

DATE: June 22, 2022

TO: Council Sustainability Committee

FROM: Audrey Seymour Ramberg, Assistant City Manager/Chief Operating Officer

SUBJECT: Carbon-Neutral Target Date

RECOMMENDATION

Provide direction to staff to proceed with the scoping of a 2035 accelerated carbon-neutrality target and strategies.

BACKGROUND

On April 21, 2020, the City Council adopted a resolution for Mountain View to become a carbon-neutral city by 2045. At its November 9, 2021 meeting, the City Council referred to the Council Sustainability Committee (CSC) the question of accelerating the City's carbon-neutrality date to as early as 2030. This topic was discussed generally at the December 1, 2021 meeting of the CSC, at which staff was asked to return to the CSC with an assessment of the implications of moving up the City's carbon-neutrality target date.

At the April 19, 2022 CSC meeting, staff provided information regarding the:

- Latest climate research;
- State and local action to set accelerated carbon-neutrality dates;
- Need for broader legislative and financing efforts to support a wide-scale, rapid decrease in greenhouse gas emissions;
- General strategies for achieving significant reductions in emissions;
- Recognition of what the City has already accomplished and is positioned to accomplish; role of carbon dioxide removal and carbon offsets;

- Importance of community engagement with an equity lens; considerations regarding the limitations in City staffing capacity and funding; and
- Challenges and opportunities associated with various carbon-neutrality dates.

The April 19, 2022 CSC memo and its attachments are included as Attachment 1. During this meeting, the CSC provided direction regarding the approach to developing an accelerated carbon-neutrality target, including agreement on the following staff recommendations:

1. Direct staff to develop specific accelerated carbon neutrality goals and implementation recommendations for further discussion at the next CSC meeting.
2. Focus primarily on investing resources into strategies that reduce emissions balanced with a lesser amount of purchasing offsets.
3. Focus carbon-neutrality strategies on the electrification of buildings and transportation.
4. Consider equity implications in the identification of appropriate carbon-neutrality goals and strategies.

Overall, there was support for accelerating the City's carbon-neutrality goal balanced with a concern about the fiscal impacts of doing so. Specific measures to reduce emissions were discussed, including the use of reach codes and the upcoming California Building Standards Code adoption cycle for 2023. Additionally, various strategies to address residual emissions through offsets were also discussed.

DISCUSSION

There are a range of carbon-neutrality targets being adopted by organizations around the world. There is not a consensus on what the specific target should be but, rather, a general recognition that bold action is necessary and that global emissions must be drastically reduced immediately and eliminated by 2050. ICLEI Local Governments for Sustainability (ICLEI) has joined the United Nations Race to Zero campaign, encouraging cities, businesses, regions, and other stakeholders to achieve net-zero carbon emissions before 2050. In support of this goal, ICLEI is working to engage 1,000 cities to adopt carbon-neutrality goals of 2050 or sooner. ICLEI has also convened a working group of cities with accelerated carbon-neutrality goals, such as 2030 or 2035, to work through accelerated implementation.

Closer to home, there is a similar lack of consensus on what accelerated carbon-neutrality targets should be adopted, with cities and counties embracing a range of target years from 2030 to 2050 and the State taking a similarly varying approach. In July 2021, Governor Gavin Newsom directed State agencies to evaluate advancing the State's 2045 carbon neutrality target year to 2035. The

California Air Resources Board (CARB) recently released an advanced clean cars proposal for all new passenger vehicles sold in California to be zero-emission by 2035. However, CARB also released its draft Assembly Bill (AB) 32, Climate Change Scoping Plan Update for 2022, and is recommending achieving carbon neutrality no later than 2045. This Scoping Plan has not yet been adopted and is currently in the public comment period. A public hearing to consider the draft plan update is scheduled for June 23, 2022.

Proposed Scoping of a 2035 Carbon Neutrality Goal

Based on the local and global context, analysis, and discussions with City departments, neighboring jurisdictions, and other stakeholders, staff recommends further scoping 2035 as a proposed accelerated carbon-neutrality target. **A 2035 carbon-neutrality goal would offer balance between setting an ambitious, far-reaching goal and an achievable target that recognizes the scale of change that needs to be achieved to reach carbon neutrality.**

The resource requirements associated with a 2035 carbon-neutrality goal would need to be assessed prior to recommendation to the City Council. Scoping 2035 as a proposed carbon-neutrality target would include a cost and feasibility analysis. Additionally, staff would also explore financing strategies and partnerships (see brief discussion below) that could support the City's carbon-neutrality goal. The scoping and exploration of financing strategies and partnerships would ultimately inform final staff recommendations to the City Council for an accelerated carbon-neutrality goal.

Proposed Hybrid Pathway to Adoption

Of the municipalities that have adopted carbon-neutrality goals, a few developed plans to map out how they will achieve carbon neutrality by their target date prior to adoption while many others first set carbon-neutrality targets and then began the process of developing implementation plans. The latter is the approach Mountain View opted for in setting its original 2045 carbon neutrality target.

The approach the City utilized for the original carbon-neutrality goal-setting process was pragmatic; developing a full carbon-neutrality plan can take months to years to complete and would have resulted in significant delays in establishing a carbon-neutrality goal for the City. Additionally, the 25-year timeline associated with the 2045 goal allowed for a reasonable amount of planning time before the beginning of implementation.

A similar approach of adopting a new, earlier goal first and then developing an implementation plan would be challenging if applied to a significantly accelerated carbon-neutrality target date for the City. Adopting an accelerated goal without an implementation plan would not sufficiently demonstrate that the goal was achievable. Furthermore, the process would leave little time to

develop an implementation plan postadoption because of the accelerated timelines and pressure to begin implementation quickly.

Based on the constraints of the long lead time to develop a full carbon-neutrality plan and the need to demonstrate feasibility for an accelerated carbon-neutrality target, staff proposes a hybrid approach to accelerating the City's carbon-neutrality goal. A hybrid approach would entail quickly completing targeted analysis to develop a roadmap for carbon neutrality by 2035, including identification of the most impactful strategies as well as an estimate of the staff and fiscal resources needed to implement. This roadmap would be the basis for a carbon neutrality implementation plan, initially focusing specifically on quantification, timelines, and resource needs. By quantifying the emissions reductions that would result from implementation of the major strategies to achieve carbon neutrality and developing timelines for implementation, the roadmap would demonstrate feasibility of a 2035 goal (or lead to recommendation of a different target, if 2035 was found not to be feasible). The analysis would also incorporate the changing State and Federal context and quantify the emissions reductions expected as a result of new requirements and commitments being put forth by the State and Federal governments.

By conducting a targeted analysis, staff would balance the need to demonstrate feasibility with a desire to take quick action. Support to conduct this analysis could come from consultants or climate change organizations that Mountain View participates in, such as ICLEI. ICLEI offers consulting services to member agencies, such as creating carbon-neutrality roadmaps and conducting cost analysis of high-impact decarbonization measures on a fee basis. Funding for this analysis is available in unallocated funds in the Sustainability Capital Improvement Fund, which Council directed during the May 11, 2021 Sustainability Action Plan 4 (SAP-4) update, could be used on other expenses associated with SAP-4. SAP-4 includes the development of a carbon-neutrality plan. Work to request additional services from ICLEI or to hire a consultant could begin quickly and with a targeted scope, and it is estimated that it could be completed within six months.

Exploration of Financing Strategies and Partnerships

Concurrent to this targeted analysis and planning work, staff will continue to explore opportunities to build partnerships and leverage private financing as a strategy to bring sufficient resources and achieve scale in decarbonization in Mountain View while minimizing impacts to the City's budget. For example, preliminary discussions with several neighboring cities as well as regional partners are under way to explore opportunities to partner on efforts to support electrification of existing buildings. If successful, such partnerships could accelerate and make more cost-effective the work of electrifying buildings. Similar partnerships could be explored with regard to electrifying vehicles. Additionally, staff will explore financing opportunities, such as taxes, fees, bonds, or the \$100 million in private equity pledged in Ithaca, New York, to create a lending program providing low- or no-interest loans for energy efficiency and electrification of buildings.

Staff will also develop a proposed approach to addressing residual emissions that remain after the carbon-neutrality target year. This could be in the form of carbon offsets, local equity investments to achieve emissions reductions, or other sequestration efforts. As discussed at the April 2022 CSC meeting, offsets offer benefits in the global strategy to address climate change, yet they do not typically achieve sustained impact locally. Taking into account feedback provided at that meeting, staff will propose an approach that balances the policy goal of reducing emissions with the desire for accountability that strategies, such as the purchase of offsets, can offer.

Timeline and Next Steps

If the CSC approves the proposed pathway to Council adoption of a carbon-neutrality target, staff would engage consultant services and conduct the above-described work to build partnerships and leverage financing, and bring a recommended carbon-neutrality target to Council for consideration in the first quarter of 2023. In the meantime, SAP-4 would continue to be implemented in order to continue to achieve sustainability goals and the associated reductions in carbon emissions. The anticipated next steps are outlined below:

1. Concurrently continue progress on implementation of SAP-4.
2. Hire a consultant to develop a roadmap for carbon neutrality, including quantification and implementation of timelines for major decarbonization strategies.
3. Work to build partnerships to accelerate and achieve scale on decarbonization strategies.
4. Bring carbon-neutrality recommendations to Council in the first quarter of 2023.
5. Solicit feedback on the implementation approach of carbon-neutrality strategies from the community through engagement efforts.
6. Further develop a roadmap for carbon neutrality implementation plan and financing strategy for Council consideration in 2023.

DL/6/MGR

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Attachment: 1. April 19, 2022 CSC Memo