



City Council

Approval of a Resolution Authorizing an Interlocal Agreement between the Cities of Olympia, Lacey, and Tumwater and Thurston County for the Development of a Regional Building Electrification Cost Assessment

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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing an interlocal agreement between the cities of Olympia, Lacey, and Tumwater and Thurston County for the development of a regional building electrification cost assessment.

Report

Issue:

Whether to approve an interlocal agreement for the development of a regional building electrification cost assessment.

Staff Contact:

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Presenter(s):

None - Consent Calendar Item

Background and Analysis:

Building Electrification Definition and Goals

Building electrification means using electricity, rather than fossil fuels such as natural gas, for space heating, water heating, and cooking in homes and buildings. As electricity is increasingly produced by non-emitting, renewable sources, such as wind and solar, replacing fossil fuel use in buildings with

efficient, all-electric buildings will substantially reduce greenhouse gas emissions from the built environment.

In February 2021, Olympia accepted the Thurston Climate Mitigation Plan (TCMP) as the regional framework to substantially reduce local contributions to climate change. The plan provides a framework to reduce regional greenhouse gas emissions 45% below 2015 levels by 2030 and 85% below 2015 levels by 2050.

The TCMP identifies building electrification (i.e., reducing natural gas use) as a key strategy to achieve the regional climate targets. To achieve the 2030 and 2050 regional greenhouse gas reduction targets identified in the TCMP, the region will need to reduce residential and commercial natural gas consumption 20 percent by 2030 and 50 percent by 2050 (TRPC, 2020).

Multiple studies, including Washington's Deep Decarbonization Pathways Analysis, have found that building electrification is the most cost-effective strategy to achieve economy-wide decarbonization in Washington. Previous research by RMI has also shown that new all-electric, single-family homes have a lower net present cost than new mixed-fuel homes in cities across the country (RMI, 2020). However, some questions still remain regarding the cost to build and operate all-electric buildings (including residential, commercial, and mixed-use) in Olympia and Thurston County.

Building Electrification Cost Assessment Project

In January 2022, Olympia entered into a contract with ECONorthwest to conduct a building electrification cost assessment. The purpose of this assessment is to evaluate the costs to build and operate new all-electric buildings in Thurston County. The assessment will take approximately 5-7 months to complete and answer two primary questions:

- Will requiring building electrification rather than fuel-powered appliances (such as stoves, air circulation, and water heaters) for new construction change the costs associated with building housing, commercial development, or mixed-use development in Thurston County?
- What range of utility cost savings or additions would be possible from using electric appliances rather than fuel-powered appliance counterparts for new residential, commercial, or mixed-use development in Thurston County?

Before beginning work with ECONorthwest, City staff brought the proposed scope of work to the regional Climate Action Steering Committee to determine if the TCMP partners would be interested in jointly funding and participating in the cost assessment project. After a few months of discussion, all TCMP partners (Lacey, Tumwater, and Thurston County) indicated that they would be interested in participating in the project.

Under the attached interlocal agreement, Olympia would continue to administer the contract with ECONorthwest to develop the cost assessment, and the project partners would jointly fund and participate in the project. This will include participating in monthly meetings and providing feedback on project development and draft results.

References (linked in the attachments):

- Evolved Energy & Deep Decarbonization Project. (2016). Deep Decarbonization Pathways Analysis for Washington State.
- RMI. (2020). All-Electric New Homes: A Win for the Climate and the Economy.

- Thurston Regional Planning Council. (TRPC; 2020). Thurston Climate Mitigation Plan.

Neighborhood/Community Interests (if known):

There is significant community interest in city action to address climate change. Since the Declaration of Climate Emergency and Acceptance of the Thurston Climate Mitigation Plan in February 2021, community members have continued to urge the City to take immediate action to address climate change. Actions to phase out natural gas have received particular attention. Many community members and advocacy organizations have provided written and/or verbal comment, specifically requesting that Olympia phase out or ban the use of natural gas in all new buildings. However, during the development of the TCMP, some stakeholders also raised concerns about how building electrification would impact the cost of housing and development.

Options:

1. Approve Resolution authorizing an interlocal agreement for the development of a regional building electrification cost assessment. The City would move forward with regional partners to conduct a joint cost assessment.
2. Approve Resolution with modifications to resolution and/or agreement. Any modifications to the agreement would need to be approved by the project partners.
3. Do not approve the resolution. The City would move forward on its own to conduct a building electrification cost assessment.

Financial Impact:

The City of Olympia has already entered into an agreement with ECONorthwest to conduct the building electrification cost assessment, at a total cost of \$30,475. This interlocal agreement specifies that the cost to conduct the assessment will be split equally across all four partner jurisdictions (\$7,619 per partner). The Cities of Lacey and Tumwater and Thurston County will each pay \$7,619 to the City of Olympia, as a contribution to the consultant agreement with ECONorthwest.

Sufficient funds are contained in the 2022 Climate Program budget to accommodate the City of Olympia contribution.

Attachments:

Resolution

Agreement

[Link to Evolved Energy & Deep Decarbonization Project](#)

[Link to RMI All Electric New Homes: A Win for the Climate and the Economy.](#)

[Link to Thurston Climate Mitigation Plan.](#)