

## **City Of Madison**

### **Benchmarking Collaboration Ad Hoc Committee**

1/12/15 Meeting Minutes – Draft

#### **Committee Present:**

- Susan Schmitz, Downtown Madison Inc. (DMI), Committee Chair
- Raj Shukla, Cool Choices and Sustainable Madison Committee representative, Committee Vice Chair
- Alder Matt Phair, District 20
- Chad Faber, Smart Growth Madison
- Manus McDevitt, Sustainable Engineering Group
- Zach Brandon, Greater Madison Chamber of Commerce
- John Sumi, MG&E
- Jeannette LeZaks, ECW
- Willa Schlecht, Sustain Dane
- Jeanne Hoffman, City of Madison

#### **Committee Not Present:**

- Alder David Ahrens, District 15

#### **Invited Participants Present:**

- Mike Slavish, Hovde Properties
- Cathy O'Donnell, Gialamas Company Inc. was invited but is represented tonight by Dennis Sandora and Aris Gialamas
- Matt Darga, Urban Land Interests

#### **Invited Participants Not Present:**

- Leon Wilkosz, Vanta Commercial Properties (not present but sent letter to committee as substitution – copy available within Legistar docket)

#### **Public Present:**

- Sherrie Gruder - University of Wisconsin Extension
- Warren Gaskill – Rapid Improvement Associates, LLC
- Gentleman Observer (?)
- Gillean Kitchen, Greater Madison Chamber of Commerce
- Steve Kismohr, Midwest Energy Efficiency Alliance
- Carole Schaeffer, Schaeffer Consulting, LLC and representing Downtown Madison Inc.,

## **DISCUSSION**

1. General
  - a. Reminder that one can find information in Legistar docket number 35501 (started in 2014)
  - b. Minutes – approved Nov and Dec (available in Legistar docket)
2. Schmitz explained today's format - the intent is to gain additional building owner perspective. She noted it shall be formatted as a discussion with the invited guests and not limiting their responses.
3. McDevitt, Schlecht, and Schmitz created a visual presentation to summarize the deliberations of the Committee to date. All three presented the material included.

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- a. Faber also contributed to the definition of benchmarking, explaining that each building will report a different energy use, when collected together as a city, a bell curve of yearly energy use volumes will be graphed. This potential initiative is not to judge where buildings lie on this curve or to require any improvements to be completed. It is simply to measure and report the current energy use.
- b. Schmitz noted the City of Columbus currently has a voluntary benchmarking initiative, and will move to mandatory disclosure ordinance if the 90% of all buildings greater than a 50K sqft threshold do not report at the end of this year.
- c. McDevitt explained that a number of cities in the U.S. have already established mandatory disclosure ordinances, as seen on a map in the presentation. Many begun as voluntary programs but moved to a mandatory disclosure ordinance to capture a much fuller picture of the building energy use of the city as a whole. Often the number of buildings included increased 4 to 16 times once a mandatory or an all-inclusive ordinance is passed.
- d. Schmitz noted the feedback the Committee received from cities that had passed these ordinances was very informative, mainly best practices and educational objectives, as to how Madison could proceed. She noted many city representatives highlighted the involvement of business groups during the process, especially calling out the presentation by Rebecca Baker at the City of Seattle.
- e. McDevitt clarified a question from the Brandon that incentives incorporated into the other ordinances were for energy improvement services and to assist building owners in completing energy saving upgrades – not to actually complete a yearly benchmark or baseline of energy use.
- f. Schlecht noted that mandatory reporting creates much more informative data (a greater scope of buildings) and allows a City to develop a targeted approach to assist buildings which have the highest potential for energy savings / those with the most need.
- g. Schmitz noted there are challenges to implementing a benchmarking program, including the disclosure process or how to assist Building Owners to add their data to ENERGY STAR Portfolio Manager in the most expedited and accurate way. She also noted the burden for collecting the base building information and the monthly utility energy use would be on the building owner.
- h. Schmitz presented possible resources to be available to building owners. The idea of transparency of data, or disclosure, brought up discussion amongst the group. Many requested further explanation of the logistics and how this would work – including energy data acquisition. Schmitz noted this should be included in any educational materials produced.
- i. Brandon asked what is to be gained from this initiative - how can both building owners and the City simultaneously gain from the effort? Hoffman noted the City needs the data to understand the progression towards the City's stated goals as outlined in the Sustainability Plan, while building owners gain additional information on how to better manage their building's energy use and control the comfort.
- j. 5:06pm Presentation over

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4. Schmitz invites all Committee Members, Invited Participants, and Public to introduce themselves.
5. Chamber of Commerce Reaction to Presentation
  - a. Brandon suggests the Chamber of Commerce is against the possibility of this ordinance and suggested business community might be as well, as they feel it paints them in a “bad light.” He said that by requiring them to submit this information, it suggests that that businesses look like they don’t care about environment, and now they are “forced” to care. Including a mandatory audit is based on mistrust; that businesses cannot be counted on to submit accurate information.
    - i. McDevitt noted that the inclusion of an energy audit has not been discussed by the Committee in the current version of this potential initiative.
    - ii. Alder Phair – we need to move forward beyond this ‘non-inclusion’ of businesses, this is why we invited our guests here tonight.
  - b. Brandon also suggested a public-private partnership or a voluntary program is a better method, thereby allowing those who would like to participate could.
    - i. All agreed that a full data set is important, but Schlecht pointed out that the presentation denoted a full data set hasn’t been able to be culled by any city as of yet, that voluntary programs obtain low or maybe half the possible compliance rates of a full data set.
  - c. Brandon is concerned about data privacy and data access. He suggests currently there is not a process for building owners to gather the necessary information. Madison has two power suppliers (MG&E and Alliant) making it difficult to gain information.
    - i. The Committee agreed that additional work with energy providers is necessary for the initiative to be successful. McDevitt suggested this will be a topic for future Committee meetings.
6. Mandatory versus Voluntary
  - a. Brendon - Previous ordinance didn’t have much input from businesses
  - b. Schlecht noted the studies presented to the Committee denote that mandatory more effective.
  - c. Faber - We all appreciate that mandatory gains more, effective data.
  - d. Schmitz - How can we work with business community to make more palatable?
7. Data Aggregation and Privacy
  - a. Faber - some business owners are not worried that aggregated data will be revealed
  - b. Brandon suggests City of Madison might be interested in shaming the building owners.
  - c. Darga suggests that the building owners are not scared, because what do they have to gain by saying we are bad building manager? It is common knowledge all know that different building uses have different energy uses. He suggests that with benchmarking, his business can show prospective tenants what the average energy use is of a potential building – possibly a selling point. He can also compare buildings across his portfolio.
  - d. Darga acknowledges that individual tenants can be problematic but typical is given access to the meter/information by their tenants.
  - e. Brandon suggested WI law that you cannot get energy use information from utilities.

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- f. Sandora noted the potential ordinance suggests that a private building owner should be doing this already, so why would city want information? Building owners are trying to make money – they are a for-profit enterprise. He noted concern about reporting and how data will be used in the future. Will the City call out owners in-efficient buildings as irresponsible building owners? What to do about old buildings who don't perform well?
  - i. Schmitz noted the Letter submitted to the Committee from Vanta suggests some comparison or differences between city and privately owned buildings should be made – to show if public buildings are poorer performers themselves.
  - ii. Shukla – the goal is to drive innovation and energy savings, and the City cannot do anything unless it is known what is currently happening.
  - iii. Wanda – the goal is to aggregate all building energy use to see how city is doing as whole.
  - iv. Slavish suggests this puts the obligation back on building owner to justify their energy use. He is concern about privacy and that this is an unfunded mandate. He suggests that everyone/all building owners have already taken advantage of Focus on Energy funding assistance.
- 8. Resource Development for Building Owners
  - a. McDevitt – resources should be developed to first to reach out to building owners and how to overcome these barriers.
    - i. One is access to data
      - 1. How to work directly with utility or example lease agreements
    - ii. Faber noted one city with a benchmarking ordinance suggested free energy audit for those worst performers – can this happen here?
    - iii. McDevitt noted Schneider Electric offered to do it for free for marketing in the City of Columbus
      - 1. Sumi suggested that's only for smaller market
      - 2. [Editor note: City of Columbus has a population of 800,000 whereas the City of Madison includes 240,000 people]
      - 3. LeZaks suggested to create phone bank/resource center, one stop shop to assist building owners.
      - 4. Hoffman noted the City has \$1M which it can devote towards these resources. She noted that Focus on Energy is also has possibility to leverage as a resource. Without understanding of how the City as a whole is performing, it is shot in dark as to whom are underperforming and/or whom to assist. The potential ordinance does not include any mandate on next steps or required energy savings to be achieved, but this ordinance could assist building owners as to how the next steps towards savings could be taken.
  - b. Brandon noted the Chamber tried out ENERGY STAR Portfolio Manager tool and suggested that the building energy data could be falsely inputted into the tool. He suggested (whether an audit or not audit is included) time/expense will be borne by building owners.

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- i. Shukla noted the Committee has not discussed the inclusion of energy auditing within the proposed initiative.
        - ii. Gaskill noted the next step to determining where to make adjustments to a building after benchmarking is typical an energy audit. He suggested this could be a measure the building owner could implement on their own with the data gathered.
9. Is Benchmarking data useful and can this helpful for Building Owners?
  - a. Darga asks if the City could direct information from utility to ESPM then it is helpful, great.
  - b. Sumi said no, this is all about privacy issue and suggests this state legislature and PSC would need to change the rules to allow data exchange. Currently residential information can be disclosed, but not commercial. Sumi suggests if it is not expressly permitted then it is a road block for this ordinance to continue.
  - c. Could energy use information of a competitor/competing business be harmful and is it possible to disaggregate the data to reverse engineer the information?
    - i. McDevitt suggests committee should look into this into the future
    - ii. McDevitt noted limiting the data which could be disclosed to the City allows for the City to gain the information they need while allowing building owners to use all the information to better manage their buildings.
    - iii. Sumi noted his concern about audit process and this ‘raw’ information can be protected.
      1. Hoffman noted the Committee has not discussed the inclusion of energy auditing within the proposed initiative.
    - iv. Brandon suggests their building got a 97 ENERGY STAR Score when they recently enter the data in Portfolio Manager and yet it has “the wind running through it.” Garbage in is garbage out for data.
  - d. Gaskill suggests benchmarking allows building owners to understand their building better - an “Ah ha revelation.” How a building is performing before energy measure has been completed.
    - i. Brandon asks how many buildings owners have reached this revelation already in Madison.
    - ii. Gruder searched the EPA website and found 5 buildings in Madison are ENERGY STAR Certified; with 386 buildings having accounts in ENERGY STAR Portfolio Manager (ESPM) within Madison (includes City and State Buildings). If the governmental buildings are removed, there might not be many privately owned buildings currently utilizing this tool.
    - iii. Hoffman denoted difference between loading information into ESPM (free) and gaining a Certification, not required by the ordinance, and auditing are all different. She noted that M&GE often assist building owners with energy auditing process. She mentioned that you don’t know where building lies until you benchmark.
    - iv. Brandon suggests then - most buildings don’t know where they lie. He suggests some sort of public private partnership could solve/educate this issue.

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- v. Hoffman suggests the City would like to assist those who are low performers. Education is the goal of this potential ordinance.
- vi. Brandon responded that more sophisticated building owners, those represented in room, understand how their buildings perform, but others probably don't.

10. City Goal of Reduction

- a. Shukla says without knowing how buildings perform we cannot tell where the City stands in meeting its goals.
- b. Slavish noted knowledgeable building owners are already doing all they can to produce energy savings and save their bottom line. Why wouldn't they already be doing this?
- c. Darga suggests there is a way to go around the State limits of energy data disclosure.
- d. Schlecht – tenant is actually paying utility bill, so without understanding they cannot see the savings or how they are doing
  - i. Slavish suggests different leases are structured different
- e. Schmitz – 50% savings for City is the noted goal – what would it take to achieve this? Would incentives be required to benchmark or take the next step towards energy savings?
  - i. Slavish agree that incentives certainly assist in energy savings measures. He suggests no need to incentive benchmarking.
  - ii. Alder Phair is having difficulty to understanding why we are talking about energy savings when this committee is about the first step, just the act of creating a baseline or benchmarking the energy use
  - iii. Darga denotes sending a letter to tenants to gain access to their data takes time
  - iv. LeZaks asks - could a one-stop shop for assistance in letter templates, data access issues, and benchmarking tool problem solving help?
  - v. Darga suggest no, we want to build a hands-on relationship with our tenants
    - 1. Maybe with others it would be ok
  - vi. McDevitt- for tenant data collection, some cities say do your best and then can add in default data to estimate
- f. Schmitz brings back 50% savings goal and we have to consider how to meet this
- g. Brandon asks with the inclusion of data protection and an education campaign, would building owners show interest?
  - i. Slavish suggests they are already doing their own benchmarking to manage building and bottom line.
  - ii. Sandora suggests data is now private and proprietary – it is protected.
- h. McDevitt and Sumi noted data would allow building energy saving programming to be designed better - to focus or customize better to the building owner to allow for the energy improvements to be made.
- i. Varying of building owner
  - i. McDevitt and Hoffman - Size varies and is often phased in via different sizes, with larger first and smaller come last. Different cities have different groupings of buildings.
  - ii. Sandora suggests other places are already replacing buildings and therefore achieving better energy performance already

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11. Question of other state/cities disclosure laws
  - a. Kismohr denotes varies per state and mainly per utility
  - b. City could need to insure privacy
  - c. Hoffman notes that city not interested in all data, or specific and very limited amount
  - d. LeZaks denoted verification in last version, we can work on limited public disclosure and disclosure to city
    - i. Hoffman denoted Seattle didn't have audit, but working closely with bldg owners thereby limiting data
    - ii. Sumi suggests data management has to be in someones hands, and it will be available somewhere (doesn't make sense)
    - iii. Sheri suggests cities like Seattle limit data disclosed in report
12. Alder Phair suggest benchmarking is to help building owners
  - a. Alder Phair asks about utility involvement and data access
    - i. Sumi refers to Edison Electric Institute for data access progress
    - ii. Darga says government is most difficult due to whom to contact on tenant side. ULI puts in standard lease now to get information. Do say we haven't done with publically traded companies. Said could use exemption to get around this.
  - b. McDevitt and Schmitz suggested Seattle is best example
  - c. Gialamas suggest he is worried that tenant will move due to this law
    - i. Brandon goes back to shamming businesses to do something
      1. Voluntary = public/private for Zack
      2. LeZaks denotes cities who have signed onto this, they are the ones who attract businesses, attract young people, best places to live. Does Madison want to do this?
      3. Brandon suggests it will push businesses out of town
      4. Hoffman suggests the phasing in of data disclosure could allow building owners to figure out how to produce savings
      5. Waskins can also pitch this as Madison will help business owners to savings
  - d. Hoffman asks what can be the carrot
    - i. Gialamas suggests giving incentive money is where it is at
    - ii. Sandora complains that if data / benchmarking is required, then that is a stick.
    - iii. Brandon suggests City should use \$1M to give money out to buildings greater than 25K sqft and require those who get money must report their energy use and savings
    - iv. Sandora and Brandon complains that energy savings haven't come from benchmarking programs (ed: even though cities haven't fully implemented these as of yet)
  - e. McDevitt circled back to denote the idea is to get the data so a targeted approach can happen. Since disclosure is what has been brought up today, this is what we need to work on

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- i. Brought up previous Madison program (M-Power) which only 80 have been involved. Gaskin noted as good program to expand since it has a full menu of support.
        - ii. Asks building owners for additional homework
          - 1. Request for examples by market class on how to make savings
          - 2. Want to see what other business/asset classes are doing
    - f. Summarize - Alder Phair mitigate the upfront / administrative costs in helping building owners (and city admin costs), disclosure on building type, and include educational programs.
      - i. Data verification (not auditing – are different things) OK
      - ii. Upfront training and making people feel comfortable on entering the data
    - g. Schmitz – Giving out “carrots” should be the approach
      - i. Can TIF be used for this? Maybe on individual bldgs or individual items.
      - ii. Slavish - Noted that area of TIF is pretty small
    - h. Schmitz asks building owners to speak to their colleagues on what happened here and find other carrots
      - i. Jeanne noted matching grant with FoE was popular but low interest loan has been less popular. Low interest, revolving loan is done by energy saved
- 13. Brandon asks about other aspects of the potential program (voluntary or mandatory ordinance)
  - a. Industrial out - yes
  - b. Multi-family is questionable
    - i. Some question on state requirements
    - ii. Sandora denotes some loans for multi-fam require disclosure now, (for affordability),
    - iii. Changed now that EPA ESPM has Multi-fam tool
    - iv. Strong words on
  - c. Of course some exception will occur (like AT&T) or need to be made/spelled out
  - d. Class A,B,C office + retail
  - e. Multi-use – suggest that Portfolio Manager will iron this out.
    - i. Kismohr suggests that some rules should be made on % of applicable buildings or % of total sqft applicable to the use type
- 14. Costs of completing benchmarking
  - a. A homework assignment for owners to comeback with to help understand
- 15. Adjourned 6:41pm