiatives; completion of the 2020 City government greenhouse gas (GHG) inventory; approval of the 2022 Integrated Resource Plan modeling a power portfolio for carbon neutrality by 2030; launch of energy efficient appliance programs for residents, schools, and small- and medium-sized businesses; adoption of a Transportation Demand Management and Parking Ordinance and Policy Update; approval for a fast-charging hubs pilot; and cost analysis of an electric vehicle charging infrastructure reach code for new multi-family developments.

BACKGROUND

In February 2018, City Council approved Climate Smart with specific goals and milestones to reduce community-wide GHG in alignment with the 2016 Paris Agreement, designed to prevent global temperatures from rising by more than 2°C (or 3.6°F). Staff provides semi-annual updates on Climate Smart activities and produces community-wide and municipal (City government operations) GHG inventories in alternating years to measure GHG reduction progress. Staff updates the City's publicly-accessible Climate Smart Dashboard annually to track and report on progress towards achieving Climate Smart goals.

In November 2021, City Council adopted a resolution setting a community-wide carbon neutral by 2030 aspiration for San José. City Council approved the Pathway in June 2022 to focus staffs' efforts on the following four key strategies to accelerate movement toward the achievement of this new carbon neutrality goal: move to zero emission vehicles; reduce the miles we travel in our vehicles by at least 20%; switch our appliances from fossil fuels to electric; and power our community with 100% carbon-neutral electricity. Staff is working on an administrative update of Climate Smart, which will include incorporation of the carbon neutrality by 2030 goal, and will evaluate and update the Pathway, as needed, following each community-wide GHG inventory.

ANALYSIS

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

Climate Smart Core Resources and Activities

Funding and Resources for Climate Smart Initiatives

Climate Smart staff collaborate across City divisions and 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) 2022-2023.

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

	Total Received in Reporting Period (Sept. 2022-Feb. 2023) and FY 2022-2023
Direct Funding	\$3,250,000*
In-Kind Resources	\$250,000
Total	\$3,500,000*

*Does not include \$62.5M in direct funding from One Bay Area Grant and Active Transportation Program awards received by the Department of Transportation for funding various transportation related initiatives including biking, walking, electric vehicles, and alternate modes of transportation.

Funding received thus far in FY 2022-2023 includes support for the development of bikeways, bikeway and pedestrian improvement planning, an all-electric community resiliency hub, and a pilot to reduce commercial freight emissions, the latter two are both focused on disadvantaged communities in San José. City staff applied for an additional \$1,745,000 in external funding in this reporting period, with award noticing pending, and is planning to submit applications for over \$2M in funding in the next reporting period. 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, electric vehicles, and electric vehicle 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.

Municipal Greenhouse Gas Inventory

In February 2023, staff completed the 2020 Inventory of City Government GHG Emissions and published a summary and full report on the Climate Smart Data Dashboard¹. In 2020, net GHG emissions from City facilities and operations were an estimated 68,224 metric tons of carbon dioxide equivalent, approximately 1% of total communitywide emissions and a 2% reduction from the last Inventory of City Government GHG Emissions in 2018. The two largest sources of GHG emissions were wastewater treatment (38% of total emissions) and energy use in buildings and facilities (21% of total emissions). Current efforts to reduce energy and fuel use, including upgrades as part of the Capital Improvement Program at the San José-Santa Clara Regional Wastewater Facility and the purchase of electric vehicles for the City fleet, are expected to continue reducing GHG emissions from City operations in future years.

Climate Smart Plan Administrative Update

Staff currently has funding for an administrative update of Climate Smart to ensure alignment following the Envision San Jose 2040 General Plan four-year update, incorporate the carbon neutrality goal and Pathway, incorporate new Climate Smart Elements, and make editorial updates. Staff issued a request for proposals that will conclude in early March 2023 to award a consultant to lead this administrative update.

Climate Advisory Commission

In June 2022, City Council directed staff to return with a recommendation on establishing a Climate Advisory Commission, suggested to be merged with and dissolve the existing Clean Energy Community Advisory Commission (CECAC). Staff completed research and community engagement and will return in May 2023 with recommendations.

¹ Climate Smart Data Dashboard, <https://www.sanjoseca.gov/your-government/departments-offices/environmental-services/climate-smart-san-jos/climate-smart-data-dashboard>

Climate Smart Community Outreach and Engagement

- **Climate Smart Champion Awards:** In February 2023, staff issued a call for individual and team nominations, from either within the City or external applicants, for outstanding efforts in 2022 that align with Climate Smart goals. Awardees will be recognized at a City Council event for the 4th annual Climate Smart Champion Awards in April 2023.
- **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:
 - **Zero Emissions Neighborhood (ZEN) pilot** – Since summer 2022, the Climate Smart team has presented at three community meetings to gain feedback on the ZEN pilot project. A feedback survey was distributed to residents of the Santee community to gather input on desired urban greening projects. 65 residents responded to the survey, which provided feedback on the projects to implement in the Santee neighborhood. At the McLaughlin Area Tenants meeting in November 2022, the roughly 25 residents in attendance voted on the types of urban greening projects to implement – including tree planting, drought tolerant planting, and support for their community gardens. The Climate Smart team is working with representatives of the Santee Community Garden, Santee Elementary, and staff at the Franklin McKinley School District to identify potential planting projects. City staff are also collaborating with the Guadalupe-Coyote Resource Conservation District, which granted the City \$73,000 for urban greening measures, to develop a scope of work for projects to be implemented in the pilot area. Staff also began planning for an urban freight last mile delivery pilot in the ZEN to reduce emissions caused by freight.
 - **Electric Vehicles and Shared E-Mobility Services** – City staff are working closely with residents and CBOs, like Veggielution, to co-develop e-mobility programs and services by and for its equity priority communities, such as e-carshare and e-micro transit, starting in East San José. The City and its partners are collaborating on educational events and community conversations to inform residents about the benefits and opportunities presented by transportation electrification, empowering 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 continue to promote the City’s Climate Smart Challenge platform, which currently has 917 users. Participants have completed more than 2,745 climate actions that have resulted in \$66,281 saved, 242 tons of CO₂ reduction, and 279,122 gallons of water saved.

- **GoGreen Teams:** GoGreen Teams is a team-based community engagement pilot supported by Community Climate Solutions, the creators of the Climate Smart Challenge platform. In September 2022, the first GoGreen Team pilot cohort concluded with a total of 22 teams that completed a series of nine meetings to learn about and take action on climate solutions – focused on food and waste, home energy, transportation, water, climate resilience, and disaster preparedness. The 22 teams completed 168 climate-savings actions with 242 in-progress, which will result in 122 tons of annual CO₂ savings and over \$30,000 in utility bill savings. In 2023, City staff are coordinating the second phase of the program with a goal of launching three GoGreen Team campaigns. These include a community campaign, led by local CBOs, a City Hall campaign led by Environmental Services Department staff, and a school campaign led by Community Climate Solutions. The goal of the program is to identify at least 35 team leaders across all three campaigns and to support them on their five-month journey to building a team and completing all program activities. This approach will help City staff understand how to improve the program and make it more inclusive for all communities to participate and thrive. The second GoGreen Team pilot cohort will conclude in September 2023.
- **Social Media:** Staff deployed social media campaigns and shared 13 posts on Environmental Services Department's and San Jose Clean Energy's (SJCE) Facebook, Instagram, and Twitter platforms to highlight program initiatives. These posts reached over 90,000 impressions.

Climate Smart Program and Policy Updates

Below are Climate Smart program and policy highlights from the September 2022 through February 2023 reporting period, grouped within the four key strategies in the Pathway. See the attachment for an overview of the full list of Current Climate Smart Initiatives.

Power Our Community with 100% Carbon-neutral Electricity

San José Clean Energy

In full operation since February 2019, SJCE now serves about 350,000 customers. For 2023, SJCE's default GreenSource service is 60% renewable and 95% carbon-free, and its TotalGreen service is 100% renewable. Nearly 2,000 residential and commercial customers have upgraded to TotalGreen. SJCE maintains a 98% participation rate, which means only 2% 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's California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs into its SJ Cares program to receive a discount on 60% renewable energy. The SJ Cares discount increased from 5% to 10% in January 2023 and is combined with CARE and FERA discounts for significant savings. SJ Cares customers pay the lowest rates in San José.

Since its launch in February 2019, SJCE has contracted with over \$1 billion in more than 500 megawatts of new renewable energy and reliability resources, including wind, geothermal, solar plus storage, and long-duration storage. SJCE has contracted for these resources at cost-effective prices through long-term power purchase agreements, helping it provide competitive, stable rates. In October 2022, City Council approved SJCE's 2022 Integrated Resource Plan² which outlines how SJCE will meet state regulatory requirements for renewable energy and reliability. Through this process, SJCE also modeled a power portfolio that achieves San José's goal of being carbon neutral by 2030. This model will be used as a guide for SJCE's ongoing resource procurement to meet that goal.

Switch Our Appliances from Fossil Fuels to Electric

Building Electrification Upgrade Accelerator Program

In September 2022, City Council authorized the City Manager to negotiate and execute a Master Agreement with BlocPower LLC for implementation of the City's building electrification upgrade accelerator program. The program will provide a comprehensive service to home- or building-owners throughout San José who would like assistance electrifying their building. The program will offer specific building recommendations for electrification, and support residents in identifying resources, programs, and incentives for electrification. The program will also collaborate with local job training partners to support high-quality training for electric heat pump installers and home upgrade technicians. The program targets 250 buildings for electrification and 50 individuals trained by 2025. City staff executed the Master Agreement and two service orders to initiate work on this program and is working with BlocPower to establish a community advisory board which will have an active role in the development of program elements. Staff expects to launch the program in the next reporting period.

Energy Efficiency Programs

In September 2022, SJCE launched two energy efficiency programs funded by California Public Utilities Commission-administered Public Purpose Program: the Home Appliance Savings Program and Energy Efficient Business Program. The budget for both programs is \$5.6 million. The programs will run through the end of 2024 and are estimated to result in 2,800 megawatt-hours of annual savings over the lifetimes of the energy-saving equipment – equal to the annual usage of about 560 homes.

SJCE's residential program - San José Home Appliance Savings Program³ – provides discounts ranging between 50 and 70 percent on energy-efficient electric appliances and free smart thermostats for moderate-income single-family households and single-family households located in disadvantaged communities (as defined by the state). As of February 2023, SJCE has sent 140 smart plugs and 119 smart thermostats to customers. Customers have requested 82 appliance redemption codes required to purchase appliances at Airport Home Appliance, resulting in ten appliance purchases. SJCE's commercial program – San José Energy Efficient Business

² City Council Memorandum October 25, 2022, San José Clean Energy 2022 Integrated Resource Plan
<https://www.sanjoseca.gov/home/showpublisheddocument/90657/638017053102130000>

³ [San José Home Appliance Savings Program webpage](#) (also available in [Spanish](#) and [Vietnamese](#))

Program⁴ – provides technical assistance and 80 to 90 percent discounts for Heating, Ventilation, and Air Conditioning, water heating, and refrigeration systems and components for small and medium businesses and schools. As of February 2023, the program has served 20 businesses and is in the process of serving an additional 44 businesses and a school district located in a low-income community.

Building Electrification Workforce Development

Given the understanding that workforce development will be necessary to support the City’s building electrification goals, City staff completed the following in the reporting period:

1. Met with local labor organizations (e.g., IBEW, Local 393) and local, regional, and statewide organizations (i.e., Bay Area Regional Energy Network, TECH, Silicon Valley Clean Energy, Work2Future, and the High Road Training Partnership) to better understand and support existing workforce development efforts;
2. Became a High Road Training Partnership member so that staff can attend bi-monthly regional meetings to learn and discuss workforce development opportunities with cities across the Bay Area;
3. Promoted the Bay Area Regional Energy Network’s Heat Pump Water Heaters for Contractors training to local contractors;
4. Began developing a contractor list and a survey to understand the most effective outreach strategy to engage local contractors in electrification opportunities and skill development; and
5. Began coordinating with the statewide TECH program and Work2Future to host a workforce development training in San José.

Staff will continue to coordinate with local, regional, and statewide organizations to leverage existing programs and will be initiating additional workforce development efforts, to be determined with stakeholder input, as part of its contract with BlocPower.

Energy & Water Building Performance Ordinance

The Energy & Water Building Performance Ordinance (“Building Performance Ordinance”) 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’s platform ENERGY STAR Portfolio Manager® and share that information with the City.

Starting in 2023, the Building Performance Ordinance began its final phase of implementation, Beyond Benchmarking. Beyond Benchmarking requires covered buildings to meet energy and water efficiency standards on a five-year rolling basis. A building owner can demonstrate that a covered building meets key performance standards or, if a building is not able to meet these high standards, the owner can perform an energy audit, building re-tuning, or targeted efficiency upgrades to improve performance. By identifying opportunities for energy and water savings, re-tuning building systems, and switching out inefficient equipment, Beyond Benchmarking will

⁴ [San José Energy Efficient Business Program webpage](#) (also available in [Spanish](#) and [Vietnamese](#))

help reduce GHG emissions and help building owners save money, improve tenant comfort, and increase the bottom line of their building portfolio.

In anticipation of the first cohort of buildings required to comply with Beyond Benchmarking in May 2023, City staff developed customer resources that are now available on the City's new Beyond Benchmarking webpage. These resources include a compliance schedule, a step-by-step compliance guide, Frequently Asked Questions, and a list of qualified industry professionals that can help covered buildings meet Beyond Benchmarking requirements. City staff also organized and hosted a four-part Beyond Benchmarking informational webinar series. The webinar series covered everything from a high-level overview of Beyond Benchmarking to how a building is to properly submit their compliance forms. The series began in December 2022 and will conclude in early March 2023. Beyond Benchmarking's first cohort of covered buildings received their first notice to comply in late 2022 and will receive their second notice in early March 2023. In collaboration with Touchstone IQ, the City's customer relationship management system supporting the Building Performance Ordinance, City staff began working to upload all necessary Beyond Benchmarking compliance forms to the Beyond Benchmarking webpage.

Reduce the Miles We Travel in our Vehicles by at least 20%⁵

Transportation Demand Management and Parking Ordinance and Policy Update

The City reevaluated its car parking and transportation demand management policies to advance Climate Smart, Bloomberg Philanthropies' American Cities Climate Challenge, and Envision San José 2040 General Plan transportation and land use goals. In December 2022, City Council adopted and updated Title 20 (the Zoning Ordinance) of San Jose's Municipal Code to remove mandatory minimum parking requirements based on the project size and use. In conjunction, the ordinance expanded transportation demand management project requirements to encourage new and existing residents to shift trips from single-occupancy vehicles to alternatives such as transit, biking and walking. These transportation demand management 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. The updated ordinance will become effective on April 10, 2023.

Move to Zero Emission Vehicles

Direct Current Fast Charging Hubs Pilot

On November 15, 2022, the City Council approved SJCE's direct current fast charging hubs pilot, which will result in one to three hubs being installed in low-income or disadvantaged⁶ communities in San José in Fiscal Year 2023-2024 or Fiscal Year 2024-2025 to increase access

⁵ Department of Transportation staff also provide in-depth transportation updates in December and June each year.

⁶ Disadvantaged communities are defined by the state of California as the top 25% of census tracts by pollution burden. [Map of disadvantaged communities as designated by the California Environmental Protection Agency and California Public Utilities Commission.](#)

to affordable and reliable electric vehicle charging. Each hub will contain parking spaces and chargers to accommodate at least 10 electric vehicles and run for 10 years. SJCE will control variable retail pricing to encourage middle-of-the-day charging. Staff are working with the City Attorney's Office and departments to vet sites and developers and has begun negotiating tolling agreements and developing site licenses.

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 January 2023, 100 Level 2 and 11 Direct Current Fast Chargers funded by the program are operational. Approximately 45 more projects consisting of Level 2, Direct Current Fast Chargers, or both are expected to be completed through 2025.

Building Reach Code Update

Every three years, the State updates its building Technical Codes and, subsequently, the City must readopt its building reach codes every three-year code cycle for the requirements to remain in effect. In October 2022, City Council adopted an administrative update to the City's reach code to align it with the 2022 Technical Codes and reinstate the City's electric vehicle charging infrastructure reach code requirements.

In April 2022, City Council directed staff to analyze the cost of expanding electric vehicle charging infrastructure in new multifamily developments to 95% electric vehicle ready (with a charging outlet) and 5% with electric vehicle service equipment (with a charging station). In December 2022, staff presented the cost analysis and stakeholder engagement results to the Transportation and Environment Committee. Per Committee direction, staff will return to City Council in March 2023 with a recommended reach code update for the electric vehicle charging infrastructure requirements for new multifamily developments.

Looking Ahead

City staff plan to complete the following items in the next reporting period (March 2023 – August 2023):

- Launch the building electrification and workforce development accelerator program;
- Finalize the new Climate Smart Zero Waste Element;
- Complete Inventory of 2021 Communitywide Greenhouse Gas Emissions;
- Award contract for Climate Smart administrative update;
- Launch Peak Rewards, San José Clean Energy's commercial demand response program;
- Adopt administrative regulations for one-way vehicle sharing services;

- Develop an initial electric vehicle charging infrastructure strategic plan;
- Start development of an integrated employee transportation demand management program;
- Release request for proposals for phase two of the Move San José Decision Support System, which will develop deeper forecasting, post-project evaluation, and public interface functionality;
- Identify and implement urban greening projects in the Santee neighborhood of San José for the ZEN pilot; and
- Complete the procurement process to identify a Climate Challenge platform and prepare for the third phase of GoGreen Teams.

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

- San José Clean Energy Programs Roadmap Update (March 6, 2023, Transportation and Environment Committee)
- Building reach code update for EV charging in new multifamily buildings (March 28, 2023)
- Earth Day commendation and Climate Smart Champion Awards (April 4, 2023)
- San José Clean Energy Summer 2023 Demand Response Program (April 4, 2023)
- Natural and Working Lands Element (May 2, 2023)
- Climate Advisory Commission (May 2, 2023)
- Building Electrification Special Session (Fall 2023)
- Climate Smart Zero Waste Element (Fall 2023)
- Climate Smart Administrative Update (2023)

Racial Equity Impact Analysis

Historically marginalized communities of San José are already experiencing and are more likely to be burdened by the impacts of climate change while also being the least able to, due to financial and other constraints, take advantage of climate initiatives which can bring significant health and financial benefits with them.

Many Climate Smart initiatives are leading in the effort to develop City policies and programs more equitably by using a co-creation approach. City staff are working with CBOs representing historically marginalized communities to cocreate several Climate Smart initiatives, including the ZEN pilot and the City's electric vehicle and shared e-mobility services. The building electrification accelerator program and the phase II GoGreenTeams pilot is also planning to include significant input, through a community advisory board and CBO engagement, from historically marginalized communities that will inform both program development and outreach. These efforts will ensure that the City helps to make Climate Smart initiatives accessible for all San José residents.

Climate Smart San José Analysis

Climate Smart initiatives detailed in this memorandum are helping to advance several goals under Climate Smart San José, by facilitating:

- the reduction of energy or water use consumption, or increases in demand for renewable energy,
- the energy and water efficiency of homes and commercial buildings, and
- the choice of mobility choices other than single-occupancy, gas-powered vehicles.

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.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 2, 2023, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

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

HONORABLE MAYOR AND CITY COUNCIL

March 13, 2023

Subject: Climate Smart San José Plan Semi-Annual Update

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

KERRIE ROMANOW

Director, Environmental Services

For questions, please contact Julie Benabente, Deputy Director, Environmental Services at Julie.Benabente@sanjoseca.gov or (408) 975-2537.

ATTACHMENT

Current Climate Smart Initiatives