

## IMPACT STATEMENT

**Legislation title:** Require annual energy performance reporting for commercial buildings to promote reduction in local carbon emissions (Ordinance; add Code Chapter 17.104)

**Contact name:** Alisa Kane, Green Building Manager

**Contact phone:** 503-823-7082

**Presenter name:** Susan Anderson, Director, Bureau of Planning and Sustainability  
Michael Armstrong, Sustainability Programs Senior Manager, Bureau of Planning and Sustainability  
Alisa Kane, Green Building Manager, Bureau of Planning and Sustainability

**Purpose of proposed legislation and background information:**

Portland's 2009 Climate Action Plan includes an objective to reduce the total energy use of all buildings built before 2010 by 25% by 2030. To advance this goal, the Bureau of Planning and Sustainability (BPS) is proposing to add a new chapter to Title 17 of the City Code, Public Improvements.

The ordinance proposes an Energy Performance Reporting Policy (Policy) that requires owners of commercial buildings over 20,000 square feet to:

1. Track energy use with the US Environmental Protection Agency's ENERGY STAR Portfolio Manager (a free web-based software tool that calculates a 1 to 100 performance score comparable to other buildings with similar characteristics).
2. Calculate an ENERGY STAR Score, greenhouse gas emission and energy usage per square foot with Portfolio Manager.
3. Report this information to BPS annually.

The requirement will phase in, with buildings over 50,000 square feet reporting in 2016 and buildings between 20,000 to 50,000 square feet reporting in 2017. In addition, scores will not be posted publicly for the first year of reporting, though the information will be aggregated and shared as community-wide energy use trends. Thereafter, BPS will make individual building energy performance information transparent in addition to sharing community-wide trends. BPS will recognize high performers through events and marketing, as well as assess the data for community-wide energy usage trends.

The policy is expected to lead to energy use reductions in commercial buildings of about 2% per year, based on US Environmental Protection Agency analysis and the experience of other cities that have already adopted similar policies. Reducing energy use in buildings has many benefits, from lower operating costs to improving occupant comfort. This policy:

- Gives prospective buyers and tenants information to make informed decisions (just like a nutritional label or miles per gallon sticker on a car).
- Helps building operators track energy use and identify options to improve efficiency and save money.
- Provides market recognition for the most efficient buildings.

Policies with a similar requirements have a proven track record in other jurisdictions. The states of California and Washington and 11 cities – including Philadelphia, Boston, Chicago, San Francisco and Minneapolis – require building owners and managers to track energy use and disclose performance information to potential buyers, tenants and the public. Washington DC, now in its third year of implementation, has shown a three percent reduction in energy use every year the policy has been in effect.

**Financial and budgetary impacts:**

The financial impact of this policy is minimal for the City of Portland. BPS and Facilities already collaborate to benchmark the larger City facilities that are covered by the policy, and BPS is working with other bureaus to ensure that all facilities larger than 20,000 square feet are tracking energy use as required by the policy. BPS expects implementation to require one full time staff person and will reassign the duties of an existing staff position that already works to promote energy efficiency in commercial buildings. BPS will also leverage technical assistance provided by organizations including, but not limited, to Energy Trust of Oregon, Northwest Energy Efficiency Alliance, New Buildings Institute, Institute of Real Estate Management and the US Environmental Protection Agency.

**Community impacts and community involvement:**

The policy will apply to owners of commercial buildings over 20,000 square feet for which the primary use is office, retail, recreational, hotels, grocery stores, medical services and higher education. The policy does not include properties that are predominantly used for housing (single or multifamily), parking, worship, industrial processes, warehousing or K-12 education.

Portland has approximately 5,000 commercial buildings, but only 1,000 will be covered by this policy while capturing 80 percent of the total square footage. BPS' analysis finds that about 40 property management firms are responsible for nearly half of this square footage, greatly limiting the impact on small businesses and companies. From a geographic perspective, 55 percent of these buildings are also located in the Central City and usually have a staff person overseeing building operations and maintenance. For smaller buildings or buildings in low-income or transitioning neighborhoods, BPS will partner with allied organizations to provide additional outreach and technical assistance.

The financial impact of this policy on building owners is expected to be modest. The use of ENERGY STAR Portfolio Manager is free. Based on information provided by energy service professionals and the City's own experience entering information for The Portland Building and City Hall, it should take a building owner or designated staff four to forty hours a year to comply with the policy in its first year (depending on the building's complexity and familiarity with the program). In subsequent years, the time needed to comply is expected to decrease.

BPS conducted public outreach to solicit comments and feedback in a variety of ways. To alert potentially affected building owners, BPS mailed over 700 letters to contacts listed in Multnomah Counties' property tax database, sent two separate emails to 750 contacts and ran a story in BPS' e-news that is sent to more than 7,600 subscribers. BPS also hosted two information sessions, with over 92 people attending. Finally, BPS staff presented the policy proposal to 12 membership organizations, including Portland Business Alliance, NAIOP,

Venture Portland, Development Review Advisory Committee, Building Owners and Managers Association and American Institute of Architects Committee on the Environment.

During a six-week long public comment period, BPS received 37 comments total (32 through an on-line form and 5 written letters). To summarize, the comments included:

- 24 in support (Clean Edge, AIA, Northwest Energy Efficiency Council, Climate Solutions, Opsis, BOORA, SERA, RDH Consulting, Aetna Brokerage, Port of Portland, American Institute of Architects, Earth Advantage, National Association of Electrical Manufacturers)
- 7 neutral to cautiously supportive (PGE, Institute of Real Estate Management)
- 6 opposed (Cascade Policy Institute, Building Owners and Managers Association, NAIOP, Portland Business Alliance, The Standard, Reed College)

Significant concerns and responses are outlined in the table below.

Concerns	Change to proposed policy in response
1) Campuses (OHSU, Lewis & Clark): not all buildings are metered, are willing to report but would like to do so campus-wide	<ul style="list-style-type: none"> <li>• Included a specific provision for educational and medical campuses on shared utility systems to allow reporting on a campus-wide basis.</li> </ul>
2) Tenant bills: Owner doesn't always have access to energy data if tenant pays the bill.	<ul style="list-style-type: none"> <li>• Included a requirement that tenants provide the owners with their energy data.</li> <li>• Continue to work with utilities to provide whole-building data to building owners whenever possible (utilities will typically do so when a building includes 5 or more tenants who pay their own energy bills)</li> </ul>
3) Energy Star isn't perfect.	<ul style="list-style-type: none"> <li>• None. Energy Star isn't perfect, but it is the industry standard and allows for comparison of energy performance between most buildings. Over 400,000 buildings use it nationally to track energy.</li> </ul>
4) Cover more buildings (BOMA, RDH Consulting): Suggest including multifamily, warehouses, industrial.	<ul style="list-style-type: none"> <li>• Consider extending the policy to additional buildings as a next phase.</li> </ul>
5) Public Disclosure (PBA, BOMA, NAIOP): Willing to benchmark, but don't want scores to be made public.	<ul style="list-style-type: none"> <li>• BPS will not publish information about individual buildings for the first year of reporting to give owners an extra year to improve their scores. However, policies that make this information public result in better than average energy savings, according to reports from Washington DC and New York City.</li> </ul>

BPS expects several groups to testify in favor and in opposition to the proposal. Council will hear support from several property owners and managers, energy service providers, and large institutions. Testimony in opposition will most likely be provided by the Building Owners and Managers Association, NAIOP and property owners/managers who disagree with the public disclosure requirement or the concept of government mandates.

### Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount