

ORDINANCE NO. 3254

**AN ORDINANCE AMENDING AMC TITLE 9 HEALTH AND SANITATION
CREATING CHAPTER 9.45 CARBON POLLUTION IMPACT FEE AND
ESTABLISHING STANDARDS FOR A CARBON POLLUTION IMPACT FEE FOR
NEW RESIDENTIAL STRUCTURES IN THE CITY OF ASHLAND**

Annotated to show deletions and additions to the Ashland Municipal Code sections being modified. Deletions are ~~bold lined through~~, and additions are **bold underlined**.

Powers of the City. The City shall have all powers which the constitutions, statutes, and common law of the United States and of this State expressly or impliedly grant or allow municipalities, as fully as though this Charter specifically enumerated each of those powers, as well as all powers not inconsistent with the foregoing; and, in addition thereto, shall possess all powers hereinafter specifically granted. All the authority thereof shall have perpetual succession.

WHEREAS, the City of Ashland has declared a commitment to climate recovery goals in Title 9 of the Municipal Code as detailed in the Climate and Energy Action Plan (CEAP); and

WHEREAS, emissions from buildings represent one of the largest sources of greenhouse gas emissions in Ashland; and

WHEREAS, reducing fossil fuel consumption is essential to meeting the City's CEAP goals; and

WHEREAS, transitioning to low-carbon electric homes is most feasible in new construction; and

WHEREAS, adding new residential structures reliant on fossil fuels increases the City's carbon footprint and requires additional mitigation efforts; and

WHEREAS, an upfront carbon pollution impact fee provides a mechanism to account for and offset the environmental, health, and societal costs associated with fossil fuel-based systems; and

WHEREAS, revenue generated from this fee could support programs promoting clean technology installations, including support for low-income households, furthering the City's decarbonization goals.

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. Chapter 9.45 Carbon Pollution Impact Fee is hereby created to read as follows:

9.45.010 Purpose

The purpose of this chapter is to promote the health, safety, and general welfare of Ashland residents by establishing a Carbon Pollution Impact Fee for new residential development

utilizing fossil fuel-powered thermal energy systems. This ordinance aligns with the goals set forth in Chapter 9.40 (Climate Recovery) and implements the Climate and Energy Action Plan (CEAP) to the full extent of the City's authority under applicable federal, state, and local laws.

9.45.020 Definitions. For purposes of this chapter, the following definitions apply:

A. Thermal Energy System: Any system for space conditioning, water heating, cooking, process heat, or other building energy use that relies on fossil fuel combustion, excluding outdoor grills, heaters, or other systems designed for exclusive use outside of enclosed residential structures.

B. Fossil Fuel: Fuels derived from hydrocarbons, including but not limited to natural gas, coal, oil, propane, and kerosene.

~~C. New Residential Building: The new construction of any residential building, excluding additions, alterations, renovations, or repairs to existing buildings, and complete demolition and rebuilds, and any accessory dwelling unit.~~

C. New Residential Building: New construction of any residential building, including complete demolition and rebuilds, and any accessory dwelling units. This definition does not include additions, alterations, renovations, or repairs to existing buildings.

D. Social Cost of Greenhouse Gases (SCGHG): The monetary value assigned to climate change damages resulting from the emission of one metric ton (MT) of greenhouse gases. The SCGHG shall be determined as follows:

1. The base value shall be set at the November 2023 determination published by the United States Environmental Protection Agency (EPA).
2. On January 1 of each subsequent year, the SCGHG shall be adjusted by the percentage increase in the Consumer Price Index (CPI-U, U.S. city average, not seasonally adjusted) for the 12 months preceding the previous September 1.
3. Should the EPA release updated SCGHG values in line with leading scientific standards, the City Council may review and adopt such values by ordinance.

E. CO₂e: Carbon dioxide equivalent, a standardized measure for comparing the impact of different greenhouse gases.

9.45.030 Carbon Pollution Impact Fee

A. Fee Assessment:

Applicants utilizing a fossil fuel thermal energy system in a new residential building shall be assessed a Carbon Pollution Impact Fee for each dwelling unit therein. This fee shall be due upon the issuance of building permits.

1. Exceptions: No fee shall be assessed for the following:

- i. Outdoor thermal energy systems, including but not limited to propane grills, patio heaters, and other systems designed for exclusive use outside of enclosed residential structures.
- ii. Thermal energy systems not explicitly listed in Section 9.45.030 B (Fee Calculation)

B. Calculation of Fee:

The Carbon Pollution Impact Fee is calculated as follows:

$$\text{Fee} = (\text{SCGHG}) \times (\text{MTCO}_2\text{e}) \times (\text{Service Life})$$

Where:

- SCGHG is \$208 per metric ton (adjusted annually).
- MTCO₂e is 2.49 metric tons for an average residential natural gas home in Ashland, adjusted for specific appliance usage.
- Service Life is the expected operational lifespan of the appliance, as detailed below:

<u>Appliance</u>	<u>CO₂e (MT/year)</u>	<u>Service Life (Years)</u>	<u>Fee Example</u>
<u>Furnace</u>	<u>1.32</u>	<u>15</u>	<u>$\\$208 \times 1.32 \times 15 = \\4118.40</u>
<u>Water Heater</u>	<u>0.62</u>	<u>10</u>	<u>$\\$208 \times 0.62 \times 10 = \\1289.60</u>
<u>Range</u>	<u>0.12</u>	<u>10</u>	<u>$\\$208 \times 0.12 \times 15 = \\374.40</u>
<u>Gas Fireplace</u>	<u>0.35</u>	<u>10</u>	<u>$\\$208 \times 0.35 \times 10 = \\728.00</u>
<u>Clothes Dryer</u>	<u>0.07</u>	<u>10</u>	<u>$\\$208 \times 0.07 \times 10 = \\145.60</u>

If fossil fuel piping is present for an appliance but no appliance is installed, the absent appliance will be assumed to use fossil fuels, and the fee will be calculated accordingly. However, if a new electric appliance is installed, even with existing fossil fuel piping, no fee will be applied.

C. Annual Adjustment:

On January 1 of each year, the SCGHG shall be adjusted in proportion to the Consumer Price Index (CPI-U, U.S. city average, not seasonally adjusted) for the 12 months preceding the previous September 1.

9.45.040 Reporting requirement.

A. Record Maintenance:

The City shall maintain records of all fees collected and report annually on the revenue generated and its allocation.

B. Annual Reporting Requirements for Fossil Fuel Utilities Operating in the City's Right of Way:

Any utility providing fossil fuels and operating within the City's Right of Way must submit an annual report detailing total residential and commercial fossil fuel consumption. For metered fossil fuel services, the report must include the total number of operational meters, separated into residential and commercial accounts. This data shall be provided on the same schedule as payments to the City for Right of Way use.

9.45.050 Penalties

A. Violators of this chapter, including non-payment of the fee or installation of unpermitted fossil fuel systems, are subject to the general penalty provisions in chapter 1.08. A separate violation occurs each day the violation continues. Revenues collected from penalties may be allocated to clean energy programs.

SECTION 2. Effective Date. The provisions of this chapter shall take effect on January 1, 2026.

SECTION 3. Severability. Each section of this ordinance, and any part thereof, is severable, and if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

SECTION 4. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word “ordinance” may be changed to “code”, “article”, “section”, “chapter” or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions (i.e. Sections 3-5) need not be codified and the City Recorder is authorized to correct any cross-references and any typographical errors.

The foregoing ordinance was first read by title only in accordance with Article X, Section 2(C) of the City Charter on the 21st day of January, 2025, and duly PASSED and ADOPTED this _____ day of _____, 2025.

PASSED by the City Council this _____ day of _____, 2025.

ATTEST:

Alissa Kolodzinski, City Recorder

SIGNED and APPROVED this _____ day of _____, 2025.

Tonya Graham, Mayor

Reviewed as to form:

Douglas M. McGeary, Acting City Attorney