ADOPT TWO RESOLUTIONS CERTIFYING THE SUBSEQUENT ENVIRONMENTAL REPORT FOR THE CLIMATE ACTION PLAN AND APPROVING THE CLIMATE ACTION PLAN

RECOMMENDATION

Together with the Climate Action Plan Advisory Committee (CAPAC), and the Planning Commission, staff recommends that the City Council adopt two Resolutions as follows:

1. A Resolution certifying the Subsequent Environmental Impact Report (SEIR) for the Climate Action Plan; and

2. A Resolution approving the Climate Action Plan (CAP).

Summary

The CAPAC, Planning Commission, and staff recommend that the City Council approve the Climate Action Plan (CAP) (Attachments A and B- Climate Action Plan Synopsis and Plan Document) to reduce greenhouse gas emissions consistent with the specified state requirements and the terms of a 2008 Settlement Agreement.

DISCUSSION

Background

In 2006, California adopted the Global Warming Solutions Act of 2006 (AB 32), which established a statewide reduction goal to reduce greenhouse gas (GHG) emissions levels back to 1990 levels by the year 2020. Consistent with the State of California’s AB 32 objectives, the City of Stockton (City) adopted Policy HS-4.20 in its 2035 General Plan to reduce GHG emissions generated by the community. Specifically, Policy HS-4.20 sets forth the following initiative:

The City shall adopt new policies, in the form of a new ordinance, resolution, or other type of policy document, that will require new development to reduce its greenhouse gas emissions to the extent feasible in a manner consistent with state legislative policy as set forth in AB 32 (Health & Safety Code, 38500 et seq.)… (see page 218 of the General Plan Goals and Policies Report for full text of this policy <http://www.stocktongov.com/files/GoalPolicyReport.pdf>)

Following City Council approval of the 2035 General Plan, the City entered into a Settlement Agreement (Agreement) with the Sierra Club and the California Attorney General in October 2008, to resolve a lawsuit filed by the Sierra Club challenging the adequacy of the environmental impact report.
The Settlement Agreement includes the following requirements:

- Climate Action Plan - Preparation of a CAP and submittal to the City Council for consideration.
- Climate Action Plan Advisory Committee (CAPAC) - The Agreement requires formation of an advisory committee.
- Climate Action Plan Requirements - The Agreement requires the CAP to include GHG inventories, identify goals for reducing GHG emissions and vehicle miles travelled (VMT), and identify measures to reduce GHG emissions.
- Green Building Program - The Agreement requires development of a green building program and associated measures, and presentation of the program to the City Council.
- Transit Program/Transit Gap Study - The Agreement requires the development of transit studies and a transit program.
- Infill/Downtown Planning - The Agreement requires the City to develop General Plan policies or programs to support downtown infill and development, and presentation of the policies or programs to the City Council for adoption.
- Projects outside the City Limits - The Agreement required development of approval criteria for projects outside the City limits.
- Monitoring - The Agreement requires monitoring of program elements.
- Early Climate Protection Actions - The Agreement required preparation of certain early climate protection actions for projects approved prior to the adoption of the CAP.

The City adopted an interim GHG reduction target on September 1, 2009. The interim target called for GHG reductions equal to approximately 29% below year 2020 ‘business as usual’ conditions (defined below) for projects under review. To meet that target, the City directed project applicants to follow the 2008 San Joaquin Valley Air Pollution Control District Climate Change Action Plan protocols.

The City then adopted a Green Building Ordinance (2010) and the Green-Up Stockton Ordinance (2011) in compliance with the Agreement. However, the Green Building Ordinance is under revision. On August 27, 2013, the City Council approved participation in a Property Assessed Clean Energy (PACE) program for non-residential buildings. On May 6, 2014, a Home Energy Renovation Opportunity (HERO) PACE program was approved by the City Council. The Council adopted PACE programs are considered part of the City’s green building program as required by the Agreement.

**Present Situation**

The CAP outlines a framework to feasibly reduce community GHG emissions in a manner that is supportive of AB 32, consistent with 2035 General Plan policy HS-4.20, and fulfills the terms of the 2008 Settlement Agreement. In so doing, the CAP considers the financial limitations of the City and the greater Stockton community. The CAP includes monitoring of the implementation measures,
periodic examination of other measures to reduce GHG emissions, as well as periodic updates of the overall plan.

The CAP relies on numerous voluntary measures for both existing and new development, but also includes measures where required by other state or local existing mandates and continues existing initiatives and best practices. As an example, under the Sustainable Water Use and Demand Reduction Act of 2009 (SB X7-7), all communities are required to reduce water use on a per capita basis by 20 percent below 2005 levels by 2020. Implementing this mandate would also reduce GHG emissions since a considerable amount of energy generation is required to pump and convey water for municipal, industrial, agricultural and landscape purposes. The CAP also affirms the existing practice of requiring new development to reduce emissions by approximately 29 percent compared to “business as usual” conditions.

Relationship to the General Plan and Other Initiatives

The City has embarked on a new General Plan process separate from the CAP that may contain, among other things, criteria for review and approval of projects outside the City limits in relation to GHG emissions, public services, and transit support. On June 10, 2014, the City Council formally initiated a new General Plan work program, inclusive of the Settlement Agreement requirement to promulgate amendments to the General Plan. The City is developing General Plan amendments separately from the CAP to incentivize infill and accommodate build-out in the Greater Downtown area.

On August 28, 2012, the Stockton City Council received a presentation on the work and recommendations of the Urban Land Institute’s Advisory Services Panel Report on Downtown Revitalization (ULI). Much of that report made the case for establishing a public/private partnership, as a means of achieving public goals through private values and investment. Those recommendations, all of which were adopted by the Council, have relevance to the purpose and goals of this Climate Action Plan and, ultimately, to the success of its implementation and results.

To this end, the City of Stockton is working towards the establishment of a public/private partnership for revitalization of the Downtown and the preparation of an Economic Development Strategic Plan, both of which have relevance to the infill development goals of the Settlement Agreement and emissions reductions goals of the CAP.

Overview of the Climate Action Plan

The primary purpose of the CAP is to satisfy the Settlement Agreement by designing a feasible strategy to reduce community-generated GHG emissions, consistent with statewide AB 32 GHG reduction efforts for consideration and potential adoption by the City Council. The Settlement Agreement only requires consideration, not adoption, of policies and programs by the City Council, as past agreements cannot bind future legislative action.

Preparation of the CAP

The City established the Climate Action Plan Advisory Committee to assist in developing a feasible CAP that considers all aspects of the community and environment. The CAPAC consists of representatives from environmental, non-profit, labor, business, and development interests. The
CAPAC was involved in the development of the CAP, the Transit Plan, the Green Building Ordinance and other agreements. With the assistance of the CAPAC, the City began working on an inventory of GHG emissions from community activities in fall of 2009. The methods, assumptions, and results of the analysis were provided to the CAPAC for public review and comment. The final GHG inventory was completed and accepted by the CAPAC in 2011.

Based on consideration of the GHG reduction effectiveness, financial and economic costs of measures, and benefits, City staff and the CAPAC identified a list of voluntary and mandatory measures for inclusion in the Draft CAP document. Formal public review of that document and the accompanying Draft Subsequent Environmental Impact Report (SEIR) was conducted between February 5, 2014 and April 7, 2014. Five written comments on the SEIR were received during the public review period and are contained in the Final SEIR, along with detailed responses to each comment. In sum, the following environmental documents were prepared during the CAP work program and can be located for public review as follows:

- Draft and Final Subsequent Environmental Impact Report for the City of Stockton Climate Action Plan and Related Actions - February 2014 (State Clearinghouse #2012042065) (available for public review in the City Clerk’s Office);
- Findings of Fact and Statement of Overriding Considerations - August 2014 (Attachment C); and
- Mitigation Monitoring and Reporting Program - August 2014 (Attachment D).

Greenhouse Gas Emissions

GHG emissions from “community activities” include those occurring in association with the land uses within the City’s jurisdictional boundary, and generally consist of sources of emissions that the City’s community can influence or control. Emissions generated by the City’s municipal operations (e.g., City-owned facilities, vehicle fleets) are not individually highlighted in the Draft CAP. However, emissions generated by the City’s municipal operations occurring within the City’s jurisdictional boundaries are encapsulated in the overall community emissions inventories and subject to the CAP. Municipal emissions represent approximately 2% to 3% of the City’s 2005 community inventory.

The City inventoried GHG emissions from community activities in 2005 (baseline year) and then back-casted and forecasted those emissions to 1990 and 2020, respectively. The GHG emissions inventory utilized methodologies and procedures approved by the State and local air quality management agencies. The primary protocols consulted for the analysis were:

- Local Governments Operations Protocol (LGOP) for the quantification and reporting of greenhouse gas emissions inventories (California Air Resources Board 2010a);
- 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories (IPCC 2006); and
- 2009 General Reporting Protocol (Version 3.1) for reporting entity-wide GHG emissions (California Climate Action Registry 2009).
The 2020 emissions projection is a prediction of how community emissions may change absent state and local actions to reduce greenhouse gases. The 2020 emissions projection is called the “business as usual” (BAU) scenario, and is based on the expected growth in population, employment, and housing. Similar to the 2020 BAU forecast, the 1990 emissions projection represents an estimate of community emissions in 1990. This analysis is called the emissions back-cast, and is based on 1990 socioeconomic factors.

Community wide, BAU emissions are projected to increase by approximately 13% from 2005 to 2020. The increase will occur primarily because of projected increases in vehicle miles travelled (VMT), building energy and water use, and wastewater generation due to anticipated population and employment growth. Transportation emissions and building energy are expected to increase by 9% and 17% between 2005 and 2020, respectively; water and wastewater emissions are expected to grow by 42% and 11%, respectively.

Figure ES-1. City of Stockton Community GHG Inventories: 1990 Emissions Back-cast, 2005 Baseline, and 2020 BAU Forecast (MT CO2e)

* Other sources include agriculture, waste, and water.

Greenhouse Gas Reduction Target

The California Air Resources Board (CARB), the lead regulatory agency for AB 32, adopted the AB 32 Scoping Plan in December 2008 to outline the state’s approach to meeting GHG reduction targets. The CARB recommended, but did not require, an emissions reduction goal for local governments of 15% below “current” emissions to be achieved by 2020. Based on this
recommendation, the City identified an interim GHG emissions reduction goal of 15% below 2005 levels for the purposes of initial CAP development.

Subsequent to the AB 32 Scoping Plan, CARB completed state inventories for 2005 to 2010. Using this new data, statewide 1990 emissions are equivalent to 10% below 2005 levels rather than 15 percent. In light of this data and the feasibility evaluation described above, the City now proposes a reduction goal of approximately 10% below 2005 levels to meet the AB 32 goal. The measures described in the CAP would, if fully implemented, result in 2020 emissions that meet this reduction target.

It is recognized that the CAP would require substantial effort on the part of the entire Stockton community, including: residents, businesses, schools, the San Joaquin Regional Transit District, other public entities, and the Stockton municipal government, at a time when residents, businesses, and public agencies are still recovering from the Great Recession.

Greenhouse Gas Reduction Measures

To supplement statewide initiatives, the City has identified a series of voluntary, performance-based, and mandatory reduction measures that are either currently being implemented, or would be implemented by the City. The reduction measures can be grouped into eight broad emission sectors, which would affect emissions throughout community activities. The measures include programs that improve building energy efficiency, increase transit and alternatives to vehicular travel, increase use of renewable energy, reduce water consumption, reduce waste and other measures. Table ES-2 summarizes the City’s list of proposed reduction measures by emissions sector.

Table ES-2. Summary of GHG Reduction Measures

<table>
<thead>
<tr>
<th>Measure Number</th>
<th>Measure Description</th>
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</thead>
<tbody>
<tr>
<td>Multi-Sectoral</td>
<td>Development Review Process-29% reduction</td>
</tr>
<tr>
<td>DRP-1</td>
<td>Development Review Process-29% reduction</td>
</tr>
<tr>
<td><strong>Building Energy</strong></td>
<td></td>
</tr>
<tr>
<td>Energy-1</td>
<td>Green Building Ordinance [M]</td>
</tr>
<tr>
<td>Energy-2a</td>
<td>Outdoor Lighting Municipal Upgrades [CITY]</td>
</tr>
<tr>
<td>Energy-2b</td>
<td>Outdoor Lighting Private Upgrades [V]</td>
</tr>
<tr>
<td>Energy-3</td>
<td>Energy Efficiency Programs to Promote Retrofits for Existing Residential Buildings [V]</td>
</tr>
<tr>
<td>Energy-4</td>
<td>Energy Efficiency Programs to Promote Retrofits for Existing Non-Residential Buildings [V]</td>
</tr>
<tr>
<td>Energy-5</td>
<td>Solar-Powered Parking [V]</td>
</tr>
<tr>
<td>Energy-6</td>
<td>Residential and Non-Residential Rooftop Solar [V]</td>
</tr>
<tr>
<td><strong>Land Use and Transportation</strong></td>
<td></td>
</tr>
<tr>
<td>Trans-1</td>
<td>Land Use/Transportation System Design Integration [CITY]</td>
</tr>
<tr>
<td>Trans-2</td>
<td>Parking Polices [M]</td>
</tr>
<tr>
<td>Trans-3</td>
<td>Transit System Support [CITY]</td>
</tr>
<tr>
<td>Trans-4</td>
<td>Efficient Goods Movement [CITY]</td>
</tr>
<tr>
<td>Trans-5</td>
<td>Reduce Barriers for Non-Motorized Travel [CITY]</td>
</tr>
<tr>
<td>Trans-6</td>
<td>Transit System Improvements [CITY]</td>
</tr>
</tbody>
</table>
Trans-7 Safe Routes to School [CITY]
Trans-8a Additional Safe Routes to School [CITY]
Trans-8b Transportation Demand Management [V]

Waste Generation
Waste-1 Increased Waste Diversion [M]

Water Consumption
Water-1 Comply with Senate Bill SB X7-7 [M]
Water-2 Promotion of Water Efficiency for Existing Development [V]

Wastewater Treatment
Wastewater-1 Energy Efficiency Impr

Urban Forestry
Urban Forestry-1 Urban Tree Planting Programs [CITY]

High Global Warming Potential GHGs
HGWP GHG-1 Residential Responsible Appliance Disposal (RAD) Programs [CITY]

Off-Road Vehicles
Off-Road-1 Electric-Powered Construction Equipment [V]
Off-Road-2 Reduced Idling Times for Construction Equipment [M]
Off-Road-3 Electric Landscaping Equipment [V]


Approximately 83% of the reductions needed to achieve the City’s GHG reduction goal are achieved through state-level programs, and 17% are achieved through City-level programs. The largest GHG reductions are identified in the areas of building energy (both energy efficiency and renewable energy), transportation, and waste (Table ES-3 and Figure ES-2).

<table>
<thead>
<tr>
<th>Table ES-3. Summary of GHG Emissions Reductions by Sector</th>
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<tbody>
<tr>
<td>GHG Emissions</td>
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<tr>
<td>----------------</td>
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<tr>
<td><strong>State Programs</strong></td>
</tr>
<tr>
<td>Local Programs</td>
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<tr>
<td>Development Review Process</td>
</tr>
<tr>
<td>Building Energy Use Measures</td>
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<tr>
<td>Land Use and Transportation Measures</td>
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<tr>
<td>Waste Generation Measures</td>
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<tr>
<td>Water Consumption Measures</td>
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<tr>
<td>Wastewater Treatment Measures</td>
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<tr>
<td>Urban Forestry Measures</td>
</tr>
</tbody>
</table>
High GWP GHG Measures  |  255  |  0.0%
Off-Road Vehicle Measures  |  2,622  |  0.5%
Subtotal for Local programs  |  91,590 to 97,331  |  16% to 17%

Total Reductions  |  565,005 to 570,746  |  100%

When combined with state efforts, the GHG reduction measures described in the City’s CAP would enable the City to reduce its community GHG emissions by approximately 565,000 to 571,000 MT CO₂e, which would meet the emissions reduction target of 10% below 2005 levels (which corresponds to approximately 551,000 MT CO₂e in GHG reductions).

The net effect of full implementation of the CAP is equivalent to the following actions (U.S. Environmental Protection Agency 2011).

- Removing more than 120,000 passenger vehicles from the road each year.
- Reducing gasoline consumption by more than 64 million gallons.
- Consuming more than 1.3 million fewer barrels of oil.

Figure ES-2. Summary of GHG Emissions Reductions by Sector (MT CO₂e)
Costs and Benefits

The CAP relies on voluntary, incentive-based measures for existing development, flexible performance-based measures for new development, and only uses mandatory measures for new development where required by state or local mandates, such as for water conservation.

The City, private residents and businesses, and other public sector agencies, such as school districts, would incur costs to implement GHG reduction measures, but in many cases, they would also realize long-term savings resulting from reduced energy and maintenance costs that can help recoup initial investments.

In the transportation sector, many of the measures involve capital improvement projects and operational improvements that would be funded through a mix of local, state, and federal funding sources. Transportation improvements included in this plan would increase mobility and alternative modes of transportation for Stockton residents and visitors.

Implementation costs for the City government would be associated with staff time to develop energy, waste, and transportation programs and ordinances as necessary; promote incentives for voluntary energy efficiency and renewable energy; supervise the Development Review Process, building, and fleet upgrades for municipal operations, and implement new programs.

A competitiveness analysis of CAP measures was conducted by Economic and Planning Systems (EPS). That analysis found that the CAP measures would have minimal increased cost burdens on businesses and residents, and that the net competitiveness impacts are likely to be very limited or insignificant. The analysis notes that while introducing some new costs, the CAP measures would also create offsetting competitiveness benefits stemming from improved environmental conditions, quality of life, urban vibrancy, and other factors that influence attractiveness, reputation/brand, and innovation. The analysis also shows that the CAP measures will also result in financial returns on related investments and regional economic benefits which offset the limited negative cost-related competitiveness impacts.

Implementing the CAP would reduce the generation of criteria air pollutants in Stockton, including ozone, carbon monoxide, and fine particulates, which would improve public health for the community.

Implementing the Plan

To facilitate implementation of the CAP, the City has outlined key priorities for three implementation phases starting in 2014 and ending in 2020. Measures to be implemented in each phase are described in Chapter 4.

Phase 1 (2014-2015): Phase 1 would occur in 2015. During this phase, the City would develop key ordinances, programs, and policies required to promote the voluntary, incentive-based measures, to establish the planning framework for the performance-based development review process, and to support and implement the local mandatory GHG reduction measures. The City would initiate a plan for the Downtown area to help promote residential and mixed-use development. A key initiative, a public-private partnership to help promote downtown/infill development would be advanced (see further discussion below). A cost-benefit analysis of measures not analyzed in the CAP (i.e., urban...
forestry, high GWP GHG, and off-road measures) would be completed. In 2015, the City would update the community GHG inventory to monitor emissions trends.

**Phase 2 (2016-2017):** Phase 2 would occur between 2016 and 2017. The City would conduct a mid-course evaluation of CAP implementation to examine progress made toward meeting the City’s reduction target, to examine the effectiveness of the measures in the CAP, and to examine the City’s current economic condition to identify if additional or different measures should be adopted and to identify whether the City’s reduction target can or should be revised. During Phase 2, the City would continue to implement measures that were begun in Phase 1. The City would also select and encourage implementation of Phase 2 measures.

**Phase 3 (2018-2020):** Phase 3 would occur between 2018 and 2020. The City would continue implementation and support measures begun in Phases 1 and 2, and encourage implementation of all remaining CAP measures. An analysis of the effectiveness of Phase 1 and 2 measures would be conducted, as well as an update to the community GHG inventory. The City would begin developing a plan for post-2020 actions.

Successful implementation of the CAP requires the development of a robust planning framework. Specifically, the City would establish a timeline and prioritization scheme for measuring implementation. Measure prioritization would be based on a number of factors, including cost effectiveness, GHG reduction efficacy, and general benefits to the community. Implementation of the CAP is resource dependent and will rely on the ability of the City to obtain grants and other local funds.

It is anticipated that monitoring, in the form of updated GHG inventories, would be conducted in 2015, 2017, and 2019 and would be tied to the phases described above. The results of the monitoring would be used to examine GHG reduction progress and would allow for adaptive management of the CAP. The City would develop a detailed protocol for monitoring the effectiveness of emissions reduction measures.

**Organization of the Climate Action Plan**

The City of Stockton CAP is organized into the following four chapters:

- **Introduction**—The Introduction provides an overview of climate change, global warming, and recent state and local legislation relevant to the City’s CAP;
- **City of Stockton’s GHG Emissions Inventories and Estimates**—Summarizes GHG emissions that were generated by community activities in 2005 and presents an estimate of emissions in 1990 and 2020;
- **Emissions Reduction Measures and Cost/Benefit Analysis**—Summarizes individual GHG reduction measures and presents estimates of their GHG reduction potential, costs, savings, and benefits; and
- **Implementation Strategies**—Includes financing options, a time frame for future plan updates, recommendations for data collection and record keeping, and recommendations for long-term management.
PUBLIC NOTICE

A Public Notice of this hearing was published in The Record on November 20, 2014.

FINANCIAL SUMMARY

Due to the City’s significant fiscal issues now and into the future, funding for implementation of the Climate Action Plan voluntary measures will be largely reliant on the ability of the City to receive grant and other funding that doesn’t rely primarily on the City’s General Fund. The CAP therefore, is a resource dependent plan/program, and its implementation will be largely effectuated to the extent of available outside funding.

The following tables in the CAP document detail potential GHG reduction costs, savings, benefits, and funding sources:

- Table 3-2 - Local GHG Reduction Measures, Costs, Savings and Benefits, lists by reduction measure, GHG reduction, cost per ton of GHG reduced, payback period, and net present value;
- Table 3-3 - Local GHG Reduction Measures, Costs, Savings for the City of Stockton, details by GHG reduction measure the one-time capital costs, one-time development costs, total one-time costs and City operations and maintenance costs;
- Table 3-4 - Local GHG Reduction Measures, Costs, Savings for the Private Sector, lists by GHG reduction measure the amount of GHG reduction, capital costs, operation and maintenance costs, cost savings, and net present value; and
- Table 4-1 - Local GHG Reduction Measures, Funding Sources, identifies existing and potential sources of funding including federal and state agencies to pay for GHG reduction.

Attachment A - Climate Action Plan Synopsis
Attachment B - Climate Action Plan Document
Attachment C - Findings of Fact / Statement of Overriding Considerations
Attachment D - Mitigation Monitoring and Reporting Program

Grant Funding Acknowledgement

The work upon the CAP and related documents was funded in part through the Sustainable Communities Planning Grant (SCPG) awarded by the Strategic Growth Council and administered by the State of California, Department of Conservation. Additional funding was provided by grants from the U.S. Department of Energy (DOE) Energy Efficiency Community Block Grant (EECBG) program and from the Smart Valley Places (SVP) grant U.S. Department of Housing and Urban Development (HUD).