



Agenda Report

Fullerton City Council

MEETING DATE: MARCH 4, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: ERIC LEVITT, CITY MANAGER

PREPARED BY: TAYLOR SAMUELSON, SENIOR ADMINISTRATIVE ANALYST
KIM CHAUDRY, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
PROPOSED AMENDED RULES 1111 AND 1121
REGARDING NATURAL GAS-FIRED FURNACES AND
WATER HEATERS OPPOSITION LETTER

SUMMARY

The South Coast Air Quality Management District (SCAQMD) Governing Board proposes amending two rules to reduce emissions and ban residential gas fired furnaces (Rule 1111) and water heaters (Rule 1121) to transition to zero-emission appliances.

PROPOSED MOTION

1. Adopt Resolution No. 2025-XXX.

RESOLUTION NO. 2025-XXX – A RESOLUTION OF THE CITY OF FULLERTON, CALIFORNIA, OPPOSING SCAQMD RULES 1111 AND 1121 RELATED TO GAS POWERED CENTRAL FURNACES AND AIR EMISSIONS FROM RESIDENTIAL NATURAL GAS-POWERED WATER HEATERS

2. Authorize Mayor to sign a letter requesting South Coast Air Quality Management District Governing Board delay considering and/or adopting Proposed Amended Rules (PAR) 1111 and 1121 which ban natural gas-fired furnaces and water heaters.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

City Manager recommends approval of the Resolution expressing City concerns about the recently proposed Rules 1111 and 1121 consistent with other Orange County cities' concerns.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

No fiscal impact.

BACKGROUND AND DISCUSSION

The SCAQMD recently proposed Rules 1111 and 1121 which require a shift from natural gas furnaces and water heaters to all-electric units for both new and existing buildings. These rules intend to reduce emissions across Los Angeles, Orange, Riverside and San Bernardino Counties and could impose \$20 billion in compliance costs while offering limited air quality benefits. Property owners would face significant retrofit expenses — electrical panel upgrades, new plumbing and structural modifications — potentially raising housing costs and straining the electric grid.

AQMD states these proposed amended rules would eliminate NOx emissions from residential heating appliances that burn natural gas and transition the region to using zero-NOx emission appliances. AQMD originally planned to hold a public hearing on December 6, 2024 to adopt the proposed amended rules but postponed the hearing until May 2, 2025 to perform more public outreach.

Several cities and agencies have expressed concerns with the proposed amendments including the high cost to transition from gas fired appliances to all-electric and the reliability of the electric grid to deliver enough power for future demand. Additionally, some opponents expressed concern with potential loss of affordable multifamily housing units if owners cannot afford costly upgrades and sell units at market prices.

AQMD staff briefed the Orange County Council of Governments (OCCOG) and San Gabriel Valley and San Bernardino Councils of Government on these rules. All three COGs voted to oppose the rules in their current form. Staff recommends aligning with OCCOG's position and advocating for a delay of Proposed Amended Rules 1111 and 1121 until AQMD conducts further data gathering, public outreach and cost-benefit analyses. This stance reaffirms Fullerton's commitment to balanced, consumer-friendly solutions that protect air quality without placing an undue burden on residents, businesses and the local housing market.

Attachments:

- Attachment 1 – Draft Resolution
- Attachment 2 – Draft letter requesting SCAQMD Governing Board
- Attachment 3 – Letter from the Orange County Council of Governments to SCAQMD

cc: City Manager Eric J. Levitt