



Legislation Text

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Report regarding a study session on new commercial and office construction reach codes. (*Christina Fernandez, Chief Sustainability Officer and Melanie Jacobson, Integrated Design 360*)

RECOMMENDATION

It is recommended that the City Council receive an update on the outreach process relating to reach codes for new commercial and office construction.

BACKGROUND/DISCUSSION

Local reach codes are local enhancements to the state code and can be adopted at any time. Reach codes address building electrification and require the reduced use of natural gas as well as an increase in Electric Vehicle charging. The proposed reach codes improve economic and energy performance for new construction.

On May 26, 2021, Council adopted reach codes for new residential buildings requiring all-electric appliances in buildings and higher standards for EV charging stations. Subsequently, Council directed staff to continue to receive input from the business community on potential nonresidential reach codes. City staff convened multiple stakeholder outreach efforts to gain knowledge and suggestions for consideration into the upcoming local municipal code changes. Stakeholders for the nonresidential reach code development include property owners, contractors, manufacturers, architects, and commercial tenants (e.g., office, retail).

The City of South San Francisco hosted a meeting with local biotechnology businesses to discuss the proposed reach codes and to gather feedback on September 1, 2021. City staff held an additional Reach Codes Town Hall for the community on September 16, 2021. During these meetings, community members gathered to learn about the potential reach code requirements (building electrification and electric vehicle charging stations) the City is exploring and to provide comments for staff to consider during policy development.

City staff also held one-on-one meetings with several representatives from the business development community to better understand each businesses' individual needs. To date, staff have met with local business community leaders including representatives from Scavengers, BioCom California, California Life Sciences Association (CLSA), Amoura Restaurant, South San Francisco Chamber of Commerce, HealthPeak Properties (formerly known as HCP), BioMed Realty, Kilroy Realty, and Genentech. During one-on-one meetings staff shared details on the proposed nonresidential reach codes and recorded concerns on particular requirements.

Additionally, staff has surveyed local businesses to learn more about their dependence on natural gas and electricity. Interestingly, a local concrete plant, Granite Rock does not use natural gas for their operations, only propane to power their forklifts. However, all ten local restaurants surveyed depend on gas in their operations. Local restaurants surveyed include Curry Corner, Café Bunn Mi, Fil-Am 2, Hing Lung Café, Thai Satay, AC Hotel Waterfront Lounge, Café 382, Grand Palace Restaurant, Amani San, and Ben Tre.

City staff is continuing outreach efforts within the business development community to support the

nonresidential reach code development process.

Business Development Feedback

Over 50 members of the community responded to the public “Commercial Reach Code Poll” on the City’s Economic & Community Development webpage. Additionally, community members that attended the biotechnology meeting and the town hall meeting were given opportunities to share questions or concerns with City staff. Concerns raised during the one-on-one business development meetings also contributed to the feedback staff encountered during the outreach process. The most common, high-level challenges raised by the business development community are summarized below.

Staff received the following comments on the proposed all-electric requirements for new construction. A challenge frequently discussed during the outreach meetings and analyzed in the survey results relates to concerns about the reliability and resiliency of the grid to handle the increase in electricity demand resulting from an all-electric reach code. Property owners and developers expressed concern over PG&E’s ability to maintain predictable and adequate supply to a site. A few community members requested studies to demonstrate grid capability to handle the potential increased load. The unpredictable frequency of power outages and the increased use of diesel generators are two concerns also relayed to staff during the outreach efforts.

A second main concern was on the impact to natural gas end uses commonly used in restaurants (e.g., industrial sized gas ovens) and laundromats (e.g., commercial washers and dryers). Many business community representatives stated that it is not feasible to achieve business goals using existing electric power technology. For example, a developer raised concern over the operations of heat pump systems and the need to replace heat pump systems more frequently than a boiler system. Other general concerns over the all-electric reach code include concerns on impact to cost, efficiency, and effectiveness of business operations.

Staff also received feedback on the proposed electric vehicle infrastructure reach code requirements for nonresidential new construction. The most common concern relates to increased cost to business owners to provide the electric vehicle charging stations (EVCS). Commercial tenants and property owners also shared concern over a decrease in regular vehicle parking capacity for customers and service parking due to increased presence of EVCS. A local manufacturer voiced concern over the burden on businesses to remove individuals who use charging stations installed on private property. Another concern raised in the public survey was over power outages and how increased installation of EVCS will impact outages.

A commercial developer who participated in the survey shared one of the challenges they face is matching the predicted demand for electric vehicles, which typically exceeds code. The developer suggested that the City coordinate with the California Air Resources Board and the County to identify minimum requirements that helps meet predicted regional electric vehicle demand.

Another frequent challenge conveyed during the community outreach process is clarity around the time frame of implementation and predictability of the effective date of the proposed reach codes. Numerous stakeholders indicated they require adequate time to adapt to the new regulations and suggested specific exemptions for projects that already submitted a planning application. Property developers shared concern over the cost to redesign a project that typically takes two years to plan and design prior to submitting plans to the City for review.

Requests to PG&E to bring power to a new area can also take up to two years, therefore, having an adequate

amount of lead time to prepare for nonresidential reach codes is critical for a project's success. Many businesses were open to adapting to the new reach codes if the requirements were phased in over an extended period of time (e.g., two or more years).

As a result of feedback received from the business community, staff learned of the following preferences for potential all-electric reach codes:

- All-electric codes to apply to only new construction
- Provide a long enough implementation period
- A “grace period” after effective date
- Align with next building code cycle (effective January 1, 2023)
- Validation of energy infrastructure and capacity

Recommended Next Steps

Staff and the city's consultant continue to meet with individual businesses to better understand the potential impacts an all-electric building code may have on new commercial and office construction. Dependent on Council direction, staff may continue these conversations with local businesses to learn more about the challenges that exist in implementing an all-electric reach code.

Much of the feedback provided by the business community is feasible in crafting an all-electric building code. However, “validation of energy infrastructure and capacity,” may be more difficult as it requires additional information from PG&E and further study by technical experts in the energy field. Staff recommends further study of the energy grid's infrastructure and its ability to handle increased demands should an all-electric commercial building code be implemented.

The State of California adopts new building standards every three years, also known as a “code cycle”. The current 2019 code cycle ends on December 31, 2022, and the next code cycle (2022) begins on January 1, 2023. Council may consider directing staff to align the proposed commercial reach code requirements with the adoption of the 2022 building code cycle.

FISCAL IMPACT

There is no known fiscal impact to continue business outreach. There may be a cost to proceed with an energy infrastructure and capacity study. Staff is working to learn more about the potential scope and receive estimates.

RELATIONSHIP TO STRATEGIC PLAN

This update meets the strategic plan goals of building, maintaining, and planning for a sustainable city.

CONCLUSION

It is recommended that the City Council receive an update on the outreach process relating to reach codes for new commercial and office construction.

Attachments -

1. Matrix of Outreach