CITY OF OAKLAND

AGENDA REPORT

TO:	Edward D. Reiskin City Administrator	**FROM:**	Daniel Hamilton Sustainability and Resilience, Director
SUBJECT:	Funding Acceptance for Oakland EcoBlock	**DATE:**	July 13, 2022

City Administrator Approval Date: Jul 14, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Accept And Appropriate Funding From The Regents Of The University Of California In The Amount Of Up To Two Hundred Twenty-Five Thousand And Four Dollars ($225,004.00) On A Cost-Reimbursable Basis To Hire A Grant Funded Limited Duration Employee To Coordinate Permitting For The Oakland EcoBlock Project and Update Codes and Processes To Facilitate Additional EcoBlock-Style Retrofits

EXECUTIVE SUMMARY

The University of California, Berkeley (UC Berkeley) and the City of Oakland are collaborating on the "Oakland EcoBlock," a project that will demonstrate cost-effective reduction of carbon emissions by providing a solar-powered microgrid and energy efficiency retrofits to a block of Oakland homes in the Fruitvale neighborhood. UC Berkeley has received grant funding for the project from the California Energy Commission (CEC). UC Berkeley will transfer funds to the City of Oakland as a subrecipient of the grant. This funding will be used to support a Grant Funded Limited Duration Employee who will lead policy updates and permitting changes related to project implementation.

BACKGROUND/ LEGISLATIVE HISTORY

The Oakland EcoBlock project will retrofit a block of homes and small businesses in the Fruitvale neighborhood of Oakland. Thirty-four homes and businesses have signed on to be part of the project. The project will provide these homes and businesses with deep energy and water efficiency retrofits, a rooftop solar energy microgrid, all-electric appliances, and shared electric vehicles.

The Oakland EcoBlock began as a project at UC Berkeley's College of Environmental Design with the goal of demonstrating that block-scale energy and water retrofits are more cost-effective than single home retrofits in achieving greenhouse gas emissions reductions. It aims to

create infrastructure that is more resilient to power outages, supports improved indoor air quality, and allows residents to co-own the means of their energy production.

The EcoBlock research team consists of professionals, city government, academics, and national lab researchers. Oakland EcoBlock is sponsored by the CEC through its Electricity Program Investment Charge (EPIC) Challenge.

ANALYSIS AND POLICY ALTERNATIVES

Acceptance of this grant from the California Energy Commission, via UC Berkeley, would allow the City to obtain the needed staff resources and expertise to update and modernize relevant elements of the City's development standards, permit processes, and related internal structures to facilitate and support projects which involve multiple private buildings and lots in a single effort to increase sustainability and resilience. These codes and processes were developed to accommodate the traditional method of building permits and land uses, which involve a single property owner and lot. The Oakland EcoBlock project was developed to pilot the notion that economies of scale could be realized by seeking to retrofit full blocks of homes at once, allowing for the integration of sustainability improvements like electric vehicle charging, solar photovoltaic systems, energy storage, and water storage across multiple properties. The grant acceptance under consideration in this staff report is a portion of that overall effort, targeting the local government barriers that need to be addressed to facilitate additional such efforts across the City's neighborhoods.

This funding will be used to pay for a Grant Funded Limited Duration employee, at the Program Analyst II level, to perform this analysis of policy and permitting. This individual will lead updates and changes to municipal codes, permitting processes, and standards to facilitate sustainable upgrades to homes and neighborhoods. These codes and processes are associated with permitting and approval processes in the Planning and Building Department, Oakland Public Works, and the Oakland Department of Transportation.

The types of changes needed to the codes, standards, and processes will vary based on additional stakeholder input, engagement with relevant departments, and coordination with efforts such as the General Plan Update. These efforts are also expected to benefit from a local government toolkit being developed by UC Berkeley for this project, a separate effort that is intended to support additional California cities seeking to encourage such projects in their own communities.

The alternatives to acceptance of this grant are twofold. First, the City could seek to continue with the updates and revisions without the grant funding. In this scenario, there would be no dedicated staff person to facilitate and lead these efforts, and the work would fall to individual departments to balance with other priorities and efforts. Given the staff limitations in each department and the relative low priority of this work in the context of other organizational needs, it is unlikely that the work would be undertaken within the next several years. Second, the City could cease the efforts related to this project. Existing code and permitting limitations would continue to limit this style of multi-property application, and individual building and property owners would focus on existing approaches focused solely on single properties. This would likely not have a significant impact on existing redevelopment or upgrade efforts but would limit

the potential for more multi-property efforts that could be developed consistent with the Oakland EcoBlock model. It is relevant to note that multiple additional neighborhoods competed to serve as the first community to receive the State funding for improvements and have expressed interest in creating such efforts in the future.

Acceptance of this funding supports the City's goals of providing housing, economic, and cultural security, as well as enhancing vibrant, sustainable infrastructure. The retrofitting of these homes with improved appliances, insulation, energy systems, energy storage, water efficiency, and electric vehicle infrastructure will not only add value to homeowners and extend the lifetime of each building, it will also provide a model for successful long-term conversion of structures to the types of systems needed across Oakland to fully implement it's climate change strategy. This overall strategy is essential to improving housing security while modifying existing infrastructure to be more sustainable and vibrant.

FISCAL IMPACT

Acceptance of this grant funding will support a Grant Funded Limited Duration Employee for the duration of the EcoBlock project, expected to be a period of 18-24 months. The funds will be deposited in Fund 7760 - Grant Clearing, Org 30684 -Environmental Services: Sustainability, Account 54919- Services: Miscellaneous Contract, (or Account 51921 -Adjustments: Grant Salary) and Project A158650 - Special Projects (or Project 1000010 - DP300 Administrative Project or a project to be determined). The net effect on City finances is neutral.

The position costs will vary depending on the final approved salary level, but within the Program Analyst II classification, the level of funding in this approval will allow for a term of 18-24 months. Because of the multi-departmental nature of the work to be done, as well as the central organizing principle of sustainability associated with the changes, the position will be housed in the City Administrator's Office, under the Sustainability and Resilience Group.

PUBLIC OUTREACH / INTEREST

In 2019, UC Berkeley and City staff conducted a campaign to recruit a demonstration site, asking blocks to self-nominate themselves. In April 2020, they selected a block in the Fruitvale neighborhood of Oakland. The research team has conducted home energy audits, regularly met with the block residents, worked with PG&E, and created engineering and design documents. In Summer 2021, the team helped the block homeowners create a nonprofit association to manage and operate the microgrid portion of the project. Collaboration between the research team and homeowners will continue during the implementation phase of the EcoBlock project.

COORDINATION

Staff from Oakland Public Works Environmental Services Division have been members of the Oakland EcoBlock project team since its inception. Staff have provided feedback on project implementation and assistance with community outreach. Collaboration with the homeowners will continue during project implementation.

This report and resolution have been reviewed for form and legality by the Office of the City Attorney and the Budget Bureau of the Finance Department.

SUSTAINABLE OPPORTUNITIES

Economic: This project will reduce water and energy usage costs for all homes in the EcoBlock. The bike share and car share services provided in the project will reduce transportation costs for households. Electrical system upgrades, new appliances, and solar panels will increase the value of buildings while lowering operation costs. If successful, the project will demonstrate cost advantages of block scale retrofits, which will benefit the City of Oakland and other communities that employ this method in the future.

Environmental: The EcoBlock will reduce greenhouse gas emissions by providing renewable energy to all buildings on the block. It will also reduce greenhouse gas emissions from transportation by providing shared electric vehicles and shared bicycles. On-site water capture and greywater systems will reduce the need for potable water.

Race & ***Equity:*** Frontline communities, including the Oakland EcoBlock neighborhood have historically been subjected to worse air pollution than others. The removal of natural gas appliance and replacement of internal combustion vehicles will result in cleaner air for the community. New heating systems and weatherproofing will create healthier and more comfortable homes. Providing EcoBlock residents with shared ownership of their renewable energy microgrid will create a more self-reliant and resilient neighborhood.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Acceptance of funding is not considered a project under the California Environmental Quality Act.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Accept And Appropriate Funding From The Regents Of The University Of California In The Amount Of Up To Two Hundred Twenty-Five Thousand And Four Dollars ($225,004.00) On A Cost-Reimbursable Basis To Fund An Exempt Limited Duration Employee To Coordinate Permitting For The Oakland EcoBlock Project.

For questions regarding this report, please contact Daniel Hamilton, Sustainability and Resilience Manager, at 510-238-6179.

Respectfully submitted,

Daniel Hamilton, Sustainability and Resilience Director
City Administrator's Office