City of Madison

Meeting Minutes - Approved
ECONOMIC DEVELOPMENT COMMITTEE

Wednesday, January 15, 2014	**5:00 PM**	**215 Martin Luther King, Jr. Blvd.** **Room 260 (Madison Municipal Building)**

CALL TO ORDER / ROLL CALL

The meeting was called to order at 5:05 p.m. by Chairperson Boucher.

Present: 10 -

Peng Her; Mark Clear; Victoria S. Selkowe; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Matthew C. Younkle; Scott J. Resnick and John Strasser

Excused: 3 -

Julia Stone; Alfred L. Zimmerman and Sandra J. Torkildson

Note: Present were Joseph Boucher, Ed Clarke, Alder Mark Clear, Peng Her, Matt Younkle, Pat Schramm, Alder John Strasser, Vicky Selkowe @ 5:17, Mark Greene @ 5:22, Alder Scott Resnick @ 5:27, Ed Clarke left at 6:56 p.m.

Also present: Aaron Olver, Director of Economic Development Division; Jeanne Hoffman, Facilities and Sustainability Manager; Peggy Yessa, Economic Development Division; Alder David Ahrens

APPROVAL OF MINUTES

A motion was made by Clarke, seconded by Schramm, to Approve the Minutes of the December 18, 2013,meeting.

Ms. Selkowe asked that the Minutes be Amended so that her statement on page 7 be corrected to read: "Ms. Selkowe said the Alders serving on the EDC should have referred this at the Council meeting."

The motion passed by voice vote and the Minutes were approved as amended.

PUBLIC COMMENT

None at this time.

DISCLOSURES AND RECUSALS

None.

DISCUSSION ITEMS

1   **32255**   Creating Section 29.047 of the Madison General Ordinances to create an energy benchmarking requirements for certain types of buildings in the City of Madison and amending Sections 1.08(3)(a) and (4) to establish a bail deposit for violation of this requirement that is enforceable by the City Engineer.

A motion was made by Selkowe, seconded by Strasser, to Return to Lead with the Following Recommendation(s) to the SUSTAINABLE MADISON COMMITTEE.
Approve the ordinance with the following amendments:
1. Delete items 1.5: 6(a)(3) and 6(a)(4)
2. Change item (7) (a) from three (3) years to five (5) years before an audit is required.
3. Change item (11) to add capping the penalty for non-compliance at $1,000 per year.

The motion passed by the following vote:

Ayes: 5 -

Peng Her; Mark Clear; Victoria S. Selkowe; Patricia (Pat) A. Schramm and Scott J. Resnick

Noes: 4 -

Mark R. Greene; Joseph W. Boucher; Matthew C. Younkle and John Strasser

Excused: 4 -

Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson and Edward G. Clarke

Discussion:

Present: 7 -

Peng Her; Mark Clear; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Matthew C. Younkle and John Strasser

Excused: 6 -

Victoria S. Selkowe; Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson; Mark R. Greene and Scott J. Resnick

Chairperson Boucher called for public comment.

Registered speaker Charles K. McGinnis spoke in support of this ordinance. He said it would result in economic development.

Alder Clear asked if this ordinance would level the playing field and make buildings more competitive.

Mr. McGinnis said real estate is already competitive. This ordinance would standardize energy usage comparisons through the use of the EPA software.

Registered speaker Gary Molz spoke in opposition to this ordinance. He owns EZ Office Products.

Alder Strasser asked what is the size of his business, and noted this ordinance is a way to compare energy usage and the data has value to the broader community.

Mr. McGinnis said this approach is a stick not a carrot.Businesses are always looking to save money and already use Focus on Energy.

Ms. Selkowe arrived at 5:17 p.m.

Present: 8 -

Peng Her; Mark Clear; Victoria S. Selkowe; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Matthew C. Younkle and John Strasser

Excused: 5 -

Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson; Mark R. Greene and Scott J. Resnick

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Registered speaker Leon R. Wilkosz, representing T. Wall Properties, spoke in opposition to this ordinance.
His company has over 2.5 million square feet of office space. They are aware of their energy costs. The driving factor for conserving energy use is availability of capital. He asked not to add an additional burden on to the businesses.

Mr. Greene arrived at 5:22 p.m.

Present: 9 -

Peng Her; Mark Clear; Victoria S. Selkowe; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Matthew C. Younkle and John Strasser

Excused: 4 -

Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson and Scott J. Resnick

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Alder Strasser asked (Mr. Wilkosz) if he considers data usage as propriety information. Does he have an objection for the data to be public?

Mr. Wikosz said the utility companies can probably provide the data. The Real Estate industry has just come through a recession and have reduce staffing. Awareness by the public is great but what is the value? If voluntary it would probably be ok.

Alder Clear asked how his company tracks energy usage.

Mr. Wikosz said they track energy by the meters and looking at invoices. Some tenants have their own meters.

Registered speaker Manus McDevitt, spoke in support of this ordinance. His firm has ten engineers. Getting the data is hard to do.

Alder Resnick arrived at 5:27 p.m.

Present: 10 -

Peng Her; Mark Clear; Victoria S. Selkowe; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Edward G. Clarke; Matthew C. Younkle; Scott J. Resnick and John Strasser

Excused: 3 -

Julia Stone; Alfred L. Zimmerman and Sandra J. Torkildson

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Alder Strasser asked (Mr. McDevitt) how many of his customers think their energy usage is under control.

Mr. McDevitt said most say their energy usage is OK.

Registered speaker Susan Schmitz, representing Downtown Madison Incorporated (DMI), spoke in opposition to this ordinance. DMI works with its members. DMI members are already doing this. MGE already provides education on energy usage. DMI supports continued education without a focus on compliance. Everyone needs to educate and collaborate.

Registered speaker Gary Peterson spoke in opposition of the ordinance. The City has already adopted the Natural Step process. It is a bottom up process not a mandated process. Education is the answer.

Registered speaker Garrick Manie spoke in support of this ordinance. He is an architect and environmental advocate. This ordinance mimics LEED certification requirements. The software is free.

> Mr. Younkle said LEED certifications are online. Can the public see the data?
> Mr. Manie said the data is aggregated.

> Ms. Selkowe asked what if the businesses don't have staff.
> Mr. Manie said gas, water and electric is all measured by meters. Data can be shared.

Registered speaker Jeannette Lezaks supports this ordinance. She said benchmarking is positive and sees changes over time. Focus on Energy depends on this data.

Registered speaker Don Ferber representing the Four Lakes Group of the Sierra Club, spoke in support of the ordinance. He said we need comparisons to know and reduce the use of fossil fuels. This will get everyone on the same page.

Registered speaker Carole Schaeffer, representing Smart Growth Greater Madison, spoke in opposition to this ordinance. This group does not support this ordinance because of its mandatory, punitive nature. They welcome further dialogue, more incentives and education. They also support the TIF ordinance.

> Alder Strasser asked for recommendations to make this ordinance palatable?
> Ms. Schaeffer said they are willing to discuss and ask to be included.

Registered speaker Matthew Darga spoke in opposition to this ordinance. He is the portfolio manager at Urban Land Interests (ULI).He has used the EPA software for eight years and it is easy to use. ULI does not use it on all of their buildings. There is a problem with multiple meters and tenants having meters and control of their data.

> Mr. Clarke asked if ULI supports this ordinance.
> Mr. Dargo personally supports it and his company does not support it.

> Alder Strasser asked if the software supports monthly or once a year data entry and accounts for time of use?

> Mr. Darga answered the software does require 12 months of data and does not account for time of use data.

> Ms. Hoffman said data can be entered in the EPA software annually but it is

most benefical to enter data monthly.

Alder Resnick asked about verification by a certified engineer every 3 years and the costs for each building.
Mr. Dargo said they had to do a third party audit to receive Energy Star certification. He estimates it cost several thousands of dollars per building.

Alder Strasser asked if an audit would still be required if the data was input directly from MGE into the EPA software.

Mr. Greene asked when Mr. Dargo became a proponent of the Portfolio software.
Mr. Dargo replied when he saw the benefits of it.

Ms. Hoffman said professional engineers are already qualified to do energy audits. It is not the same as LEED certification.

Warren Gaskill registered in the support of the ordinance and did not speak.

Chairperson Boucher asked the utility company representatives to begin their presentation.

Robert Connor, Director of Commercial and Industrial Marketing at Madison Gas and Electric Company (MGE) noted most of the City of Madison is in MGE's service territory. MGE provides a wide range of services and programs for its customers. MGE has an online energy use program and offers a revolving loan fund.

Chairperson Boucher asked about meter access and data.
John Sumi, MGE, said customer data is confidential per Public Service Commission rules. This rule also applies to the Water Utility.

Chairperson Boucher questioned how the City can mandate data collection if it is confidential.

Mr. Clarke asked how many commercial buildings are multi-tenant and multi-metered.
Robert Crain, from Alliant Energy Company, said commercial buildings generally have individual meters to the tenants.

Alder Strasser asked if a one click data download is available.
Mr. Sumi said it is not. MGE's data system does not match Portfolio Manager software. It would be a significant expense to MGE to change its system to allow this to happen. MGE does not have building square footage data.

Alder Resnick reviewed the ordinance and said it requires tenants to provide their energy usage.

Alder Strasser asked for a cost estimate from MGE to convert its data.
Mr. Sumi does not know the cost. Customers can already access their data; it is just not set up to flow to the Portfolio Manager software.

Mr. Crain said Alliant Energy has the same IT challenges that MGE has. Alliant's client base in Madison is small.

Mr. Clarke asked if MGE has any interest in creating a voluntary database.
Mr. Connor said MGE has a benchmarking tool now, they are interested in a

voluntary program and welcome future discussions. They have 23 types of businesses to benchmark against when using their system. The office usage is the biggest dataset.

Mr. Greene asked what other utilities the size of MGE use for software.
    Mr. Sumi said no utility in Wisconsin uses Portfolio Manager software.

Mr. Sumi said We Energies is cooperating with Milwaukee. Milwaukee's Better Building Program is voluntary.

Mr. Crain said Seattle's program is successful because the utility is owned by the City of Seattle.

Mr. Sumi said Minneapolis is working on customer data access and is also facing confidentiality as an issue.

Alder Ahrens asked MGE about their system's database for benchmarking commercial properties.

    Mr. Sumi explained their database has benchmarking for 23 types of businesses. Office buildings is the largest category of data they have.

Alder Ahrens asked why the single-family usages are public information and the commercial usages are not.

    Mr. Connor replied that MGE has authorization by Public Service Commission rules #113 and # 135 to make the high, low and average single-family usage data available to the public.

Alder Clear asked if this proposed ordinance would violate PSC rules.

    Mr. Sumi said MGE needs customer consent to release the data to the City or to the property owner who is not the customer.

Sherri Gruder, UW Extension Sustainable Design Specialist, noted this ordinance exempts manufacturers.

Ms. Gruder began her presentation with answers to the EDC's questions from their prior meeting.

Mr. Clarke questioned the mandatory requirement of benchmarking. He said page 35 of the Sustainability Report does not say this.

    Ms. Gruder was Chairperson at the time the Sustainability Plan was written and said it is in the report.

The Chicago Utility Company automatically uploads its data. Currently in Madison there are 400 State, University or City owned buildings in the Portfolio database. The Concourse Hotel had an initial rating of 76 and now is rated at 86.

Ed Clarke left @ 6:56 pm. A quorum was still present.

Present: 9 -

Peng Her; Mark Clear; Victoria S. Selkowe; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Matthew C. Younkle; Scott J. Resnick and John Strasser

Excused: 4 -

Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson and Edward G. Clarke

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Alder Clear noted ULI does not support this ordinance and asked if American Family Insurance supports it.

Ms. Gruder does not know American Family's position on this ordinance.

Alder Strasser asked for the target number of buildings to be affected by this ordinance.

Ms. Gruder clarified that it is 1,500 buildings not 5, 500 buildings.

Registered speaker Delora Newton, representing the Greater Madison Chamber of Commerce (GMCC), spoke in opposition to this ordinance. She noted BOMA (Building Owners and Manufacturers Association) in Milwaukee opposes mandatory energy usage reporting. She distributed a chart of benchmarking ordinances in other cities.

Mr. Her asked why everyone does not report their energy usage and what the Greater Madison Chamber of Commerce does to help their members on energy usage.

Ms. Newton said businesses know what they pay for energy and it is insulting to businesses to say they do not know this. Businesses already conduct audits and hire consultants without this ordinance.

Ms. Selkowe asked about the companies that do support this proposed ordinance and if this were a voluntary initiative what would the GMCC do to encourage its members to participate.

Ms. Newton said the companies that support this proposal would all make money from its adoption. She noted that there is nothing in the ordinance that guarantees the companies would do energy upgrades. The GMCC would publicize the ordinance as it did the Clean Air Coalition, Empower program and the Madison Metro bus pass program. The Chamber is open to partnering.

Alder Strasser asked if she sees value in populating the database for other businesses to use. participate.

Ms. Newton said yes, if the data is compared apples to apples. Buildings often change use and would make this difficult. She gave the example of the GMCC building which is not big enough to be covered in this ordinance. She entered the energy usage data and it came up with a high score. She knows the building is not energy efficient and this score was ridiculous..

A motion was made by Ms. Selkowe, seconded by Alder Strasser, to recommend approval of this ordinance.

Chairperson Boucher asked for discussion.

Alder Strasser said his district borders on other municipalities who do not have an ordinance like this.

Mr. Younkle said the dataset of 1,500 buildings for Madison is small. It might be more important to benchmark on a larger area.

Alder Ahrens said the system allows for benchmarking by climate region and zone.

Mr. Her asked if it is legal for a landlord to put mandatory energy reporting in the lease.

Chairperson Boucher says the current leases probably do not have this.

Alder Resnick said there are possible solutions that could make this ordinance work. He has issues with:
1. The size of the buildings
2. How often an audit is required
3. The non-availability of the green button for automatic energy usage downloads
4. This ordinance does not have a fiscal note

Mr. Greene has issues with the stick versus the carrot approach. Madison is different than Boston or New York. He is not convinced that all options have been vetted.

Ms. Selkowe has no doubt that the Common Council will amend this ordinance. The sustainability ordinance for a green economy has already been passed. This is data collection and is not a burdensome requirement. Businesses of different sizes such as American Family and Willy Street Coop can make it work. This is an opportunity to attract young hip business to Madison-the Midwest leader in energy conservation. How cool is that to market Madison this way? She hopes the concerns will be addressed and the EDC will support it.

Mr. Greene said the issue is exposure to businesses that have not been educated and are not incentivized.

A motion was made by Alder Clear, seconded by Alder Resnick, to amend the original motion to add the following items:
1. Delete items 1.5: 6(a)(3) and 6(a)(4)
2. Change item (7) (a) from three (3) years to five (5) years before an audit is required.

Aye: Pat Schramm, Peng Her, Alder Clear, Alder Resnick, Alder Strasser, Mark Greene, Matt Younkle.
Nay: Ms. Selkowe, Chairperson Boucher

Excused: Al Zimmerman, Sandi Torkildson, Julia Stone, Ed Clarke.

The motion to amend the original motion was passed.

A motion was made by Mr. Younkle, seconded by Alder Resnick, to cap the penalty for non-compliance at $1,000 per year.

Aye: Pat Schramm, Peng Her, Alder Clear, Alder Resnick, Alder Strasser, Mark Greene, Matt Younkle, Chairperson Boucher
Nay: Ms. Selkowe
Excused: Al Zimmerman, Sandi Torkildson, Julia Stone, Ed Clarke.

The motion was passed.

Chairperson Boucher said his personal view is the need to explore education and to incentivize business to comply with this ordinance. He suggests a tax credit program to incentivize it. Also 50% of the buildings in Madison are government buildings and already participate in Portfolio Manager.

Ms. Schramm asked why we are not trying for voluntary compliance for a period of time.

Alder Resnick said other cities are doing this now. Madison is not setting the trend.

Ms. Schramm asked if other cities have a strategy to go after the high energy users.

Alder Resnick said a fiscal note is important.

Alder Ahrens said voluntary programs have a low level of compliance. The data is needed.

Mr. Greene asked if a business credit option has been looked at.

Mr. Her said he is undecided on his vote. He understands a mandate for safety issues. This ordinance does not make businesses save energy.

Alder Ahrens said the data is the nudge for this.

Mr. Younkle asked how important is it to publish the businesses energy data.

Alder Ahrens said the score is disclosed not the data.

Ms. Schramm said she is nervous that a fiscal note is missing.

A motion was made by Ms. Selkowe, seconded by Alder Strasser, to recommend approval of this ordinance with following amendments:
> **1. Delete items 1.5: 6(a)(3) and 6(a)(4)**
> **2. Change item (7) (a) from three (3) years to five (5) years before an audit is required.**
> **3. Change item (11) to add capping the penalty for non-compliance at $1,000 per year.**

Aye: Pat Schramm, Peng Her, Alder Clear, Alder Resnick, Vicky Selkowe.
Nay: Mark Greene, Joe Boucher, Matt Younkle, Alder Strasser.
Excused: Al Zimmerman, Sandi Torkildson, Julia Stone, Ed Clarke.

The motion was passed.

Vicky Selkowe left at 8:17 p.m. A quorum was still present.

Present: 8 -
> Peng Her; Mark Clear; Mark R. Greene; Joseph W. Boucher; Patricia (Pat) A. Schramm; Matthew C. Younkle; Scott J. Resnick and John Strasser

Excused: 5 -
> Victoria S. Selkowe; Julia Stone; Alfred L. Zimmerman; Sandra J. Torkildson and Edward G. Clarke

2   **29485**   Accepting the revised TIF Policy approved by the Economic Development Committee on February 20, 2013 for Common Council consideration and adoption.

A motion was made by Resnick, seconded by Schramm, to Return to Lead with the Following Recommendation(s) to the TIF POLICY REVIEW AD HOC COMMITTEE.
To recommend approval of this ordinance with the following amendment:
•   Change the text in TIF Loan Underwriting Policy, Section 1, subsection 14) a) to mirror the text in Section 1, subsection b) to allow corporate guaranty in both subsections.

The motion passed by voice vote.
Discussion:

The following people support the TIF ordinance but did not speak at this time:
- Carole Schaeffer, representing Smart Growth Greater Madison
- Susan Schmitz, representing Downtown Madison Inc

- Delora Newton, Greater Madison Chamber of Commerce
- Phil Salkin, Realtors Association of South Central Wisconsin
- Gary Peterson

Chairperson Boucher asked EDC members to stay until 8:45 to at least start discussion on this item.

Mr. Olver reviewed the matrix comparing the EDC's TIF Policy with the Common Council Ad Hoc Committee's TIF Policy. He explained the Ad Hoc Committee took the EDC goals section and went further on how staff should intercept these.

Alder Clear said most of the work the EDC did survived. He noted the Ad Hoc Committee spent even more time on this than the EDC subcommittee did. He is proud of the goals the EDC created. A staff report of an articulated analysis which replicate the Planning Staff reports will be required.

Chairperson Boucher asked for the Mayor's stand on these amendments.
Alder Clear does not know the Mayor's stance on this policy.

Mr. Younkle would like to discuss the guaranty section. He asked if the language in subsection 14)a and 14)b should be the same. That is to allow a corporate guaranty for the increment and the loan.

A motion was made by Alder Resnick, seconded by Ms. Schramm, to recommend approval of this policy.

A motion was made by Mr. Younkle, seconded by Ms. Schramm to amend the motion to change the text in TIF Loan Underwriting Policy, Section 1, subsection 14) a) to mirror the text in Section 1, subsection b) to allow corporate guaranty in both subsections.

The motion passed by voice vote.

A motion was made by Alder Resnick, seconded by Ms. Schramm, to recommend approval of this ordinance with the following amendment:

- **Change the text in TIF Loan Underwriting Policy, Section 1, subsection 14) a) to mirror the text in Section 1, subsection b) to allow corporate guaranty in both subsections.**

The motion passed by voice vote.

Items 3 through 7 were not discussed.

3   **31606**   **Neighborhood Plans**

4   **17637**   **EDC Chairperson's Report**

5   **21360**   **EDD Director Report**

Business Items

6   **27863**   **Upcoming Meetings**

7   27862   **Introduction of New Items from the Floor**

ADJOURNMENT

A motion was made by Her, seconded by Schramm, to Adjourn. The motion passed by voice vote, and the meeting Adjourned at 9:50 p.m.