



## Legislation Text

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**File #:** 75280, **Version:** 2

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### **Fiscal Note**

The proposed ordinance creates a building energy savings code and establishes a schedule for the issuance of citations. Requirements associated with this code will start in 2024. Future revenues from citations will be a General Fund revenue source.

### **Title**

**SUBSTITUTE:** Creating Section 29.40 and amending Section 1.08(3)(a) of the Madison General Ordinances to establish a building energy savings code, and to update the bond schedule accordingly.

### **Body**

**DRAFTER'S ANALYSIS:** This ordinance will create a building energy savings code for the City of Madison. Under this code, property owners of commercial buildings over 25,000 square feet will be required to benchmark their building's energy use on an annual basis and perform building tune-ups every four-years for commercial buildings over 50,000 square feet. This ordinance will be part of the property maintenance code and be administered by the Sustainability and Resilience Manager in the Mayor's Office, with enforcement actions to be undertaken by the Building Inspection Division.

The City of Madison is committed to reaching 100% renewable energy and net-zero carbon emissions for City operations by 2030 and community-wide by 2050. According to a 2015 greenhouse gas inventory, commercial buildings were responsible for 30% of community-wide greenhouse gas emissions. Improving energy efficiency in commercial buildings is a proven strategy for saving energy and reducing their carbon footprint. More than 40 other cities, counties, and states have established policies focused on improving energy efficiency in existing buildings. Cities that have enacted a benchmarking requirement include Minneapolis, Chicago, Ann Arbor, St. Louis, Boulder, New York, Boston, San Francisco, Seattle, Austin, Washington D.C., and Philadelphia. Cities including Salt Lake City, Seattle and Philadelphia have policies that require tune-ups. In addition, many states, including Wisconsin, have benchmarking requirements for state-owned buildings.

Benchmarking is a well-established practice of assessing and analyzing a building's annual energy use, thereby helping the building's owners understand current patterns of energy use, identify opportunities to save energy and reduce greenhouse gas emissions, and track changes over time. Once aware of the building's energy consumption and opportunities to improve efficiency, building owners may find that it is advantageous to make energy efficiency improvements to the building to reduce energy costs, reduce greenhouse gas emissions, increase occupant comfort and satisfaction, increase the value of the property, and make the building more sustainable and marketable. In addition, these changes made by private property owners will help the City meet its climate and energy goals. Research by U.S. EPA shows that buildings that benchmark their energy use see an average annual energy savings of 2.4% per year that accrues over time, resulting in an 8 to 10% total reduction in annual energy use.

To benchmark, property owners of covered buildings must enter their building's data into a designated free national benchmarking tool and submit this information to the City. Benchmarking requirements will be phased in over a three-year period beginning in 2024.

A building tune-up is a process wherein property owners have a qualified professional assess a building's existing energy systems, controls, and maintenance practices and perform no- to low-cost operational adjustments, maintenance, or minor repairs that improve system performance and save energy. Analysis by Pacific Northwest National Laboratory shows that buildings that tune up reduce their annual energy use by

12% on average, with some buildings' energy savings as high as 52%. Like benchmarking, building tune-ups can help building owners save money on utility bills while also helping the City meet its climate goals. Tune-up requirements will be phased in over a two-year period beginning in 2025.

Tenants shall be required to provide property owners with relevant information to allow them to benchmark their property and access to the leased areas to perform tune-up assessment and corrective actions. These requirements on tenants are not inconsistent with the statutory limitations in Wis. Stat. Sec. 66.0104(2)(d), since they neither require the landlord to communicate any information to tenants, nor do they require landlords to communicate to the City any information concerning the landlord or tenant.

Finally, the bond schedule is being amended to enable the Building Inspection Division to enforce this Section by the issuance of citations.

This substitute makes several changes following staff discussions with interested groups, policy makers, and input received at committee meetings. Additional information is being added to the findings to more clearly state the intent of building tune-ups, what that work is meant to consist of, and to specify that a tune-up workbook and guidance documents will be created as part of this program. Steps that the City will take to implement the program are also being outlined in the ordinance. Some of the definitions are being updated to account for clarity and feedback received, including expressly exempting life safety systems from the base building systems that require tune-ups and clearly stating that buildings used solely for manufacturing are not subject to the requirements.

Regarding the benchmarking requirements, the annual compliance deadline has been pushed back from March 31 to June 30, and an exemption application and review process, more closely tracking the tune-up exemption process, has been added to this subsection. Finally, buildings that are 50% or more vacant and not leased are now eligible for a benchmarking exemption, in line with the tune-up exemptions.

Regarding the tune-up requirements, the large building portfolio alternate scheduling option will now apply to owners with 5 or more covered buildings instead of 10 or more. The criteria for alternate compliance pathways has been updated based upon input from interested parties to incorporate additional criteria that are consistent with the intent of the ordinance. Acceptable qualifications for tune-up specialists have been updated likewise. Tune-up reports may now include tune-up activities that occurred within two years of the compliance date. Also, the extension language is being updated to clarify that an extension is available for buildings that are 50% or more vacant and unleased.

Lastly, the Substitute makes the ordinance's effective date January 1, 2024.

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**Please see Legistar File No. 75280 Substitute Body in Attachments.**