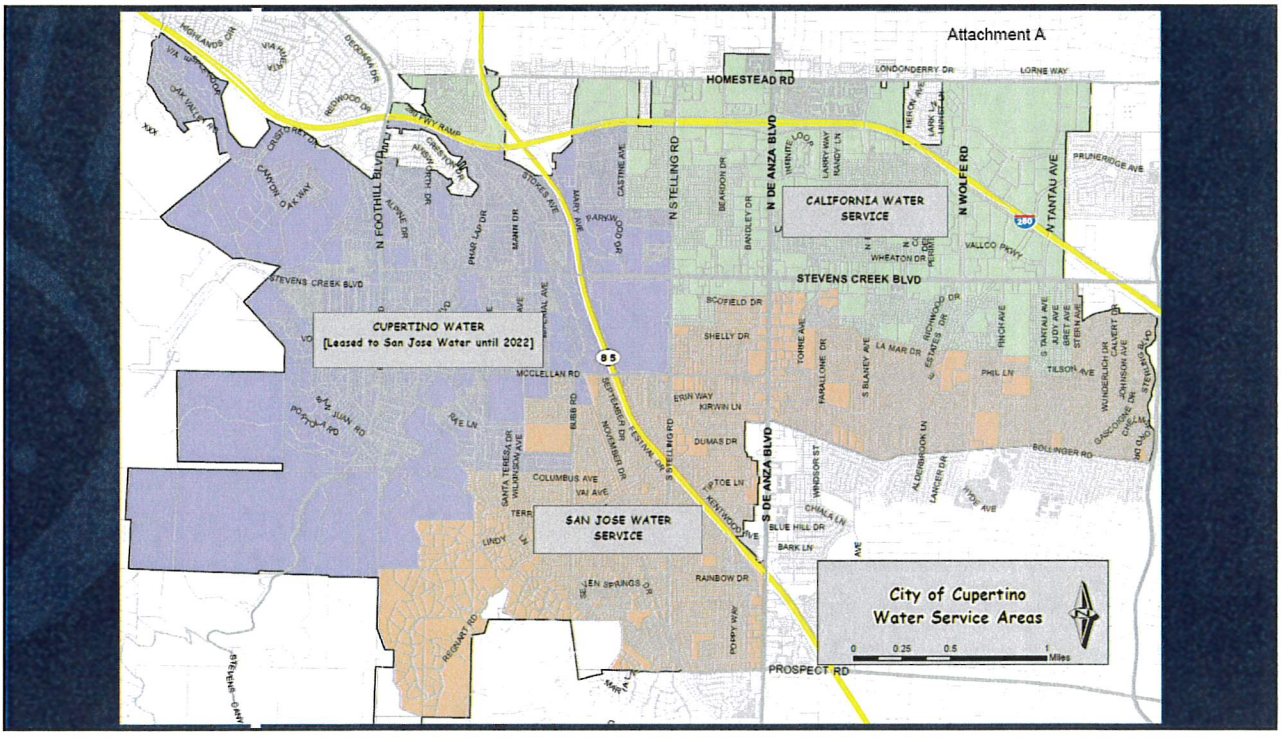
CC 12-17-19
Regular Meeting
#9

Cupertino Municipal Water System

Amended & Restated Lease

December 17, 2019

CUPERTINO



Lease Timeline

Lease Issues Over Time

- Defining what is "customary utility practices" for the repair, maintenance and operation of the System
- The City's role in the rate-setting process

Customary Utility Practices

Per the current lease:

- SJWC must, at its own expense, undertake any utility plant addition, betterment, replacement…in accordance with customary utility practices
- Operation of the System is to be according to the procedures and rules by which SJWC operates its' own systems within the City

The City's role in the rate-setting process

- Under the existing lease, SJWC sets the rates and the City plays an independent regulatory role.
- SJWC sets reasonable rates for delivering water to customers.
- SJWC proposes changes in rates to City for approval, which may not be unreasonably withheld.
- In determining reasonableness, City shall consider California Public Utility Commission rates in similar nearby municipalities.

Amended & Restated Lease

- SJWC has committed to $5M in capital expenditures by end of lease term
- City will no longer independently regulate rates

Projects Scheduled to be Complete

- Mann Pump Station - $2.69M
- Replace Water Mains- $1.18M
- Replace Water Service Lines- $.50M
- Replace Water Meters & Fire Hydrants -$.16M
- Main Extensions and various other improvements - $.47M

Recommended Action

- Open the public hearing and consider public comments
- Close the hearing and consider adoption of the resolution approving an amended and restated agreement for lease of real property (water system) with SJWC.

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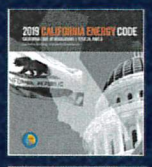
Carbon-free new buildings: Reach Code

Addressing local fossil fuel use with amendments to 2019 building codes

CITY OF CUPERTINO

Green/Electric Reach Code

Scope: new construction at time of building permit application



Staff Findings:

- Local amendment is justified based on local conditions
- The measures are cost-effective and commercially feasible
- All-electric buildings will use no more energy than State energy code allows

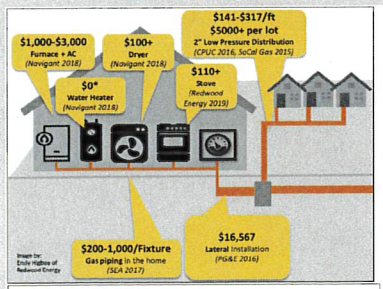
Available Clean Tech

Fossil fuels consumed in Cupertino buildings = 38%

Substitute the modern alternative

- Gas vehicles → Plug-in vehicles
- Gas cooking → Induction cooktops
- Gas space heat, Gas hot water } Heat pumps

Newly Constructed Building Savings



Consultants working for both PG&E and SoCalGas have found more than $20,000 in developer-paid cost increases from gas appliances, plumbing and infrastructure.

Avoided costs of building electric

- Lower risk to developer
- Operating costs similar or lower

For buildings in study, cost effectiveness is shown

Newly Constructed Building Savings

Electric Vehicle Charging Infrastructure

- 6% EV market share in Cupertino today
- Growing to 18% by 2030
- Savings $2,000 per spot at new construction

Jurisdiction	Reach Code Status	Approach
Berkeley	Adopted	Gas infrastructure ban and electric-preferred reach code
Campbell	First reading (Jan. 21)	Limit gas (1 + 2A)
Cupertino	First reading (Dec. 17)	Require all-electric (1)
Gilroy	Declined	Base state code.
Los Altos	First reading (Jan. 23)	Require all-electric (1)
Los Altos Hills	Staff proposal (Dec. 4)	Limit gas (1 + 2A)
Los Gatos	Second reading (Dec. 17)	Require all-electric (1)
Menlo Park	Adopted	Require all-electric (1)
Milpitas	Adopted	Encourage gas reduction (1 + 2 + 2A)
Monte Sereno	Adopted	Encourage gas reduction (1 + 2 + 2A)
Morgan Hill	Adopted	Require all-electric (1)
Mountain View	Adopted	Require all-electric (1)
Palo Alto	Adopted	Require all-electric for some building types and limit gas for others
San Jose	Adopted	Gas infrastructure ban and electric-preferred reach code
San Mateo	Adopted	Encourage gas reduction (1 + 2 + 2A)
Saratoga	Adopted	Limit gas (1 + 2A)
Santa Clara County	Staff proposal	Encourage gas reduction (1 + 2 + 2A)
Sunnyvale	Staff proposal	Limit gas (1 + 2A)

1) All-electric (or nearly all-electric).
2) High Reach (electric + natural gas). Higher efficiency requirement for gas buildings.
2A) Mostly electric. Typically, all-electric except for gas cooking.
Note: Some jurisdictions impose different requirements on different types of buildings, e.g., requirement "1" for residential, "2" for high-rise residential and commercial, and "2A" for restaurants.

Outreach Activities

1. Jan – June: regional outreach by SVCE
2. Jan: presentation by SVCE to Sustainability Commission
3. Sep: web site; promote public workshop; Planning Commission preso; Business Buzz
4. Oct: Public workshop; draft policy recommendation; adoption of building code; Chamber of Commerce preso
5. Nov: Council Study Session

Feedback

Feedback Received	Staff Response
Enthusiastic support to adopt an all-electric reach code ordinance.	Staff changed the original recommendation, which was an "electric-preferred" ordinance, to match the recommendation of the Sustainability Commission, Council, and public sentiment.
A desire to explore the natural gas infrastructure ban as was adopted by Berkeley.	A natural gas infrastructure ban would yield largely the same results for Cupertino as the proposed all-electric reach code, assuming similar exemptions.
A request to provide more community outreach and education	Staff is underway with planning additional outreach events, especially on electric cooking. SVCE will be providing some implementation support

Feedback

Feedback Received	Staff Response
Requests to allow appropriate exceptions	Draft includes exceptions for building types that cannot meet the cost-effectiveness test, where public comment has raised serious concerns on fuel choice, where the CEC has not yet provided a compliance pathway, and where the greenhouse gas impact from requiring all-electric construction would be limited. For example, there is an exception allowing commercial kitchens to utilize gas appliances.
Consumer operating costs were raised as a concern with all-electric buildings	Cheaper renewable electricity and more efficient electric appliances have improved the cost-effectiveness of all-electric buildings.

Frequently Asked Questions

Remodeling my home?

not in scope of reach code

Tenant improvement of existing building?

not in scope of reach code

Need gas for process / generator / fuel cell

not in scope of reach code

What about restaurants?

allows exemption for commercial kitchens

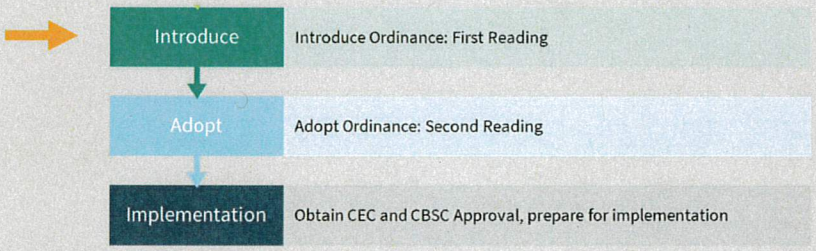
Recommendation: All-Electric Building code

Low-rise residential (includes single-family, duplex, townhomes, and multifamily)	All-electric appliances required. Includes heating/cooling, water heating, clothes dryer, cooking, fireplace.
High rise multifamily Mixed-use Hotel/Motel Office Retail	All-electric required. Includes heating/cooling, water heating, clothes dryer, cooking appliances, fireplace. Exemption for Factories, Hospitals, Laboratories, Commercial Kitchens, research and development and Essential Facilities. Any gas installed through exemptions shall provide electric circuiting for future electric appliances.

Recommendation: EV charging code

Low-rise residential (includes new homes and townhomes with attached private garages)	For each dwelling unit, install (1) Level 2 EV Ready Circuit and (1) Level 1 EV Ready Circuit.
Multi-family buildings less than or equal to 20 units	One parking space per dwelling unit with parking provided with (1) Level 2 EV Ready Circuit.
Multi-family buildings greater than 20 units	25% of dwelling units with parking spaces provided with (1) Level 2 EV Ready Circuit. Each remaining dwelling unit with parking space provided with (1) Level 1 Ready Circuit.
Office buildings	10% of available parking provided with Level 2 EV Charging Stations installed. An additional 10% provided with Level 1 EV Ready Circuits. An additional 30% are at least EV Level 1 Capable.
Other non-residential buildings	6% of available parking provided with Level 2 EV Charging Stations installed. An additional 5% are at least EV Level 1 Ready. Exception: Each Level 3 Fast Charger can substitute for some of the required spaces.

Next Steps



Recommended action

- Conduct first reading of draft electrification ordinance
- Adopt resolution of findings for local amendment to State code

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#11

Urgency Ordinance to Implement Tenant Eviction Protections and Limit Large Rental Rate Increases

December 17, 2019

CUPERTINO

Urgency Ordinance

- requires four affirmative votes
- necessary to preserve peace/health/safety
- findings set forth in ordinance

AB 1482 (signed Oct. 8, 2019)

- Effective Jan. 1, 2020
- Cap on rent increases (retroactive March 15, 2019)
- "Just cause" requirement to evict

Other jurisdictions

- Redwood City
- Sunnyvale
- Menlo Park
- Palo Alto
- more

Cupertino ordinance

- Rent cap = 9% (5% plus April 2019 Bay Area CPI increase)
- Expires Dec. 31, 2019
- Not retroactive (as proposed)