

# Agenda Report

January 30, 2023

**TO:** Honorable Mayor and City Council

**THROUGH:** Municipal Services Committee (January 24, 2023)

**FROM:** Water and Power Department

**SUBJECT:** **ADOPT A RESOLUTION TO DECLARE A CLIMATE EMERGENCY AND SET GREENHOUSE GAS ("GHG") REDUCTION GOALS FOR PASADENA TO ACHIEVE CARBON NEUTRALITY BY 2030 IN ADVANCE OF THE STATE RECOMMENDATION**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required; and
2. Adopt a Resolution to declare a climate emergency and set GHG reduction goals for Pasadena to achieve carbon neutrality in advance of California's 2045 recommendation.

## **BACKGROUND:**

On March 15, 2018, the City of Pasadena ("City") adopted a Climate Action Plan ("CAP") based on the Global Warming Solutions Act of 2006 (Assembly Bill ("AB") 32) that focuses on five specific GHG reduction strategies; namely, Energy Efficiency and Conservation, Sustainable Mobility and Land Use; Solid Waste Reduction; Water Conservation; and Urban Greening. The City has since published updates to the CAP in 2018 and 2019 that detail progress-to-date on outlined actions, and is currently finalizing its first comprehensive GHG Emissions Inventory that evaluates actual and forecasted emissions to gauge the effectiveness of the plan. Results of the emissions inventory are expected in spring 2023.

Pasadena has made significant progress on CAP goals including the commitment to phase out all fossil fuel generating resources, acceleration of electric vehicle adoption in Pasadena, ordinances that encourage clean power technology in buildings and

community maintenance practices, prohibition of polystyrene food packaging, and drought mitigation policies.

Since 2006, California has passed successor legislation that expands on the goals of AB 32 with increasingly aggressive climate change mitigation priorities. Senate Bill ("SB") 32 (2016) requires GHG emissions to be reduced by 40 percent compared to 1990 levels; SB 350 (2015) increases this target to 80 percent below 1990 levels by 2050; and SB 100 sets a goal of zero carbon by 2045. In 2022, AB 1279 was signed into law and requires carbon neutrality as soon as possible but no later than 2045. Accordingly, the California Air Resources Board ("CARB") included this target as a recommendation in the 2022 Scoping Plan for Carbon Neutrality ("Scoping Plan") which became effective in January 2023.

Concern that climate change poses a health and safety threat is becoming widely accepted.

- The Scoping Plan urges that limiting irreversible damage caused by climate change requires increased ambition, without which will result in "more fire, more drought, more extreme temperature, and deadly choking air pollution."
- The American Medical Association has declared climate change as a "public health crisis that threatens the well-being of all individuals" and calls for policies that limit global warming and reduce GHG emissions.
- Several California cities have already declared a climate emergency including Sacramento, Ukiah, Healdsburg, and Alameda. Neighboring cities such as South Pasadena, Sierra Madre, and Alhambra have adopted 100 percent clean energy policies.

At this time, Pasadena Water and Power ("PWP"), in collaboration with community stakeholders, has started the planning process for the 2023 Integrated Resources Plan ("IRP"), a comprehensive, 20-year sourcing guide for generating resources. The IRP is updated every five years in consideration of new/changing laws, regulations, market conditions, and community preferences, and strives to balance electric reliability with fiscal responsibility and environmental stewardship. The recommended resolution, which declares a climate emergency, with a goal of achieving carbon neutrality in advance of the State recommendation, while also achieving goals of ensuring electric service continues to be safe, reliable, and affordable.

### **Concerns with Accelerating California's 2045 Recommendation:**

The City's role as a publicly owned utility is governed by laws, regulations, the City Charter, the Pasadena Municipal Code, multi-party agreements, and bond documents. Setting an absolute goal by Resolution that binds staff without first evaluating the legal, operational, and fiscal impacts of the associated actions may be inconsistent with existing regulatory or contractual requirements and could create compliance issues.

Furthermore, the costs associated with an accelerated goal could also affect public financing. Specifically, the City's three existing bonds, collectively valued at \$179.6 million with one maturing in 2046, include language regarding rate setting, a rate covenant, and Net Income coverage. The costs associated with future investments that might be required to achieve a more ambitious target would ultimately be passed on to the community in the form of rate increases. Additional research should be undertaken to evaluate the impacts on existing bond obligations.

**COUNCIL POLICY CONSIDERATION:**

The declaration of a climate emergency and the goal of achieving carbon neutrality in advance of California's 2045 recommendation is consistent with the City's CAP goals for GHG reduction and the City's IRP.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The adoption of a resolution that declares a climate emergency and sets GHG reduction targets for Pasadena to achieve carbon neutrality in advance of California's 2045 recommendation is an organizational and administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

Declaring a climate emergency is an action that is administrative in nature. However, implementation may require procurement of additional renewable resources to include other potential impacts to electric supply. Associated costs to achieve carbon neutrality in advance of the State recommendation are unknown at this time and are currently under evaluation. Any new resource contract or other procurement that will be required to achieve the goals in this resolution will be presented to the City Council in accordance with the City's purchasing process.

Respectfully submitted,



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Water and Power Department

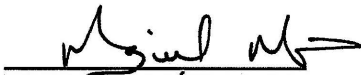
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