



Office of the City Manager

CONSENT CALENDAR
December 10, 2024

To: Honorable Mayor and Members of the City Council
From: Paul Buddenhagen, City Manager
Submitted by: Jordan Klein, Director, Planning and Development Department
Subject: Accept Grant Funds from the U.S. Department of Energy's Zero Codes Award and contract with City and County of San Francisco to develop, implement, and enforce Building Performance Standards

RECOMMENDATION

Adopt a Resolution authorizing the City Manager or their designee to accept the U.S. Department of Energy's Assistance for adoption of the "Latest and Zero Building Energy Codes" in the amount of \$5,729,943, and negotiate and execute a contract and any amendments, extensions, or change orders with City and County of San Francisco, to develop Building Performance Standards, for the duration of January 1, 2025 through December 31, 2033.

FISCAL IMPACTS OF RECOMMENDATION

There is no match requirement or leveraging of other funds required to receive this grant award. The total funding available for this project is \$5,729,943, which will be deposited into Fund 336 (One-Time-Grant). The grant will fund City staffing, including a new Community Services Specialist III position, to manage Building Performance Standards (BPS) development and implementation, consultant fees for technical assistance and equitable development of BPS with the community, software improvements, supportive programs to help equity priority buildings comply with the new BPS requirements, and other eligible expenses.

CURRENT SITUATION AND ITS EFFECTS

The U.S. Department of Energy (DOE) has jointly awarded the City of Berkeley and the City and County of San Francisco \$19.9 million over nine years to develop, implement, and enforce BPS for large multifamily and commercial buildings. Of the total amount, the City of Berkeley will receive \$5,729,944 over the grant period. The City and County of San Francisco will serve as the prime recipient for this funding opportunity, and the City of Berkeley will be a subrecipient to the City and County of San Francisco.

The DOE's Latest and Zero Building Energy Codes award¹, a program created under the Inflation Reduction Act, provides funding to cities and states to develop, implement, and enforce the latest building energy codes, zero energy building codes, or equivalents. These include Building Performance Standards, which are policies that require existing buildings to meet certain performance levels over time. They provide building owners with discrete energy and/or greenhouse gas emissions reduction targets that align with a jurisdiction's climate action goals, allowing building owners to plan and incorporate upgrades within their building's life cycle. The DOE's Zero Codes funding will support Berkeley's efforts to develop a local BPS to help reach climate action goals and equitably decarbonize existing buildings. The grant would require Berkeley to develop and adopt a BPS policy by the end of 2027.

The primary goals of the award are:

1. Adopt, implement, and enforce BPS in Berkeley and San Francisco
2. Work with community partners to ensure equity priority building compliance with the BPS requirements
3. Collaboratively develop a model BPS based on San Francisco and Berkeley's efforts that could be adopted by cities across the Bay Area
4. Leverage existing regional expertise and infrastructure to support region-wide readiness for BPS adoption

This grant provides funding to conduct robust community engagement around the development of the BPS requirements and establish new supportive programs to ensure equity priority buildings have the necessary support to achieve future adopted BPS requirements. Equity priority buildings are likely to include building owners with less access to capital and less advanced building energy management systems, such as affordable housing, non-profits, religious worship, and public assembly buildings.

The grant will also support the development of a model BPS policy and new BPS resources, including case studies, retrofit guides, example building stock analyses, software configuration templates, and/or shared software resources, that could enable other Bay Area cities to work toward BPS adoption.

The work that will be completed under this grant is a Strategic Plan Priority Project, advancing the City's goals to be a global leader in addressing climate change, advancing environmental justice, and protecting the environment.

BACKGROUND

In 2019, the Berkeley City Council declared a Climate Emergency and proposed a goal of becoming Fossil Fuel-Free City. In 2021, the Council adopted a resolution to join the

¹ <https://www.energy.gov/articles/biden-harris-administration-announces-530-million-building-energy-efficiency-and>

Cities Race to Zero Campaign, committing to reduce emissions 60.5% from 2018 levels by 2030. To reach these goals, further emissions reduction is needed from Berkeley's building sector, which accounts for 43% of Berkeley's greenhouse gas emissions.

In 2020, Berkeley City Council amended Berkeley's Building Emissions Saving Ordinance (BESO), directing staff to develop energy upgrade requirements, such as Building Performance Standards, for Council's consideration. Additionally, Berkeley's Existing Building Electrification Strategy (BEBES) identified Building Performance Standards as a primary policy strategy to equitably decarbonize Berkeley's existing buildings.

In early 2023, Berkeley joined the National Building Performance Standard Coalition to accelerate an equitable transition off fossil fuels. By joining the Coalition, Berkeley committed to inclusively design and implement equitable Building Performance Standards. The State of California also joined the National BPS coalition and, through Senate Bill 48, the California Energy Commission will develop a BPS strategy by July, 1 2026. Similar to the State's energy benchmarking program, local BPS policies would be exempt from the State's BPS requirements.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Building Performance Standards will support Berkeley's efforts to ensure a just transition and achieve its climate action goals by developing equitable energy and/or greenhouse emissions reduction targets for Berkeley's large buildings with the community. These targets allow building owners to plan and incorporate upgrades within their building's lifecycle. BPS requirements will also help Berkeley become a fossil fuel free city and community by transitioning Berkeley's large buildings away from fossil fuels to clean, renewable electricity.

RATIONALE FOR RECOMMENDATION

Accepting this grant funding would allow the City to advance necessary work to implement Berkeley's Existing Building Electrification Strategy by creating Building Performance Standards for Berkeley's large buildings. This grant would also provide funding to support equity priority buildings in achieving the new requirements.

Acceptance of this grant funding would not commit the City to any specific policy outcome; it commits the City to develop BPS consistent with the City's goal to be net zero emissions by 2045, without dictating the specific content of the standards themselves. The BPS would be a product of robust community engagement and would require future adoption by City Council.

ALTERNATIVE ACTIONS CONSIDERED

None.

Accept Grant Funds from U.S. Department of Energy's Zero Codes Award
and contract with the City and County of San Francisco

CONSENT CALENDAR
December 10, 2024

CONTACT PERSON

Jordan Klein, Director, Planning and Development Department, (510) 981-7534

Attachments:

1: Resolution

2: Press release – San Francisco Office of the Mayor - September 13, 2024

RESOLUTION NO. ##,###-N.S.

RESOLUTION TO ACCEPT GRANT FUNDS FROM THE U.S. DEPARTMENT OF ENERGY'S ZERO CODES AWARD AND CONTRACT WITH THE CITY AND COUNTY OF SAN FRANCISCO TO DEVELOP, IMPLEMENT, AND ENFORCE BUILDING PERFORMANCE STANDARDS

WHEREAS, on June 2, 2009, the Berkeley City Council adopted the Berkeley Climate Action Plan to reduce greenhouse gas emissions by 80% of Berkeley's 2000 emissions level; and

WHEREAS, on June 12, 2018, the Berkeley City Council declared a Climate Emergency and proposed a goal of becoming Fossil Fuel-Free City; and

WHEREAS, on December 1, 2020, Berkeley City Council amended the Building Emissions Saving Ordinance (BMC Chapter 19.81), directing staff to develop energy upgrade requirements for Council's consideration; and

WHEREAS, on November 30, 2021, Berkeley City Council adopted a resolution for the Cities Race to Zero Campaign to establish a 2030 emissions reduction target that reflects Berkeley's fair share of the 50% global reduction in CO₂e, committing to reduce emissions 60.5% from 2018 levels by 2030; and

WHEREAS, on April 30, 2024, the City of San Francisco, in partnership with the City of Berkeley as a co-applicant, submitted a joint proposal in response to the DOE's Latest and Zero Building Energy Codes Round 1 opportunity to fund the development, implementation, and enforcement of Building Performance Standards; and

WHEREAS, on August 26, 2024, the U.S. Department of Energy announced that the City of San Francisco and City of Berkeley's proposal was one of nineteen winners of the Zero Codes Round 1 funding; and

WHEREAS, the grant funding will lead to the adoption of Building Performance Standards for Berkeley's large buildings, develop new supportive programs for equity priority buildings, and support region-wide readiness for Building Performance Standards.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or their designee is authorized to accept the U.S. Department of Energy Assistance for the adoption of the "Latest and Zero Energy Building Codes" in the amount of \$5,729,943 and negotiate and execute a contract, amendments, extensions, or change orders with City and County of San Francisco for the duration of January 1, 2025 through December 31, 2033.

News

San Francisco Awarded \$14 Million Federal Grant to Advance Building Electrification Projects

San Francisco, in partnership with the City of Berkeley, receives funds to modernize and cut carbon emissions in large buildings as part of the historic Biden-Harris historic Inflation Reduction Act

September 13, 2024

San Francisco, CA – San Francisco and the City of Berkeley have been awarded a grant from the US Department of Energy \$19.9 million grant from the U.S. Department of Energy (DOE) to transform and modernize large buildings, including commercial and multi-family buildings. The regional grant, \$14.3 million of which will go to San Francisco, will help develop and implement equitable building performance standards (BPS) that will electrify buildings and eliminate emissions, and help move the Bay Area to a more resilient and equitable all-electric future.

Mayor London N. Breed has worked to expand access to clean and affordable electricity for residents across San Francisco. Under her leadership, the City has advanced programs that reduce carbon emissions and promote equitable access to clean energy, including discounts for 100% renewable energy for low-income customers and rebates to replace fossil fuel-powered appliances. This grant will help San Francisco achieve Mayor Breed's goal of eliminating emissions from all buildings by 2040.

"San Francisco has been a leader in pioneering bold climate solutions, reducing emissions by nearly 50% since 1990," said **San Francisco Mayor London N. Breed**. "Our Climate Action Plan sets out the path to continue to this work, and this grant will set the stage for electrifying San Francisco, Berkeley, and cities across the Bay Area, bringing us closer to a net zero emissions future. I want to thank President Biden

and Vice President Harris for their continued investment towards a stronger, better future for San Francisco.”

Building Performance Standards (BPS) are designed to reduce the carbon impact of communities by requiring existing buildings to meet energy and/or greenhouse gas emissions-based performance targets. San Francisco and Berkeley are one of 19 state and local governments awarded the grant to implement BPS, modernizing buildings to reduce emissions, improve health outcomes, and enhance climate resilience. The award and amount from the DOE is preliminary, subject to negotiations and final approval by the federal government. Once complete, the grant will run for a total of nine years.

“We’re thrilled to be awarded this grant opportunity from the U.S. Department of Energy to develop building performance standards with our community and help move our large buildings to a more climate friendly future,” said **City of Berkeley Mayor Jesse Arreguín**. “In early 2023, Berkeley joined the National Building Performance Standard Coalition to accelerate an equitable transition off fossil fuels. Alongside San Francisco, we look forward to creating a model policy that could be scaled throughout the region.”

The cities of San Francisco and Berkeley will collaborate with community partners to help Equity Priority Buildings in disadvantaged communities meet BPS outcomes without undue economic burden. As part of this effort, they will work with smaller Bay Area jurisdictions to establish a region-wide roadmap for BPS adoption and building decarbonization.

“I am grateful to see our shared vision for greenhouse gas reductions and equitable climate action affirmed by the Department of Energy with their grant award to San Francisco and Berkeley,” said **District 8 Supervisor Rafael Mandelman**. “San Francisco already has a long history of enacting cleaner building code and building operation requirements than those outlined by the State. These Building Performance Standards will continue to ensure San Francisco is a model for its dedication to innovation, modernization, and equitable climate action.”

San Francisco has long been recognized as a global sustainability leader, with the City recently being recognized as the top U.S. city by the American Council for an Energy Efficient Economy (ACEEE) in their 2024 [City Clean Energy Scorecard](#). Through Mayor Breed’s 2021 Climate Action Plan, the San Francisco Environment Department has continued to advance bold building policies and strategies that were informed by their Zero Emission Buildings Task Force—a broad group of labor, tenant, environmental, ownership, technical and municipal stakeholders.

“Reducing pollution from San Francisco’s oldest and largest buildings is a complex challenge that requires broad collaboration. This grant will not only cut emissions locally but also create a blueprint for cities across the nation. Our work will help millions tackle the climate crisis while improving the health outcomes and quality of life for communities nationwide,” said **Tyrone Jue, Director of the San Francisco Environment Department**.

