

DATE: September 28, 2022  
TO: Berkeley Energy Commission  
FROM: Billi Romain, Manager Office of Energy and Sustainable Development, and  
Sarah Moore, Sustainability Program Manager  
SUBJECT: Just Transition Healthy Home Electrification Pilot Program

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### **Overview**

The goals of the Just Transition Healthy Home Electrification Pilot Program (Just Transition Pilot) are to advance economic opportunity for a diverse workforce; promote energy affordability, provide health and resilience benefits for low-moderate income Berkeley residents; and maximize equitable emissions reductions. Over a two-year period, pilot projects will demonstrate how building electrification upgrade programs can advance community equity priorities including improving indoor air quality, creating economic opportunities and family sustaining jobs in the residential building electrification sector, promoting housing affordability, ensuring neighborhood stabilization, and enhancing resilience.

### **Background**

On June 14, 2022, City Council approved a budget referral and Resolution No. 70,414-N.S. establishing a Pilot Existing Building Electrification Installation Incentives and Just Transition Program and referring to staff to develop and implement a direct-install program prioritizing existing affordable housing buildings and low to moderate income households (at or below 120% of the Area Median Income) that uses pre-qualified contractor(s) who meet minimum labor standards to replace gas water heating, HVAC, and cooking equipment with systems that run on clean electricity. See attached Resolution.

The Resolution calls for the establishment of labor standards that provide pathways to high-road careers for workers in residential electrification that include the following:

1. Pre-qualified residential construction contractors that will reliably perform high-quality work and provide high-road careers for workers, and
2. Links to training programs for Berkeley residents who are disadvantaged or disproportionately impacted by climate and environmental injustices to enter and succeed in union construction careers, and
3. Leveraging other local, regional, state and federal energy efficiency and electrification programs.

The objectives of labor standards are to advance high road, family-sustaining jobs that pay living wages, with comprehensive benefits and opportunities for career advancement for a diverse workforce.

Staff will design the program in accordance with the goals of the Equity Guardrails, developed as part of Berkeley's Existing Buildings Electrification Strategy (BEBE Strategy) to serve as standards for any City-sponsored electrification policy or program:

- **Maximize Access to Health & Safety Benefits:** Proposed projects should prioritize the benefits of building electrification including health, safety, and comfort to those most impacted by climate change.
- **Maximize Access to Economic Benefits:** Proposed projects should leverage incentives and financing, reduce costs when possible, and support high-road job opportunities prioritizing disadvantaged communities.
- **Maximize Ease of Participation:** Proposed projects should be easy for all community members to access, and should be integrated with other programs and services when possible.
- **Promote Housing Affordability & Anti-Displacement:** Proposed programs should support housing preservation and tenant protections, and not displace renters or homeowners.

**Just Transition Pilot Budget**

On November 30, 2021, Berkeley City Council approved a budget referral for \$1,500,000 to provide initial funding for the Just Transition Pilot, including \$400,000 for administrative costs to run the program and provide support for implementation of the Berkeley Existing Building Electrification Strategy (BEBES). Staff will monitor opportunities to leverage funding with other sources from rate-payer, local, regional, state and federal funds, including the Inflation Reduction Act.

**Workplan Timeline**

Office of Energy & Sustainable Development (OESD) staff is designing the Just Transition Pilot with input from other City departments and divisions, the Berkeley Environment and Climate Commission (ECC), the City Council Facilities, Infrastructure, Transportation, Environment & Sustainability (FITES) Policy Committee, and external partners including construction trades unions, energy retrofit contractors, workforce development nonprofits and pre-apprenticeship programs, and community organizations serving low-income people and disadvantaged communities. The workplan timeline includes the following:

**Just Transition Pilot Timeline**

	2022					2023				2024/25
	Aug	Sep	Oct	Nov	Dec	Q-1	Q-2	Q-3	Q-4	
Research & assessment	■	■	■	■						
Develop funding categories	■	■	■	■						
Issue Request for Proposals					■	■				
Select projects						■	■			
Execute contracts								■	■	
Implement programs									■	■
Annual evaluation										■

### **Research on Categories of Fund Expenditures**

The Just Transition Pilot resolution stipulates that ECC and FITES, in consultation with community groups, will provide annual input to staff and Council on eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households.

On June 22, 2022, the ECC provided initial feedback highlighting the need to educate residents and contractors about the opportunities, benefits and process of electrification and suggested prioritizing upgrades for low-income families living in rental units with poor indoor air quality and rent controlled units. Staff has incorporated this initial feedback and plans to provide an updated proposal to the FITES Committee in October.

Staff have been conducting research to inform program design through participation in a regional high road job partnership project and interviews with key stakeholders. The City of Berkeley is a core participant in the High Road to Building Decarbonization in the San Francisco Bay Partnership (H RTP), led by Rising Sun Center for Opportunity and funded through California Climate Investments. This project promotes equitable job access by convening discussions with construction trades labor unions, employers and contractors, including minority-owned contractors, apprenticeship and pre-apprenticeship programs and other public agencies to understand regional decarbonization labor market demand, workforce issues, and training needs, in order to establish and incentivize industry labor standards and develop clear, accessible training pathways to building decarbonization jobs – especially for entry-level and disadvantaged workers. This work is helping to inform the development of the Just Transition Program. In addition, Berkeley staff are interviewing representatives of Alameda County construction trade unions, minority- and women-owned contracting firms, pre-apprenticeship programs, affordable housing, housing rehabilitation and low-income residents. A summary of initial feedback and findings is provided below:

1. Priority Buildings
  - Focus on smaller residential (low-rise) buildings as this sector is generally served by low-road contractor jobs and has individual (versus corporate) building ownership
  - Support subsidized, income-qualified voucher units, such as Section 8 and Shelter+Care, in older/smaller buildings
  - Support Community Resilience Centers and Resilience Hubs
2. Workforce standards and inclusion
  - High road labor standards should apply to all jobs receiving any public funding
  - Prioritize strategies that support union jobs and career pathways to high road jobs as well as opportunities for small minority contractors
  - Support contracting opportunities for women, people-of-color owned firms and high road career pathways for people from underserved/disadvantaged communities
  - Collaborate with community-based pre-apprenticeship programs that serve people with barriers to employment
  - Inconsistent labor standards and prevailing wage exemptions for some low-income rehab and weatherization programs may create barriers to leveraging state and federal resources

Interviews to date include representatives of the following organizations, including partners in High Road Partnership:

- Alameda County Workforce Board
- BayREN
- Berkeley Housing Authority
- Berkeley Youth Alternatives
- City of Berkeley Housing Program
- Construction Trades Workforce initiative (CTWI)
- Cypress Mandela Training Center
- Emerald Cities Collaborative
- Green and Healthy Homes Initiative
- National Association of Minority Contractors
- ReBuilding Together, East Bay North
- Revalue.IO Energy Inc.
- Rising Sun Center for Opportunity
- StopWaste
- Various electrification contractors

#### **Proposed Just Transition Pilot Funding Categories for Consideration and Discussion**

1. Development of Aggerated Electrification Direct Install Program
  - Residential building electrification opportunities assessment
  - Recruitment of buildings that support income qualified units with renter protections
  - Contractor training, recruitment, and qualification
2. Energy Retrofit Implementation
  - Heat pump water heater and HVAC replacement, weatherization, and building envelope improvements
  - Electrical panel/safety upgrades needed for electrification
  - Induction stove replacement
3. Retrofit Management
  - Customer service, trouble shooting, and scheduling
  - Evaluation, measurement, and verification

**Attachment:** Resolution No. 70,414-N.S. “Resolution Establishing a Pilot Existing Building Electrification Installation Incentives and Just Transition Pilot Program”

RESOLUTION NO. 70,414-N.S.

RESOLUTION ESTABLISHING A PILOT EXISTING BUILDING ELECTRIFICATION  
INSTALLATION INCENTIVES AND JUST TRANSITION PILOT PROGRAM

WHEREAS, the world is facing a grave climate emergency, requiring municipalities to rapidly and justly transition towards a zero-carbon economy by 2030; and

WHEREAS, transitioning Berkeley's economy will require significant investment on the part of both government and residents as converting Berkeley's approximately 46,000 residential housing units will likely cost hundreds of millions of dollars; and

WHEREAS, low-carbon technology and infrastructure can often be out of reach for many households and, without direct assistance, many will be left behind; and

WHEREAS, moderate and lower-income communities are most impacted by global climate change and have the least financial ability to address it; and

WHEREAS, the City's Draft Existing Building Electrification Strategy cites the importance of ensuring equity in access to carbon-free technology; and

WHEREAS, by partnering with labor, the City of Berkeley can cost-effectively meet its goals of reducing greenhouse gas emissions while supporting elements of a just transition ensuring that people who live and work in Berkeley—especially those from historically disadvantaged populations—have access to high-road, family-sustaining careers in union construction associated with existing building electrification; and

WHEREAS, the program would help support Pipefitters and other tradespeople who may be acutely impacted by Berkeley's building electrification policies; and

WHEREAS, direct install programs using pre-qualified contractors meeting quality and labor standards eliminate the need for households to find and manage their own contractors, and therefore can achieve significant cost savings and socioeconomic benefits; and

WHEREAS, it is in the public interest to establish a two-year Existing Building Electrification Direct Install and Just Transition Incentive Program to assist residents with transitioning from a carbon-based city; and

WHEREAS, in adopting this building electrification Pilot Program, the City of Berkeley simultaneously supports local and statewide electrification at an emergency pace (2030) and continued safe, affordable, and reliable natural gas service for Berkeley and California customers who remain on gas service in the interim; and

WHEREAS, despite offering opportunities for certain trades, absent state leadership and a statewide just transition framework, electrification can adversely impact the livelihoods of gas utility infrastructure and extraction workers and low-income gas customers; and

WHEREAS, the City of Berkeley urges the State of California, through the California Public Utilities Commission and the California Energy Commission, to adopt a statewide approach to contract the natural gas distribution system in safe and economical way that provides a just transition for gas utility and extraction workers.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager establish an Existing Building Electrification Installation Incentives and Just Transition Program to invest in zero-carbon plumbing, HVAC, cooking, and related electrical system retrofits as follows, to be further defined by staff:

1. a preference first for assisting existing affordable housing buildings and assisting households at or below 120% of the Area Median Income such as:
  - a. transferees of residential property to include appliance retrofits and electrical upgrades as appropriate;
  - b. existing residential property owners and renters, especially tenants in income-restricted units, pursuing electrification retrofits or replacing broken or outdated appliances, to include electrical upgrades as appropriate.
  
2. a nexus with high-road jobs, including:
  - a. use of pre-qualified residential construction contractors to reliably perform high-quality work and provide high-road careers that meet minimum labor standards;
  - b. leveraging other local, regional, state or federal climate or energy efficiency incentives, such as building efficiency, to maximize climate benefits and to include other crafts, including but not limited to Sheet Metal, Electricians, Carpenters, Plumbers and Pipefitters;
  - c. linking Berkeley residents who are disadvantaged or disproportionately impacted by climate and environmental injustices to training programs (including apprenticeships) that prepare them to enter and succeed in union construction careers by working with local Multi-Craft Core Curriculum (MC3) workforce partners, school districts/community colleges and CBOs to develop and sustain a long-term pipeline of work in the residential building retrofit market with high-road labor standards.

BE IT FURTHER RESOLVED that the Berkeley Energy Commission, or successor, and the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, in consultation with community groups, provide input to staff and Council on at least an annual basis about eligible categories of fund expenditures to maximize equitable emissions reductions and impacts for eligible households.

BE IT FURTHER RESOLVED that any unexpended funds shall carry over from year to year consistent with the biannual budget process.

BE IT FURTHER AND FINALLY RESOLVED that copies of this Resolution and letters will be sent to members of the California Public Utilities and Energy Commissions, Governor Newsom, State Senator Skinner, and Assemblymember Wicks.

The foregoing Resolution was adopted by the Berkeley City Council on June 14, 2022 by the following vote:

Ayes: Bartlett, Droste, Hahn, Harrison, Kesarwani, Robinson, Taplin, Wengraf, and Arreguin.

Noes: None.

Absent: None.

  
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Kate Harrison, Mayor Pro Tempore

Attest:   
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Rose Thomsen, Deputy City Clerk