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EUGENE CITY COUNCIL AGENDA

June 17, 2019

5:30 p.m. **CITY COUNCIL WORK SESSION**
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401

Meeting of June 17, 2019;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Betty Taylor, President	Emily Semple, Vice President
Mike Clark	Greg Evans
Chris Pryor	Claire Syrett
Jennifer Yeh	Alan Zelenka

5:30 p.m. **CITY COUNCIL WORK SESSION**
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401

1. **WORK SESSION: Climate Action Plan 2.0 Update – Equity Panel**

2. **WORK SESSION: Climate Action Plan 2.0 Gap Strategies Update**

For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010
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EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session: Climate Action Plan 2.0 Update – Equity Panel

Meeting Date: June 17, 2019
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Chelsea Clinton
Contact Telephone Number: 541-682-5649

ISSUE STATEMENT
The purpose of this work session is for participants on the Climate Action Plan 2.0 Equity Panel to present their recommendations to City Council.

BACKGROUND
The City's Climate Recovery Ordinance (Ordinance No: 20567) includes goals to 1) reduce greenhouse gas emissions by 7.6 percent annually through 2100 and 2) reduce fossil fuel use by 50 percent by 2030 compared to 2010 levels. The City is updating its Community Climate Action Plan to create a roadmap to achieve the CRO goals.

The CAP2.0 Equity Panel was established to capture and elevate the concerns of marginalized communities as they relate to the CAP2.0. National research and local experience have shown that the impacts of climate change tend to disproportionately impact marginalized communities, such as communities of color, the elderly, low-income communities, and people experiencing disabilities. By working with the CAP2.0 Equity Panel, the City strives to build a stronger understanding of how to engage equity concerns in the face of climate change and mitigate the forecasted impacts to marginalized communities from a changing climate.

Six organizations were chosen to participate on the Equity Panel through an application process that helped ensure the creation of a strong and broadly representative final panel. The six participating organizations are: Sapsik'^{w}ałá, Huerto de la Familia, Eugene Springfield NAACP, Lane Independent Living Alliance, FOOD for Lane County, and National Alliance on Mental Illness Lane County. Each organization has received a $3,000 grant to support their work on the project.

The discussions at the Equity Panel focused on:
1) Revising the Climate Action Plan's Project Equity Lens, which is a tool to help elevate opportunities and concerns around equity issues throughout the project.
2) Identifying general opportunities and challenges for marginalized communities as it relates to climate change and providing feedback on the Gap Strategies.

The Equity Panel has met nine times since the end of January, with their final meeting in June. Their feedback and recommendations will be incorporated into the CAP2.0 document.

PREVIOUS COUNCIL DIRECTION
None.

COUNCIL OPTIONS
This work session is informational regarding the CAP2.0 Equity Panel; no action is requested.

CITY MANAGER'S RECOMMENDATION
This is an informational item only.

SUGGESTED MOTION
This is an informational item only.

ATTACHMENTS
None.

FOR MORE INFORMATION
Staff Contact: Chelsea Clinton
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Staff E-Mail: cclinton@eugene-or.gov

EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Climate Action Plan 2.0 Gap Strategies Update

Meeting Date: June 17, 2019
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Chelsea Clinton
Contact Telephone Number: 541-682-5649

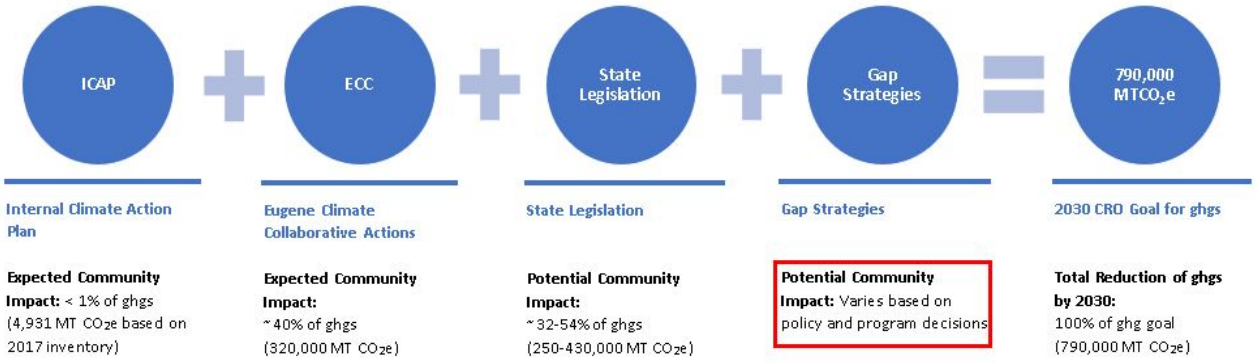
ISSUE STATEMENT
The purpose of this work session is to review the Climate Action Plan 2.0 Gap Strategies related to meeting the CRO goals.

BACKGROUND
The City's Climate Recovery Ordinance (Ordinance No: 20567) includes goals to 1) reduce greenhouse gas emissions by 7.6 percent annually through 2100 and 2) reduce fossil fuel use by 50 percent by 2030 compared to 2010 levels. The City is updating its Community CAP2.0 to create a roadmap to achieve the CRO goals.

As a reminder, the City Council has most recently held the following work sessions related to climate recovery.

- 05/22/19: Northwest Natural's Low Carbon Pathway for Eugene
- 02/11/19: Joint City of Eugene/Eugene Water & Electric Board Climate and Energy Work Session
- 01/30/19: Regulation of Natural Gas Work Session and CAP2.0 and 'Gaps' update
- 01/16/19: Home Energy Score Program Work Session
- 11/14/18: NWN Gas Franchise Work Session and CAP Discussion
- 10/08/18: CAP2.0 update

As was provided in previous work sessions, the CAP2.0 Equation is a framework the City is using to summarize the community's climate efforts. It shows that the path to reach our reduction target in 2030 is the sum of ghg reductions from four components: the City's Internal Climate Action Plan, the Eugene Climate Collaborative actions, state legislation, and the gap strategies.



Internal Climate Action Plan

The Internal Climate Action Plan, or ICAP, includes the actions the City will take to reach the organization's CRO goals. It primarily focuses on actions in the City's fleet, facilities and fire service areas.

Eugene Climate Collaborative

Reaching our CRO goals involves a focus on high-impact actions that have the largest ability to reduce Eugene's ghgs. To understand the high-impact actions happening and planned within the community, the City has engaged community partners in the Eugene Climate Collaborative to learn about their current and planned actions and strategies to reduce ghgs between now and 2030. The expected community impact of the combined actions by the ECC is a reduction of around 40 percent of the 2030 target. The City of Eugene is included as a partner in the ECC and the City's high-impact actions, such as the Transportation System Plan, are incorporated in these plans.

State Legislation

The Clean Energy Jobs Bill (House Bill 2020) is still being considered by the Oregon Legislature in the 2019 session. If passed, a statewide cap-and-trade system would be established in Oregon. This system would have the potential community impact of reducing Eugene's local ghgs by roughly between 32-54 percent, depending on how the final legislation is written.

Gap Strategies

After accounting for ghg reductions from the above-mentioned components, staff identified a gap between the emission reductions from the ICAP and ECC 2030 forecast and the 2030 CRO goal. In late 2018, City Council directed the City Manager to develop a set of strategies to cover the 'gap', which staff presented at your January 30th work session and provide as Attachment A in this AIS

The Gap Strategies include potential actions that can help the community reduce GHG emissions to meet the CRO goals. These strategies are additive from the original CAP2.0 plan in that they are not currently included in any ECC partner plans or funding strategies. And the plans range from low impact to high impact, each with corresponding impacts to community members (equity) and economic activity. Of critical importance for council consideration is the impact of HB2020 on the gaps strategy, until the bill is finalized and passed (hopefully), we are unable to model the impact on the 2030 CRO goals and the interplay they have with the provided Gap Strategy actions.

Moving forward, staff intends to include the emission reduction actions in the Gap Strategy that have garnered the support from City Council for implementation. Those actions will be further defined and incorporated into the final CAP2.0 Plan, scheduled for completion by December 2019.

Triple Bottom Line Considerations

The CAP2.0 process included the convening of an Equity Panel. The Equity Panel's final meeting is on June 13. Preliminary recommendations from this work will be available by this June 17 Work Session.

PREVIOUS COUNCIL DIRECTION

At the November 14, 2018, NWN Franchise Work Session and CAP Discussion, City Council requested that staff develop a 'Gaps' Plan to address the projected shortfall between the CAP2.0 process and the goals identified in the CRO.

COUNCIL OPTIONS

City Council can provide direction to the City Manager on additional actions, if any, they would like completed to inform discussions related to the Climate Action Plan 2.0, including more in-depth consultant analysis, community engagement, or community survey.

CITY MANAGER'S RECOMMENDATION

No council action or motions are suggested.

SUGGESTED MOTION

No motion is provided.

ATTACHMENTS

A. DRAFT CAP2.0 Gaps Strategy

FOR MORE INFORMATION

Staff Contact: Chelsea Clinton
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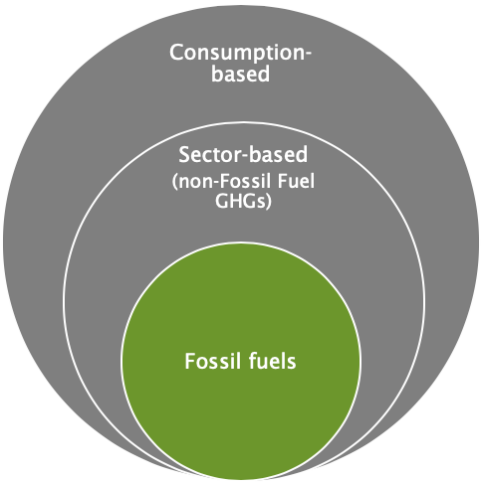
Recommendations for Additional Eugene Climate Actions to Meet Eugene's Climate Recovery Ordinance Targets and Goals

Opportunities to Close the Fossil Fuel and Sector based Gap

Updated April 2019



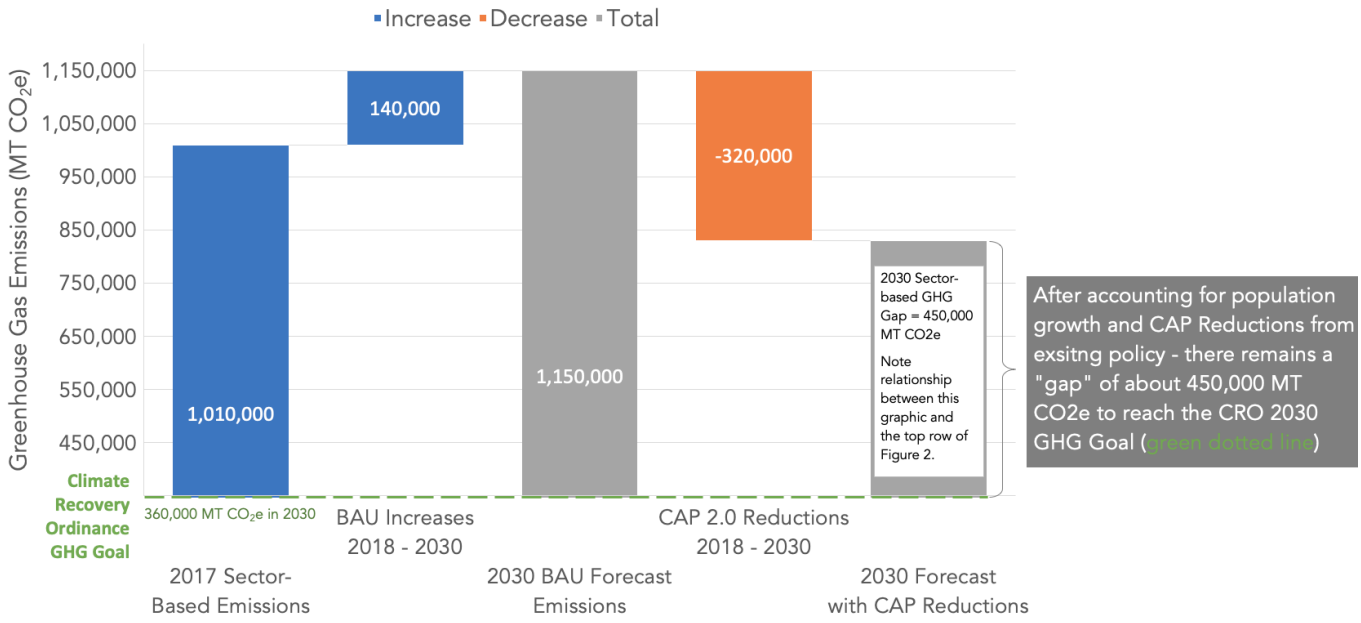
Existing Fossil Fuel Gap

The CRO's fossil fuel target is a 50% reduction in community fossil fuel use in 2030 compared to a 2010 baseline or an average annual reduction of 2.5% per year between 2010 and 2030. Eugene's community 2010 fossil fuel use was equal to about 14.4 MMBTU. To meet the CRO's fossil fuel target (50% reduction by 2030 compared to 2010), Eugene's annual community fossil fuel consumption will need to be equal to or less than 7.2 MMBTU in 2030. Eugene's 2030 forecast, which adjusts for community population increases and CAP2.0 large-lever shareholder (LLS) reductions, is projected to be 11.6 MMBTU, which leaves a gap of about 4.5 MMBTU that will need to be addressed with additional actions to reach the CRO targets.

Existing Sector-based Gap

The CRO's greenhouse gas goal (GHG Goal) is an average annual emissions reduction of 7.6% to 2100 beginning in 2016. Eugene's 2017 Community Sector-based GHGs are equal to about 1,000,000 MT CO_2e. Based on rate specified in by the CRO GHG Goal, Eugene's Sector-based emissions will need to be equal to or less than 360,000 MT CO_2e in 2030. Eugene's 2030 forecast with CAP 2.0 reductions is projected to be 830,000 MT CO_2e, which leaves a gap of about 450,000 MT CO_2e that will need to be addressed with additional actions to reach the CRO targets.

Figure 1: Local GHG Gap (Sector-based) compared to additional actions / scenarios.



Note: This document is a summary from a more extensive report from Good Company, but summarized by City of Eugene staff for purposes of discussion with City Council.

Recommended Additional Actions to Close the Fossil Fuel and GHG Gaps.

Sector-based Actions (fossil fuel only):

- **Natural Gas in buildings actions (from Regulation of Natural Gas work session)**
  - **Action 1:** Limit or prohibit new natural gas infrastructure.
  - **Action 2:** Require NWNG to incentivize customers' reduced use of natural gas or customers' purchase of emission offsets provided by NWNG's Smart Energy Program.
  - **Action 3:** Regulate the purchase and installation of natural gas fueled appliances.
  - **Action 4:** Prohibit financial incentives for installing natural gas service.
  - **Action 5:** Prohibit financial incentives for purchasing natural gas appliances.
  - **Action 6:** Prohibit installation of natural gas service for new residential, commercial and/or industrial buildings.
  - **Action 7:** Require NWNG to fuel switch to biogas and renewable hydrogen.
  - **Action 8:** Increase franchise fee and dedicate franchise fee funds to implementing a program that provides incentives to switch from natural gas to renewable.
  - **Action 9:** Reduce the term of the franchise from 20 years to 10 years.
  - **Action 10:** Create a hybrid franchise fee structure: 1) fixed portion; and 2) variable fee based on carbon footprint of the natural gas delivered to the community.
  - **Action 11:** Prohibit the expansion of natural gas services unless NWNG can demonstrate plan to decarbonize its product.
- **Additional Building Actions (from Council Home Energy Score work session)**
  - **Action 12:** Implement a Home Energy score program.
- **Transportation-Gasoline/Diesel Actions**
  - **Action 13:** City adopts more aggressive rate of implementation of the Eugene Transportation System Plan goals, policies, and projects. Two scenarios have been modeled by LCOG and used for this analysis. Of note, as Council considers additional actions to fill CRO gaps, it is important to highlight the assumption that Eugene's TSP *would have to be fully implemented by 2035 to reach CRO targets and goals*.
    Existing, Obama era fuel economy standards are included in TSP modeling. Considering the current approach on these standards by the Federal government we assume that what is already included the modeling is "aggressive".
  - **Action 14:** Electrify the community's on-road passenger vehicles and light trucks as rapidly as possible, potentially via the following approaches.
    - City of Eugene works with partners (EWEB, ODOE, ODEQ, UO) to promote and enhance local financial incentives, and bulk EV purchases in a way that aligns community passenger vehicle EV adoption rates with CRO targets.
    - A new vehicle registration fee or fuel distribution fee for City of Eugene on fossil fuel vehicles (gasoline and diesel) or fuels. Fee revenue could be used to provide additional local EV incentives.
    - Prohibit the sale of fossil fuel powered passenger vehicles in Eugene after 2030.
- **Other Policy and non-fossil fuel actions**
  - **Action 15:** Reduce refrigerant loss through possible approaches such as: new service fee for refrigerant re-charge of systems due to leakage. Fee is based on global warming potential of the refrigerant lost. New fee or tax on new refrigeration equipment that contains high impact refrigerants. Credit programs for recycling/decommissioning of older refrigeration equipment.
  - **Action 16:** Capture methane from organics before disposal and/or additional effort to increase the efficiency and quantity of landfill or wastewater biogas collection.
  - **Action 17:** Oregon Cap-and-Trade program is implemented.

Cost Information Summary:

- Action 1,4,6, and 11
  - Source: https://www.eia.gov/consumption/residential/data/2015/c&e/pdf/ce4.20.pdf
    - See the values provided in the "Main Heating Fuel" section of the Table CE4.20
  - Utility infrastructure costs are unknown
  - Residential Equipment costs – Assumed to be comparable for gas and electric
  - Residential Average Annual Household Energy Costs
    - Natural gas (main heating fuel)
      - Space heating: $457 / year
      - Water heating: $614 / year
      - **Total Household Energy Expenditures: $1,626 / year**
    - Electricity (main heating fuel)
      - Space heating: $386 / year
      - Water heating: $545 / year
      - **Total Household Energy Expenditures: $1,505 / year**
    - Conclusion: Based on U.S. Energy Information Administration's 2015 residential energy consumption survey, households in the **Western region of the U.S.** that use electricity as their main heating fuel have lower annual energy costs than households served by natural gas.
- Action 2
  - Assuming credits at $15 per tonne. Current CA market price (https://www.arb.ca.gov/cc/capandtrade/auction/results_summary.pdf)
  - 2017 residential GHGs = 85,079 MT CO_2e
    - Cost to offset 100% GHGs = $1,275,000 (@$15 / tonne)
    - # of residential customers = 25,944
    - **Average cost per residential customer = $50 / year**
  - 2017 Commercial GHGs = 90,538 MT CO_2e
    - Cost to offset 100% GHGs = $1,358,000 (@$15 / tonne)
    - # of commercial customers = 3,759
    - **Average cost per commercial customer = $360 / year**
  - 2017 Industrial GHGs = 106,516 MT CO_2e
    - Cost to offset 100% GHGs = $1,597,000 (@$15 / tonne)
    - Industrial customers = 78
    - **Average cost per industrial customer = $20,500 / year**
  - Cost to the City is assumed to be minimal. Data collection and reporting for this action can be included with community GHG reporting.
- Action 3 and 5
  - Since the fees described in Action 3 and 5 are based on offsetting emissions. Costs for this type of program will be similar to those described for Action 2.
- Action 7 and 10
  - Costs to procure large substitutions of biomethane or renewable hydrogen for conventional natural gas are unknown at the scales being considered in these actions.
- Action 12
  - Additional City costs. Based on the experience of Portland Oregon, 1 FTE can be expected for the initial 1.5 years for community implementation. After that it is assumed that 0.5 FTE is required for program reporting and maintenance.
  - Costs and savings between home sellers and home buyers are difficult to assess. The building sellers will bear the cost of home energy upgrades to improve the buildings "score". The cost of

these improvements will presumably be recovered by the seller during the sales process as home buyers value the energy score favorably when comparing properties. After the sale the home buyer will benefit from reduced operational energy costs. The net of these financial transactions is difficult to quantify given currently available data.

- Action 13
  - Additional cost information for infrastructure and City staff time is unavailable for Eugene TSP "What if" scenarios.
- Action 14
  - Costs for passenger vehicles were assessed thoroughly during the development of City of Eugene's Fleet Internal Climate Action plan. Downloaded 1/19 at https://www.eugene-or.gov/DocumentCenter/View/38211. The analysis compared new vehicle purchase prices, fuel use, and vehicle maintenance for plug in electric vehicles (EV) versus an internal combustion engine vehicle that gets 35 miles per gallon.
  - **With Federal and State tax credits it was found that an EV could save about $9,000 over the life of the vehicle from reduced fuel and maintenance costs.**
- Action 15
  - For comparison, current CA market prices are $15 per tonne (https://www.arb.ca.gov/cc/capandtrade/auction/results_summary.pdf)
  - **At $15 / metric tonne the emissions reductions in 2030 as a result of Cap-and-invest (about 80,000 MT CO2e) have a market value of about $1.2 million, or about $18 per Eugene household annually.**
- Action 16
  - Costs for the Oregon Cap-and-Invest program are dependent on have GHGs are valued within the program's systems in order to achieve program goals.
  - For comparison, current CA market prices are $15 per tonne (https://www.arb.ca.gov/cc/capandtrade/auction/results_summary.pdf)
  - **At $15 / metric tonne the emissions reductions in 2030 as a result of Cap-and-invest (about 430,000 MT CO2e) have a market value of about $6.5 million, or about $100 per Eugene household annually.**

Figure 2: Sector-based GHG and Fossil Fuel Use Gap compared to additional actions / scenarios.

Annual Gap - Sector-based GHGs and Fossil Fuel Use		470,000	MT CO2e	4,400,000	MMBTU
		MT CO2e	% of Gap	MMBTU	% of Gap
Building Actions					
Action Number					
1,4,6,11	Scenario 1: NWNG - 50% Reduced NG infrastructure investment	(20,000)	-4%	(300,000)	-7%
	Scenario 2: NWNG - 100% Reduced NG infrastructure investment	(40,000)	-9%	(700,000)	-16%
2	Scenario 1: NWNG SmartEnergy - 50% participation	(140,000)	-30%	*Action does not reduce FF use	
	Scenario 2: NWNG SmartEnergy - 100% participation	(270,000)	-57%	*Action does not reduce FF use	
3,5	Scenario 1: NG Appliance Fee, 2020 - 2030	(130,000)	-28%	(2,400,000)	-55%
7,10	Scenario 1: Reduce Carbon Intensity of NWNG Product (25% biomethane)	(80,000)	-17%	(1,500,000)	-34%
	Scenario 2: Reduce Carbon Intensity of NWNG Product (50% biomethane)	(160,000)	-34%	(2,900,000)	-66%
8	Scenario 1: Prohibit Financial Incentives for New NG Equipment	*More information required*			
9	Scenario 1: Increase franchise fee to fuel switch away from NG	*More information required*			
12	Scenario 1: Home Energy Score	(10,000)	-2%	80,000	2%
Transportation Actions					
13	Scenario 1: TSP What if 1 (in addition to Adopted)	(30,000)	-6%	(400,000)	-9%
	Scenario 2: TSP What if 2 (in addition to Adopted)	(70,000)	-15%	(1,000,000)	-23%
14	Scenario 1: 25,000 additional EVs beyond TSP	(110,000)	-23%	(1,300,000)	-30%
	Scenario 2: 50,000 additional EVs beyond TSP	(220,000)	-47%	(2,500,000)	-57%
	Scenario 3: 75,000 additional EVs beyond TSP	(330,000)	-70%	(3,800,000)	-86%
Produce Use Actions					
15	Scenario 1: Refrigerant recharge fee to purchase carbon offsets for 100% of GHGs	(80,000)	-17%	*Action does not reduce FF use	
Waste Actions					
16	Scenario 1: Landfill gas capture efficiency increases by 10%	(10,000)	-2%	*Action does not reduce FF use	
	Scenario 2: Landfill gas capture efficiency increases by 25%	(20,000)	-4%		
Overarching Action					
17	*Scenario 1: Oregon Cap-and-Invest (Draft SB 557, Section 4 goals)* *Note: An Oregon Cap-and-Invest program would reduce climate impacts in Eugene using many of the same LLS actions already considered and counted in the LLS forecast. Therefore GHG reductions a Cap-and-Invest policy should not be viewed as wholly independent and additive to existing LLS actions. The Cap-and-Invest program will be complimentary - providing regulatory and financial support towards climate action, but the reductions presented in this row are not 100% additive to reductions previously presented for existing LLS actions.*	*(430,000)*	*Indeterminate. Cap-and-Invest reductions overlap with other LLS and gap filling actions*	*(7,200,000)*	*Indeterminate. Cap-and-Invest reductions overlap with other LLS and gap filling actions*
		*This column shows max cumulative potential in 2030		*This column shows max cumulative potential in 2030	

Opportunities to Close the Consumption-based Gap

Existing Gap

The CRO's greenhouse gas goal (GHG Goal) is an average annual emissions reduction of 7.6% to 2100 beginning in 2016. Eugene's 2013 Community Consumption-based GHGs are equal to about 2,750,000 MT CO_2e (using market-based electricity accounting). Based on the CRO GHG Goal Target, Eugene's annual community fossil fuel consumption will need to be equal to or less than 720,000 MT CO_2e in 2030. Eugene's 2030 forecast with CAP 2.0 reductions are projected to be similar to 2013 emissions, which leaves a gap of about 2,000,000 MT CO_2e that will need to be addressed with additional actions to reach the CRO targets.

Recommended Additional Actions to Close the Gap

Achieving CRO goals as applied to 100% of Eugene's consumption-based (CB) emissions inventory is the most challenging of any of the CRO targets and goals. This is because roughly 66% of Eugene's consumption-based emissions occur outside of Eugene's geographic boundaries (and direct control) during production of imported goods and food consumed in Eugene.

Reducing consumption-based emissions requires a combination of public-led actions, individual household decision-making, and domestic and international climate policy. Public agencies can establish infrastructure to support the reduction of CB emissions, but ultimately large-scale reduction of these emissions will require a combination of household-level decision making and large-scale transformation of the global energy system towards sources of renewable energy.

Consumption-based Actions:

- City to support development of a state-level program to reduce the carbon intensity of products imported into Oregon.
- **Action 18:** Community reduces the average square footage of single-family detached homes developed between 2019 – 2030. Smaller home size reduces emissions from a number of sources including: production of building materials (used to build and maintain the house), other consumer goods (used to fill the house), as well as reducing the homes energy use.
- City and local partners expand existing programming to extend building material lifespans.
- **Action 19:** Eugene optimizes the solid waste system to minimize GHGs
- **Action 20:** Community shifts dietary choices from high-impact to low-impact food types
- **Action 21:** Community reduces all possible edible food waste
- **Action 22:** City and community to reduce the carbon intensity of concrete products.
- **Action 23:** City to advocate for aggressive state, federal, and international climate policy that will increase the use of renewable energy in locations that produce the goods and food consumed in Eugene.

Figure 3: Consumption-based GHG gap compared to the reduction potential for additional action

Annual Gap - Consumption-based GHG Gap		2,000,000	MT CO2e
		MT CO2e	% of Gap
Consumption and Materials Management Actions			
Action Number			
18	Reduce the average size of new single-family homes (from 2,300 to 1,600 sqft.)	(50,000)	-3%
19	Eugene optimizes the solid waste system to minimize GHGs	(90,000)	-5%
20	Scenario 1: 25% of community reduces meat and dairy by 25%	(10,000)	-1%
	Scenario 2: 50% of community reduces meat and dairy by 50%	(40,000)	-2%
	Scenario 3: 100% of community reduces meat and dairy by 100%	(170,000)	-9%
21	Community reduces 100% of edible food waste	(50,000)	-3%
22	Community reduces the carbon intensity of concrete products	*Data not readily available*	
23	International Commitments to Paris Accord for future reductions (roughly a 25% reduction by 2030)	(270,000)	-14%

*This column shows max cumulative potential in 2030