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3/17/2014	1	City Council	Approved	Pass
2/11/2014	1	Energy Commission	Approved as amended by the Commission and Forwarded	

Resolution Recommending Ann Arbor City Council Direct the Development of a Commercial Building Energy Benchmarking and Disclosure Ordinance

At its February 2014 meeting, the Ann Arbor Energy Commission unanimously approved the following resolution to initiate development of a commercial building energy benchmarking and disclosure ordinance. In order to meet community-wide goals set in the 2012 Climate Action Plan (R-12-572), the Commission is recommending commercial buildings annually report energy consumption in a format consistent with the free online energy benchmarking system, ENERGY STAR Portfolio Manager®, provided by the U.S. EPA. Streamlined services like Portfolio Manager are built into the annual disclosure process to allow simple reporting of annual energy usage. This resolution requests a stakeholder group be convened to develop and present a draft ordinance by the start of 2015. Several cities across the U.S. have adopted benchmarking ordinances similar to what would be considered for Ann Arbor and a portion of these municipalities are listed in the resolution, most being similarly motivated by their respective Climate Action Plan greenhouse gas (GHG) reduction goals. These ordinances are intended to facilitate the free-flow of information that enables the market to respond to building energy performance, evidenced in a number of studies indicating higher occupancy and faster leasing of energy efficient buildings.

Much like “Miles per Gallon (MPG)” or “Nutritional Facts” labeling for vehicles and food products, these ordinances set in place the ability to compare and rate the performance of various commercial buildings, while driving awareness among building users, pointing to the benefits of energy efficiency improvements. Awareness of energy consumption has been shown to drive building-owners to pursue energy audits which lead to energy efficiency upgrades that result in cost savings, reduced emissions associated with energy production, while stimulating local job activity. Estimates for the potential energy cost savings of a benchmarking ordinance in Ann Arbor, prepared by the non-profit organization the Institute for Market Transformation (IMT), are between over \$2 million to nearly \$2.5 million, annually, or \$12.5 million cumulatively by 2030.

The details of a draft ordinance would be developed by the stakeholder group created as a subcommittee of the Energy Commission. Ordinances in place elsewhere typically employed a phased approach, often with municipal buildings as well as the largest private buildings (by square footage) complying in the initial year(s), and medium-sized and/or smaller buildings participating in later years, with an option to either include or exclude multi-family buildings. Initial examination of the commercial building inventory in Ann Arbor suggest that 60% (~300 buildings) of buildings in this sector are 50,000 square feet or more, and over 80% (~500 buildings) of commercial buildings are 15,000 square feet or more in size.

There are implications for staff time once an ordinance is in place, and to a lesser extent during the development stage. In order to help building owners comply with the ordinance the resolution also requests that the City Administrator develop a staffing plan to examine and account for work load impacts.

Supplemental to this resolution are attachments that further highlight the value and benefits of benchmarking and disclosure as a means of raising awareness, driving energy efficiency, and promoting economic growth.

Requested by: Energy Commission

Prepared by: Nathan Geisler, Systems Planning

Whereas, the City of Ann Arbor adopted a Climate Action Plan (CAP) on 12/17/12 (R-12-572) stating that immediate, impactful action is needed to mitigate emissions of greenhouse gasses (GHGs) and that 25 percent of community GHG emissions come from the Commercial Building sector;

Whereas, 80 percent of Ann Arbor buildings were constructed before 1976 and the Climate Action Plan states that the City must focus its efforts to reduce GHGs by implementing strategies that drive retrofits and improvements into older buildings;

Whereas, the Climate Action Plan further states that Citywide (excluding University of Michigan), Ann Arbor spends approximately \$140 million annually on natural gas and electricity and because most of Ann Arbor's energy is not generated locally, this expense represents money that leaves the community, and as such, basic energy efficiency investments could keep approximately ten percent of the community's energy expenditures (approximately \$14 million per year) circulating in the local economy;

Whereas, commercial building energy benchmarking and disclosure requirements have been passed in a number of major US cities including Minneapolis, New York, Seattle, San Francisco, and others, for the purpose of measuring and rating buildings by comparing them to a standard;

Whereas, the U.S. EPA maintains a free Web-based tool, Energy Star Portfolio Manager, which allows users to input basic building parameters to benchmark energy usage in a simple and timely manner;

Whereas, enacting a commercial building energy benchmarking and disclosure ordinance in the City of Ann Arbor will increase community awareness of the importance of building energy efficiency, drive improvements in community building energy performance, provide centralized community building energy performance rating information, help meet Climate Action Plan GHG reduction goals, and boost the local economy and job market;

Whereas, based on the experience of other cities, involving stakeholders, including energy consultants, impacted by the ordinance in the planning and drafting phase, has led to more effective ordinance development;

Whereas, services exist to assist building owners to make energy efficiency improvements, including Ann Arbor's Property Assessed Clean Energy (PACE) and the DDA Downtown Energy Savings Program, along with other state-level programs and utility incentives;

Whereas, benchmarking and disclosure ordinance compliance in other cities increased with dedicated staffing;

Whereas, the Energy Commission recommends that the to-be-developed ordinance be a phased approach with requirements based on building categories and sizes, as has happened in other municipalities, such as starting with all qualifying municipal buildings in the first six months, commercial buildings over 100,000 square feet in 12 to 18 months, multifamily and commercial buildings over 50,000 square feet in 24 to 36 months, and all commercial buildings over 10,000 square feet in 36 to 48 months, with a goal of having information for 80 percent of the commercial square feet in the City within five years of adoption;

RESOLVED, that City Council direct the Energy Commission and staff to convene a stakeholder work group, with the support of the City Attorney's office, as a subcommittee of the Energy Commission with a charge of drafting a commercial building energy benchmarking and disclosure ordinance;

RESOLVED, that City Council direct the City Administrator to develop a staffing plan for implementing a commercial building energy benchmarking and disclosure ordinance that ensures best practices around community outreach and buy in, compliance, access to energy data, and stakeholder outreach and trainings are achieved;

RESOLVED, that an energy benchmarking and disclosure ordinance be drafted by this working group, and that all necessary review and approval processes be followed with a target adoption date of January 1, 2015.

Sponsored by: John Hieftje, Mayor