



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.** _____

FROM: City Manager

SUBJECT: Introduction of an Ordinance Implementing Green Building Practices for City Buildings

MEETING DATE: March 24, 2026

RECOMMENDATION:

Introduction of for first reading, waive full reading, read by title only Ordinance No. XX an ordinance of the City Council of the City of Commerce, California, implementing green building practices for city buildings (“Ordinance”).

BACKGROUND:

The City has been effective at implementing Citywide energy-efficiency and sustainability initiatives at its existing buildings and facilities, including:

- Installation of high-efficiency water heaters,
- Energy-efficient HVAC system upgrades at various city facilities,
- Street and facilities LED lighting improvements, and
- Implementation of cool roof projects for several City buildings.

These efforts reduce the City’s carbon footprint, lowering operating and maintenance costs, improving system reliability, and advancing the City’s renewable energy and green building objectives in alignment with long-term climate and sustainability goals.

ANALYSIS:

This Ordinance aims to elevate the City’s leadership role in implementing green building practices not only in its own existing buildings and facilities, but in remodel projects, building additions at existing City buildings and newly constructed City buildings as follows:

- Remodel projects, building additions at existing City buildings and newly constructed City buildings 5,000 square feet or larger must incorporate environmentally sustainable designs that are U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) certified, with a rating of Certified, Silver, Gold or Platinum.
- Existing and new city buildings are subject to this ordinance.

Green Building Practices Goals:

The following outlines the goals of the proposed Ordinance:

- **Leader in Sustainability:** The City aims to assert itself as a leader in integrating sustainable building designs at its own City buildings to encourage and motivate private sector development to building more sustainably.
- **Enhance Quality of Life:** Supporting the construction of sustainable buildings preserves the environment for future generations and enhances the quality of life for the Commerce community.
- **Reduce Energy Consumption:** Green buildings use advanced insulation, high-performance windows, and energy-efficient HVAC systems to significantly cut energy demand for heating and cooling.
- **Water Conservation:** Techniques like rainwater harvesting, greywater recycling, and low-flow fixtures reduce the energy required for water treatment and transport.
- **Integration of Renewable Energy:** Incorporating solar panels and wind turbines allows buildings to generate their own clean energy, reducing reliance on fossil fuels.
- **Lowering Embodied Carbon:** Using sustainable, locally sourced, or recycled materials reduces the carbon emissions associated with the manufacturing and transportation of building materials.

These goals collectively aim to produce fewer greenhouse gases compared to conventional buildings, contributing to global efforts to limit temperature increases.

LEED Certification:

LEED certification is a voluntary, consensus-based, green building rating system for new and existing commercial and institutional buildings with various certification levels used to determine what constitutes sustainable building by national standards.

Implementing designs that are LEED certified into existing and new City buildings poses both benefits and challenges. The following outlines pros and cons:

Pros of LEED Certification:

- **Reduced Operating Costs:** LEED-certified buildings prioritize energy and water efficiency, leading to lower utility bills over time.
- **Higher Property Value and Demand:** LEED-certified buildings often see higher lease rates, higher resale values, and are more durable than non-certified buildings.
- **Improved Occupant Health:** Features like better ventilation and healthier materials improve indoor air quality, which create a healthier environment for occupants such as employees and visitors.
- **Environmental Impact:** LEED-certified buildings help combat climate change by significantly reducing greenhouse gas emissions through improved energy efficiency, lower embodied carbon in materials, and water conservation.

Cons of LEED Certification:

- **Higher Initial Costs:** Certification adds 4% to 11% in construction costs and certification fees due to specialized materials, design, and commissioning. The cost of obtaining LEED certification is as follows:
 - Pre-certification fees: approximately \$4,500, to \$5,600
 - Registration fees: approximately \$1,350 to \$1,700
 - Certification review fees: approximately \$2,500 to \$22,000 or approximately \$0.0014 to \$0.0057 per square foot
 - Other costs: design professionals, specialized testing and inspections can add \$10,000 to \$30,000
 - Approximate total: \$20,000 to \$60,000 depending on project scope
- **Complex Documentation:** The certification process requires extensive, time-consuming documentation and commissioning, which can slow down projects.
- **Performance Gaps:** Some LEED buildings fail to meet the predicted energy efficiency targets in practice.
- **Not Always "Green":** Critics argue that a project can achieve certification through points on non-energy items (like location) while not being the most energy-efficient design possible.

Overall, the benefits of a LEED-certified building outweigh the challenges posed by the initial higher costs due to the longer-term impacts supporting sustainability and lower operating costs for the life of the building. Promoting the efficient use of energy and natural resources is critical to the long-term protection and enhancement of the environment, economy, and health of our citizens and future generations

FISCAL IMPACT

There is no immediate fiscal impact associated with the adoption of the ordinance.

Implementation of green building practices for future City facilities may result in higher upfront design and construction costs, depending on the level of sustainability measures incorporated. However, these potential costs are expected to be partially or fully offset over time through reduced operating and maintenance expenses, including energy and water savings.

Any future projects incorporating these practices will be evaluated individually, and associated costs will be identified and appropriated through the City's budget and CIP processes.

ALTERNATIVES:

1. Approve recommendation
2. Reject recommendation
3. Provide staff with further direction

Recommended by: Jessica Serrano, Director of Community Development
Reviewed by: Shahid Abbas, Director of Public Works

Fiscal Impact Reviewed by: Alvaro Castellon, Director of Finance
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Ernie Hernandez, City Manager

ATTACHMENTS:

1. Ordinance No. _____