



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** February 14, 2019

Approved

D. DSYL

Date

2/14/19

**SUBJECT: ACTIONS RELATED TO THE MEMORANDUM OF UNDERSTANDING  
WITH THE AMERICAN CITIES CLIMATE CHALLENGE**

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager to negotiate and execute the Memorandum of Understanding with the Natural Resources Defense Council, Inc. in support of the American Cities Climate Challenge, establishing the terms and conditions for a working agreement and the City of San José's American Cities Climate Challenge work plan.

## **OUTCOME**

Approval of the resolution for the negotiation and execution will allow the City of San José (City) to pursue the successful execution of all such initiatives, measures, other actions and goals specified in the Memorandum of Understanding (MOU) and for Natural Resources Defense Council, Inc. (NRDC) to provide the support, resources and opportunities to assist the City in achieving those goals for the duration of the City's participation in the American Cities Climate Challenge (ACCC).

## **BACKGROUND**

On October 30 2018, the City Council approved Mayor Liccardo's recommendation for staff to report on: (1) the metrics that will be used to assess progress on the initiatives identified in the successful Bloomberg Philanthropies' American Cities Climate Challenge ("ACCC" or "Challenge") proposal, identifying which metrics can be satisfied with existing methods of data measurement and collection, and which will require additional time or resources; (2) a list of key municipal code or other regulatory changes necessary to clear the way for progress on the ACCC, with a proposed timeline for Council to consider adopting those changes; and (3) a

proposed timeline for achievement of key ACCC goals that stretches to 2020 and, where appropriate, beyond.

This action presents Council with the first step in this process, the MOU between the City and the NRDC, which outlines the support that the ACCC will provide the City to enable it to pursue the goals outlined in Climate Smart San José.

The ACCC is a national initiative to create healthier and more prosperous American cities by supporting a critical mass of the most populous cities in meeting or exceeding their equivalents of the U.S. emission reduction targets under the Paris Climate Agreement. On June 1, 2018, Bloomberg Philanthropies announced the ACCC and opened a competitive application process and invited the 100 most populous cities in the U.S. to participate in the Challenge. In October 2018, 25 cities' initiatives were selected to participate in the ACCC and receive support. The City was one of those 25 cities. Having been selected, San José will participate in a two-year acceleration program that provides resources and technical support valued at \$2.5 million to implement Climate Smart San José. These resources include a philanthropy-funded NRDC staff (the "Climate Advisor") to facilitate the development and passage of high-impact policies, training for senior leadership to assist with implementation of Climate Smart San José plans, citizen engagement and support to maximize community buy-in, and rapid response grants to accelerate impact.

Environmental Services Department staff led San José's application process, coordinating the proposal with the Department of Transportation, Planning, Building and Code, San José Clean Energy, the Office of Economic Development, Public Works, the Housing Department and the Mayor's Office. San José received letters of support from over 20 stakeholders, including organizations such as Microsoft, the Silicon Valley Community Foundation, SPUR, and Stanford University (Appendix A).

The City commits to pursue, to the best of its ability and in compliance with applicable laws, ordinances, rules and policies that facilitate collaboration among the City and its major stakeholders, the implementation of the following initiatives identified both in Climate Smart San José and in a workplan developed during the Challenge application process, by December 31, 2020, to reduce net emissions of the City to reach the goals of Climate Smart San José: energy reduction programs and policies for commercial businesses; a plan for building decarbonization through local programs and incentives; electric vehicle (EV) and solar readiness and a reach code<sup>1</sup>; high-priority segments in the walking and bicycling network; encouraging new mobility options; a shared EV Strategy; parking management and pricing and EV Education and incentives.

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<sup>1</sup> A reach energy code is a voluntary appendix to a mandatory statewide minimum energy code that allows municipalities to adopt a uniform beyond code option to achieve greater levels of energy efficiency.

## **ANALYSIS**

Council approval of the recommendation will allow for the City to negotiate the terms of the MOU. The key components of the MOU include the support package, the City Strategy Overview Plan and the priority commitments of the City toward the goals in the Climate Smart San José and City strategy.

### **Support Package**

The support package from NRDC, with a value of approximately \$2.5 million, is anticipated to include:

1. Personnel resources, including a Climate Advisor, City Strategist, and Implementation Coach;
2. Funding and/or support from non-profits and other partners, including the NRDC, the Energy Foundation, the Institute for Market Transformation, the Rocky Mountain Institute, and World Resources Institute;
3. Technical Assistance (engagement on program and policy developments);
4. Tailored support and training, including seminars, conferences and workshops, Peer to Peer learning support and access to the National Association of City Transportation Officials, networks, webinars, and other support;
5. Access to Designing Cities seminars; and
6. Communication support.

The Climate Advisor will be one full time NRDC employee located in ESD, who shall be available at all times for input and general direction on work schedule, tasks and assignments for advancing the City Strategy Overview Plan.

### **The City Strategy Overview Plan**

In exchange for the support and participation in the ACCC challenge, the City will prioritize efforts on a City Strategy Plan, a wide goal-setting tool to help align vision and resources needed for specific metrics across several initiatives that align with Climate Smart San José. The ACCC is also aimed at supporting Mayors tackling climate change in the United States and providing communication support that illustrates the City of San José's commitment to climate action. The MOU will commit the Mayor or Mayor's Office's time to participate in no less than three meetings per year with senior officials of the Challenge team to discuss the City's progress on the initiatives described in its City Strategy Overview.

The Strategic Plan will focus on the following initiatives that align with Climate Smart San José (alignment to Climate Smart San José Plan shown in italics) over the period from January 1, 2019 to December 31, 2020:

**Energy reduction programs and policies for commercial businesses - *Climate Smart Action***

***3.2 – C & G: Retrofits***

On December 11, 2018, Council adopted the San José Energy and Water Building Performance Ordinance. The City will implement this Ordinance for energy and water benchmarking and transparency, requiring approximately 2,500 commercial and multi-family buildings of 20,000 sq. ft. and over to: benchmark their energy and water usage, provide transparency in their results, and meet a performance standard. The City will also partner with local nonprofits or other NGOs to develop, launch, and provide technical support to a private sector building performance challenge, building upon and enhancing the energy and water benchmarking and transparency ordinance.

**Roadmap for building decarbonization through demonstration and programs - *Climate***

***Smart Action 3.2-A: 3.2-H: New Construction, Retrofits and 3.1-D Economic and Workforce Development.*** The City will pursue a roadmap, built upon Climate Smart San José, leading to the deep decarbonization of residential buildings in San José through demonstration and programs. The target components include: (1) a climate leaders program; (2) a Zero Net Carbon (ZNC) demonstration project; (3) electrification incentives; (4) a ZNC outreach, education, and training program, and; (5) workforce development.

**Decarbonization through codes: EV, solar readiness and reach code - *Climate Smart Action***

***1.1-G Building Codes & Permitting and 2.3-C & F: Vehicle Electrification***

The City will establish and facilitate a Reach Code Task Force and engage stakeholders to craft an energy reach code for electric vehicles (EVs), solar readiness and Zero Net Energy (ZNE) in new residential and commercial construction. The reach code timing will be aligned with the City's adoption and implementation of the 2019 CA Energy Code. The City will target reach code in late 2019 for implementation in 2020.

**High-priority segments in the walking and bicycling network - *Climate Smart Action 2.1 – A***

***-G: Encourage Mode Shift***

The City will pursue the design and implementation of the Downtown Better Bikeway network. This includes completing the 400 mile on-street network in existing bike plan (Bike Plan 2020), including 17 miles of all-ages-and-abilities facilities (Better Bikeways). The City will also develop a new city bike plan (Better Bike Plan 2026) to encourage the development and use of citywide all-ages-and-abilities bike network.

**Encourage new mobility options - *Climate Smart Action 2.1 – B -G: Encourage Mode Shift***

The City will pursue work with new mobility operators to significantly expand and improve its sharing service, and grow the service area from the Greater Downtown to more neighborhoods. The City will also explore, monitor, and evaluate a shared micro-mobility permitting system, working with operators of shared e-scooter and other micro-mobility services throughout the City.

**Shared EV Strategy - *Climate Smart Action 2.3-A-I: Vehicle Electrification***

The City will pursue a bold Shared EV Strategy to substantially increase EV mobility options by developing partnerships for support, incentives, and programs with: (1) ride-hailing companies to encourage conversion of driver fleets to EVs; (2) carshare service providers to launch e-sharing pilots, and; (3) community-based organizations serving low-income and communities of color to address obstacles faced by residents.

**EV education and incentives - *Climate Smart Action 2.3-A-I: Vehicle Electrification***

The City will evaluate for adoption a robust EV education and incentive program, with partners to provide information about EVs and encourage their adoption and use, particularly shared use. The target components include: (1) an auto-dealer education program; (2) ride and drive events and; (3) education and outreach.

**Parking management and pricing - *Climate Smart Action 2.1-M: Parking***

The City will pursue updated parking requirements for new development to design a parking strategy to enable no- and low-parking development. This will include educating and engaging the public to appreciate the true cost of (free) parking. The strategy will determine where to remove or reduce minimum parking requirements, to impose maximum parking requirements, and/or how to effectively “unbundle” the cost of parking.

***Reporting and Measuring***

Data will be key in measuring the impact of each of San José’s ACCC initiatives. The use of data will be critical in setting a standard of success, creating unity around milestones and goals, and enabling the replication of projects. Since the Climate Smart San José program is in its first year of development, processes for collecting data and managing performance are still being established. The program has developed a prototype Climate Smart performance metric dashboard (<https://data.prospectsv.org>) and has been collecting data for key performance indicators. This dashboard has been developed in partnership with ProspectSV and Microsoft.

For each initiative in the ACCC, staff has developed in measurable terms what will be achieved by December 2020, the immediate results of those activities, and the leading indicators. Through data tools developed in coordination with this project, an ACCC dashboard specific to San José has been developed. This dashboard is tailored to our City, based on the indicators that we selected to track our actions that integrate with the milestones and targets set in our delivery plans. The City will report on its milestones and indicators to Bloomberg Philanthropies every six weeks.

***Additional Resources Needed***

San José has a unique opportunity to lead meaningful climate action focused on the sustainable transformation of our built environment while achieving economic and population growth. To take full advantage of the ACCC two-year acceleration program that will provide resources and

technical support valued at \$2.5 million to implement Climate Smart San José, additional City resources across multiple city departments will be necessary to move forward with key initiatives in the current and coming fiscal years. This includes resources for: maintaining the Climate Smart performance metric dashboard, collecting data and compiling reports, developing and recommending additional and enhanced indicators; providing analytical assistance, including quantitative and qualitative data analysis for the ACCC; the modernization of parking requirements, to be aligned with Climate Smart San José and San José's general plan; and developing a building reach code to propel zero net carbon housing. As part of the 2018-2019 Mid-Year Budget Review approved by Council on February 12, 2019, a new City-wide appropriation of \$150,000 was established to provide temporary analytical and planning staff support within the Environmental Services, Transportation, and Planning, Building and Code Enforcement Departments. City staffing support will be critical to fully leverage the resources and expertise being offered by Bloomberg Philanthropies through the ACCC program. Additional limit-dated positions will be considered as part of the 2019-2020 Proposed Budget development to continue work efforts until the end of the ACCC project (December 2020).

#### **EVALUATION AND FOLLOW-UP**

Staff will provide progress updates on the American Cities Climate Challenge as part of the semi-annual Climate Smart San José updates to the Transportation and Environment Committee and City Council. Additionally, quarterly Mayor's briefings will be provided.

#### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the February 26, 2019, City Council Meeting.

#### **COORDINATION**

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

#### **COMMISSION RECOMMENDATION/INPUT**

There is no commission recommendation/input associated with this action.

### **COST SUMMARY/IMPLICATIONS**

As described above, the 2018-2019 Mid-Year Budget Review approved by the City Council on February 12, 2019, set aside \$150,000 of General Fund resources in a new City-wide appropriation to provide initial analytical and planning staff support within the Environmental Services, Transportation, and Planning, Building and Code Enforcement Departments. City staffing support will be critical to fully leverage the resources and expertise being offered by Bloomberg Philanthropies through the ACCC program.

As part of the 2019-2020 Proposed Budget development process, the Administration will evaluate the use of one-time resources to establish limit-dated positions to continue support the ACCC project until its completion scheduled for December 2020. It is important to note that these resources will be considered in the context of the City's fiscal position and in relation to other City Council priorities. Where applicable, the Administration will evaluate a variety of funding sources – in addition to the General Fund – to provide the necessary staffing support, including special and capital funds.

### **CEQA**

Not a project, File NO. PP17-003, Agreements/Contracts (New or Amended), resulting in no physical changes to the environment.

/s/

KERRIE ROMANOW

Director, Environmental Services Department

For questions, please contact Cyndy Comerford, Deputy Director, Environmental Services Department at (408) 975-2548.

Attachment A



July 16, 2018

The Honorable Michael R. Bloomberg  
Bloomberg Philanthropies  
25 East 78th Street  
New York, NY 10075

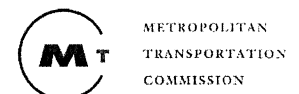
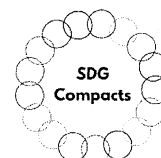
RE: American Cities Climate Challenge

Dear Mayor Bloomberg,

Our organizations are pleased to submit this Letter of Support in San José's application to the American Cities Climate Challenge, and we strongly encourage the selection of the City of San José for this funding opportunity. San José is a global innovation leader ideally positioned to achieve ambitious climate action goals, and we are committed to working with the city on this exciting and important initiative.

In February 2018, San José was one of the first U.S. cities to adopt a climate action plan aligned with the Paris Agreement, Climate Smart San José. Climate Smart San José is the city's first climate action plan and outlines a path for inclusive growth with bold climate goals all while reducing emissions by 6.5 percent year-over-year through 2050. With this plan, the City of San José is committed to leading on climate action and helping to keep global temperature rise below 2°C.

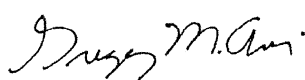

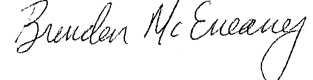

As part of the city's ambitious climate plans, San José recently launched San José Clean Energy, the largest single-city Community Choice Aggregation program in the country, which will offer 100 percent carbon-free energy within three years. The City of San José is also focusing our Climate Smart efforts on solar and energy-efficiency improvements that are accessible to low-income communities and multi-family housing, the development of an electric-vehicle strategy to advance public and private charging infrastructure, and commercial building energy-efficiency initiatives through the City Energy Project. The city is in the process of conducting a stakeholder engagement process for an energy benchmarking and disclosure policy with the help of Bloomberg Philanthropies and the Natural Resources Defense Council and will continue to expand on this work. These initiatives and more will provide initial momentum toward climate action, which would be augmented and accelerated through the American Cities Climate Challenge.





With urban populations projected to rise in the coming decades, the challenges associated with mitigating transportation and energy sector impacts on air quality, the environment, and livability could intensify without concerted action. As the 10<sup>th</sup> largest city in the country, San José is well positioned to address the challenges outlined in the grant proposal, which are critical to enabling a sustainable economy while being culturally inclusive and targeted for diverse communities in addressing climate action.

Our organizations will support the City of San José to implement best-in-class climate policies and to usher in the nation's newest wave of innovation. This funding opportunity will provide the City of San José with needed robust technical assistance and the capacity and resources necessary to move the needle on inclusive, equitable, and impactful climate policies.


   

Gina Dalma  
President  
Silicon Valley Community  
Foundation

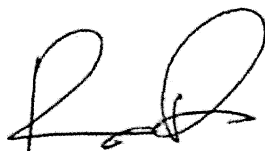
Brian Schmidt  
Program Director  
Greenbelt Alliance

Brenden McEneaney  
Principal  
Integral Group


Russell Hancock  
President & CEO  
Joint Venture Silicon Valley



Linda Hutchins-Knowles  
Co-Founder  
Mothers Out Front South Bay



Ralph DiNola  
Chief Executive Officer  
New Buildings Institute



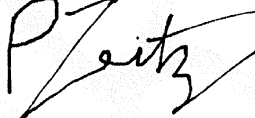
Andrea Mackenzie  
General Manager  
SCV Open Space Authority



Ruth Cox  
Chief Executive Officer  
Prospect Silicon Valley




Ruth Merino  
Co-Founder  
San Jose Community Energy



Paul Zeitz  
Co-Founder  
SDG Compacts



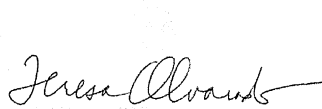
Shiloh Ballard  
Executive Director  
Silicon Valley Bicycle Coalition



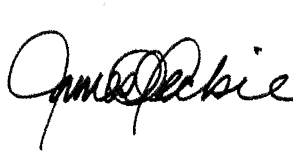
Allen Gilliland II  
Founder  
Built it Zero



Mike Mielke  
Sr. Vice President,  
Environment & Energy  
Silicon Valley Leadership Group



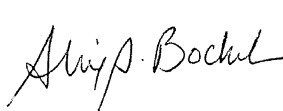
Teresa Alvarado  
San Jose Director  
SPUR



James O Leckie  
Director of the  
Center for Sustainable  
Development & Global Competitiveness  
Stanford University



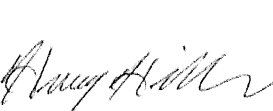
Jeff Ruster  
Director of Partnerships  
Strategic  
Work2Future



Alix A. Bockelman  
Deputy Executive  
Director, Policy  
MTC



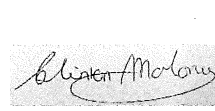
Alice Gugelev  
Director  
Global Development  
Incubator



Henry Hilken  
Director of Planning and  
Climate Protection  
BAAQMD



Nuria Fernandez  
General Manager  
VTA



Clinton Moloney  
Sustainability  
Advisory Leader  
PwC