



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: January 23, 2018

Approved

Date

1/23/18

INFORMATION

SUBJECT: COMMUNITY ENGAGEMENT FOR THE CITY ENERGY PROJECT GRANT

BACKGROUND

The City Energy Project (CEP) is a joint-initiative grant program of the Institute for Market Transformation (IMT) and the Natural Resources Defense Council (NRDC). Cities chosen to participate in the CEP are funded up to \$200,000 over the two-year grant period, and provide matching funds to develop and implement energy efficiency programs primarily geared toward the large commercial building sector, with a strong emphasis on stakeholder engagement and building partnerships. The City of San José has committed approximately \$140,000 in matching funds, provided by the Silicon Valley Energy Watch, Pacific Gas and Electric's local government partnership program, which serves Santa Clara County with energy efficiency resource programs.

Environmental Services Department (ESD) staff led San José's application during the 2016 grant cycle, coordinating the proposal with staff in the Office of Economic Development (OED), Planning, Building, and Code Enforcement Department (PBCE), Public Works Department, Housing Department, and the Mayor's Office. San José also received letters of support from nine stakeholders and potential partners including Prospect Silicon Valley, Silicon Valley Leadership Group, New Buildings Institute, and Joint Venture Silicon Valley.

San José was the only California city selected to receive a CEP grant in 2016; other awardees in 2016 include New Orleans, Pittsburgh and St. Louis and six others, while a 2014 cohort included cities such as Boston, Chicago, and Los Angeles.

As a CEP grantee, the City of San José has committed to pursue, to the best of its ability, the implementation of the grant over the two-year (January 1, 2017 – December 31, 2018) grant period.

CURRENT STATUS

CEP activities support current City energy policies and goals, and will provide strategic information on energy use in the built environment in San José. Based on data from other cities (Chicago, District of Columbia, New York City, San Francisco, and Seattle), CEP initiatives could potentially result in energy savings of roughly 8% city-wide, and will provide valuable data for energy conservation and renewable energy strategies that are expected to be incorporated into the forthcoming Climate Smart San José Plan, which has a focus of reducing greenhouse gas emissions in the community.

Councilmembers should be aware that public outreach activities on most of the grant initiatives will begin in 2018, and that additional information on the CEP program can be found at:

<http://www.sanjoseca.gov/index.aspx?NID=5475>.

To date, ESD staff has spent the first-year of the grant planning, researching, and positioning the City on the CEP initiatives below, in coordination with the OED, PBCE Department, Public Works Department, Housing Department, and the Mayor's Office. Their current status is as follows:

- **Benchmarking & Energy Audits Ordinance Evaluation**

Benchmarking is the practice of measuring and tracking building energy or water use over time, typically in efforts to more effectively manage usage and identify savings opportunities (building re-tuning, upgrades, behavior change, etc.). As other CEP cities have, ESD is evaluating a potential commercial buildings energy and water benchmarking and transparency ordinance, which would decrease community-wide energy use and improve the quality of local building stock. In these efforts, staff will be undertaking an extensive stakeholder engagement process, hosting a series of public meetings from approximately February through June 2018. ESD will be recruiting a dedicated task force representing the building community and sustainability advocates of San José, to collect feedback and to inform next steps towards the potential policy. This engagement will be facilitated by Global Green, an organization with extensive experience in this field that most recently worked with the City of Los Angeles to develop its energy and water benchmarking and transparency ordinance. The State of California recently passed AB 802, which sets the benchmarking threshold at 50,000 square feet and up. To be impactful, the City of San José will want to consider an ordinance with a lower threshold, 20,000 square feet, for example, thereby covering more buildings and leading to larger energy and water savings. The threshold, along with all other considerations, will be evaluated during the stakeholder engagement process. For a summary of other cities' energy and water benchmarking ordinances, please see the attachment.

- **Mayor's Benchmarking Challenge**

During the stakeholder engagement process for the above ordinance, ESD and the Mayor's Office will spearhead a Mayor's Benchmarking Challenge, which will challenge building owners to benchmark and publish their energy and water usage data. This challenge is intended to gamify and garner support for benchmarking as a best practice, recognize local benchmarking "leaders" who participate, and demonstrate feasibility of the ordinance. The details of this challenge will be developed during the stakeholder engagement mentioned above.

- **Green Leasing**

Green leasing is the practice of including specific language within commercial building leases, which reduce the barriers to building sustainability for both parties (e.g. split incentives between tenants and landlords over who makes energy efficiency improvements). Staff research on this topic is ongoing, and development of an educational resource will be informed by the stakeholder engagement mentioned above.

- **Energy Code Compliance Assessment**

ESD is partnering with PBCE to conduct this assessment in January 2018 using Cadmus, a consultant specializing in energy and building codes.

- **Zero Net Energy (ZNE)**

Several trainings on topics such as energy code compliance, ZNE for new construction, benchmarking tools, and selling green homes for realtors have been scheduled or are in development. ESD is also evaluating potential ZNE building demonstration concepts and a ZNE building permitting pilot. These initiatives are intended to provide education on and increased facilitation of sustainable building practices. They will be vetted as part of the stakeholder engagement mentioned above or through other public venues.

- **Multifamily Retrofit Focus Group and Resource Development**

Staff has partnered with Sustainable Silicon Valley to conduct separate stakeholder outreach and engagement meetings with program providers and landlords to understand current energy upgrade program offerings, identify barriers and gaps in programming, and identify successes. A third and final meeting at the end of November 2017 presented a summary of findings to all participants, and discussed piloting new resources to address challenges and increase uptake of existing or new programs.

HONORABLE MAYOR AND CITY COUNCIL

January 23, 2018

Subject: Community Engagement for the City Energy Project Grant

Page 4

- **Commercial Energy-Efficiency Financing Program**

Staff research is ongoing with a final report due in early 2018, which will present findings and make recommended next steps to increase awareness of existing incentives or finance options for building energy efficiency improvements.

/s/

KERRIE ROMANOW

Director, Environmental Services

For questions, please contact Ken Davies, Sustainability and Compliance Manager, at (408) 975 2587.

Attachment: Comparison of U.S. Commercial Building Energy Benchmarking and Transparency Policies

ATTACHMENT



Comparison of U.S. Commercial Building Energy Benchmarking and Transparency Policies

Legislation	Public Data Available	Policy Impact			Buildings Included	Policy Schedule		Compliance		Additional Elements	
Jurisdiction	Released	Number of Bldgs	Square Footage	Energy Savings	Types & Sizes	Reporting to Gov't	Transparency	By # of Buildings	By % of Sq. Ft.	Water Tracking	Other Requirements
Atlanta	-	2,900	402 million	-	Comm & MF ≥ 50K Comm & MF ≥ 25K	Aug 1, 2015 Jun 1, 2017	(if Energy Star >55) Jan 2017 Sept 2017	-	-	✓	Audits every 10 years
Austin	-	2,800	113 million	-	Comm ≥ 10K MF ≥ 5 units	Jun 1, Annual	Time of transaction	-	-	-	Audits & mandatory upgrades for high energy use MF buildings
Berkeley	-	257	13.7 million	-	Comm & MF ≥ 50K Comm & MF ≥ 25K	July 1, 2018 July 1, 2019	TBD TBD	-	-	✓	Periodic/time of sale energy reports for all buildings (timing based on size)
Boston	Yes	1,600	250 million	-	Comm ≥ 50K MF ≥ 50K/50 units Comm ≥ 35K MF ≥ 35K/35 units	Sep 15, 2014 May 15, 2015 May 15, 2016 May 15, 2017	Oct 1, 2015 Oct 1, 2015 Oct 1, 2016 Oct 1, 2017	-	84% (2014)	✓	Periodic energy assessments and/or actions
Boulder	-	475	26 million	-	Comm ≥ 50K New Comm ≥ 10K Comm ≥ 30K Comm ≥ 20K	Aug 1, 2016 Aug 1, 2016 Jun 1, 2018 Jun 1, 2020	>Jun 1, 2019 >Jun 1, 2019 >Jun 1, 2021 >Jun 1, 2023	100% (2016)	100% (2016)	-	Lighting upgrade; audits & RCx every 10 yrs (must invest in RCx measures w/ ≤2yr payback)
Cambridge	Yes	1,100	78 million	-	Comm ≥ 50K MF ≥ 50 units Comm ≥ 25K	May 1, 2015 May 1, 2015 May 1, 2016	Sept 1, 2016 Sept 1, 2016 Sept 1, 2017	95% (2015)	93.5% (2014)	✓	-
Chicago	Yes	3,500	900 million	10% (2010-15)	Comm ≥ 250K MF ≥ 250K Comm ≥ 50K MF ≥ 50K	Jun 1, 2014 Jun 1, 2015 Jun 1, 2015 Jun 1, 2016	December 2015 Jun 1, 2016 Jun 1, 2016 Jun 1, 2017	84% (2014)	92% (2014)	-	Data verification by licensed professional 1 st year & every 3 years
Denver	-	3,000	360 million	-	Comm & MF ≥ 50K Comm & MF ≥ 25K	Jun 1, 2017 Jun 1, 2018	TBD	-	-	-	-
District of Columbia	Yes	2,000	357 million	9% (2010-13)	Comm ≥ 50K MF ≥ 50K	Apr 1, Annual	Annually >Apr 1	83% (2013)	-	✓	-
Evanston, IL	-	557	45.6 million	-	Comm & MF ≥ 100K Comm & MF ≥ 50K Comm & MF ≥ 20K	Jun 30, 2017 Jun 30, 2018 Jun 30, 2019	TBD	-	-	✓	Data verification by a certified professional 1 st year and every 3 years

Cities/Countries	Evanston, IL	-	557	45.6 million	-	Comm & MF ≥100K Comm & MF ≥ 50K Comm & MF ≥ 20K	Jun 30, 2017 Jun 30, 2018 Jun 30, 2019	TBD	-	-	✓	Data verification by a certified professional 1 st year and every 3 years
	Kansas City	-	~1,500	~400 million	-	Comm & MF ≥100K Comm & MF ≥ 50K	May 1, 2017 May 1, 2018	Sept 1, 2018 Sept 1, 2019	-	-	✓	-
	Los Angeles	-	14,000	900 million	-	Comm & MF ≥100K Comm & MF ≥ 50K Comm & MF ≥ 20K	Jul 1, 2017 Apr 1, 2018 Apr 1, 2019	TBD	-	-	✓	ASHRAE level II audit and RCx every 5 years
	Minneapolis	Yes	625	110 million	-	Comm ≥100K Comm ≥ 50K	Jun 1, Annual	Aug 31, Annual	87% (2013)	-	✓	-
	Montgomery Co., MD + Rockville, MD	-	~1,000	~110 million	-	Comm ≥ 250K Comm ≥ 50K	June 1, 2016 June 1, 2017	Oct 2017 Oct 2018	~75% (2015)	-	-	Data verification by licensed professional 1 st year & every 3 years
	New York City	Yes	33,417	2.8 billion	6-14% (2010-14)	Comm & MF ≥ 50K Comm & MF ≥ 25K	May 1, Annual May 1, 2018	Annually on Sept 1 Anticipated >2018	84% (2012)	84% (2012)	✓	Audits & RCx (LL 87), lighting upgrades & submetering (LL 88)
	Orlando	-	826	125.6 million	-	Comm & MF ≥ 50K	May 1, 2018	Sep 1, 2019	-	-	-	Energy audit or RCx every five years if ENERGY STAR <50. Benchmarking by qualified benchmarker
	Philadelphia	Yes	2,900	390 million	-	Comm ≥ 50K MF ≥ 50K	Jun 30, Annual Jun 30, 2016	Annually >Jun 30 >Jun 30, 2017	91% (2014)	91% (2014)	✓	-
	Pittsburgh	-	861	164 million	-	Comm ≥ 50K	June 1, 2018	Annually >Jun 1	-	-	✓	-
	Portland, ME	-	284	-	-	Comm ≥ 20K MF ≥ 50 units	May 1, 2018	Sept 1, 2019	-	-	✓	-
	Portland, OR	-	1,024	87 million	-	Comm ≥ 50K Comm ≥ 20K	Apr 22, 2016 Apr 22, 2017	Oct 1, 2017 Oct 1, 2018	-	82% (2015)	-	-
	Salt Lake City	-	1,440	140 million	-	Comm ≥ 50K Comm ≥ 25K	May 1, 2019 May 1, 2020	(if Energy Star >50 Sep 1, 2019 Sep 1, 2020	-	-	✓	Tune-up evaluations every 5 years if ENERGY STAR < 50.
	San Francisco	Yes	2,312	203 million	7.9% (2010-14)	Comm ≥ 10K	Apr 1, Annual	Annually >Apr 1	-	82% (2013)	-	ASHRAE level I/II audits or RCx every 5 years
	Seattle	Yes	3,250	281 million	2.7% (2014-15)	Comm & MF ≥ 20K	Apr 1, Annual	Annually <Dec 31	99.2% (2013)	99.4% (2013)	-	Tune-ups every 5 years for Comm ≥50K
	South Portland, ME	-	-	-	-	Comm ≥ 5K MF ≥ 10 units	May 1, 2018 May 1, 2018	TBD	-	-	✓	Verification every 5 years by professional engineer
St. Louis	-	900	143 million	-	Comm & MF ≥ 50K	Apr 1, 2018	Aug 1, 2018	-	-	✓	-	
States	California	-	20,573	2.4 billion	-	Comm & MF ≥ 50K	TBD	TBD	-	-	-	Mandatory upgrades TBD under AB 758
	Washington State	-	4,600	247 million	-	Comm ≥ 10K	None	Time of transaction	-	-	-	Audits for public buildings with low ratings