

DATE: June 13th, 2024

PROPOSAL: Milwaukee Efficient Buildings Benchmarking Program

ORDINANCE #: 179632

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Introduction

The City of Milwaukee Common Council adopted the City of Milwaukee [Climate and Equity Plan](#) on June 20th, 2024, with goals to reduce greenhouse gas (GHG) emissions 45% by 2030 and achieve net-zero GHG emissions by 2050, while creating good-paying green jobs, with recruitment focused in communities of color. Adoption of the Climate and Equity Plan was the culmination of nearly four years of research, analysis and community engagement by the City-County Task Force on Climate and Economic Equity. The Climate and Equity Plan was adopted with near unanimous support from the Milwaukee Common Council.

The joint Task Force was created with the recognition that taking actions to fight climate change in Milwaukee can and should simultaneously fight economic and racial inequity in Milwaukee, as the required transitions of our energy and transportation systems, and our buildings, will require a significant increase in workers in green jobs to enable these transitions. Such green jobs include electricians, building energy efficiency technicians, workers who can install and maintain electric vehicle charging infrastructure, arborists, and the list goes on and on. In addition, the impacts of climate change, like flooding and extreme heat, already impact residents in the most underserved neighborhoods. Accordingly, fighting climate change is critical to mitigate those impacts, and the Climate and Equity Plan also includes a number of recommendations to help community members adapt to the climate change impacts Milwaukee is already experiencing. Moreover, actions to reduce GHG emissions, will have multiple additional benefits, including improved air quality with more electric vehicles on roads, improved comfort and reduced utility bills for tenants when their buildings are made more energy efficient, more trees and green space, etc.

The Climate and Equity Plan was organized into [10 Big Ideas](#) for reducing GHG emissions from various sectors, as well as to adapt to climate change impacts and better connect residents with available programs and resources. As commercial buildings generate 25.5% of community-wide GHG emissions in the City of Milwaukee, one of the Big Ideas was focused on reducing emissions from those buildings by adopting a benchmarking ordinance and, eventually, building performance standards or other policies to require GHG emissions reductions from buildings. The City of Milwaukee is a member of the [National Building Performance Standards \(BPS\) Coalition](#), and we have been receiving support from this White House initiative as we have developed the benchmarking ordinance. This memo focuses on the first step of adopting a benchmarking ordinance which would require large commercial and multifamily buildings, as well as City-owned and other government buildings, to track and report their energy use once a year.

Simply through benchmarking, buildings generally reduce their energy use 2.4% per year for the first 3

years, while also saving hundreds to thousands of dollars per year on energy costs. More than 50 other cities, counties, and states have adopted benchmarking policies, including 16 in the Midwest. Visit the [Institute for Market Transformation](#) for additional information and a [map](#) summarizing adoption of these policies across the U.S.

Purpose

The purpose of the Milwaukee Efficient Buildings Benchmarking Program, or the benchmarking ordinance, is for building owners to better track and understand their buildings' energy use – both over time, and as it compares to the energy usage in other similar buildings across the U.S. Having this knowledge and awareness encourages building owners to improve the energy efficiency of their buildings. Moreover, having this information available to members of the public allows for the market to encourage energy efficiency, as tenants will tend to lease buildings with better energy performance, thus making tenant energy bills lower. In addition, the information this benchmarking ordinance will provide will allow ECO to better understand the buildings that could use more assistance with energy efficiency, and will allow us to develop targets for energy use in different types of buildings across the City of Milwaukee in the future.

Energy benchmarking is simply measuring and tracking annual energy use. The information that benchmarking provides helps building owners and managers make more informed decisions about building operations and actions to save energy and money. [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 at least a 7.2% total reduction in annual energy use. This energy savings is equivalent to cumulative cost savings of \$120,000 in a 500,000 square foot building. Benchmarking helps building owners and tenants save energy, reduce utility bills, provide a more comfortable space, and reduce carbon and air pollution that negatively impacts public health and safety.

Requirements and Implementation

Benchmarking: All commercial buildings 50,000 square feet and larger, as well as many government buildings 10,000 square feet and larger, will be required to benchmark annual energy use via ENERGY STAR Portfolio Manager, a free online tool provided by the U.S. Environmental Protection Agency (EPA), and provide a benchmarking report to the City, which can be automatically shared through the ENERGY STAR Portfolio Manager tool. **Benchmarking for these two types of buildings will be required by June 30th, 2025.** All multifamily buildings 50,000 square feet and larger will also be required to benchmark annual energy use via ENERGY STAR Portfolio Manager and provide a benchmarking report to the City. **The benchmarking requirement will begin for large multifamily buildings June 30th, 2026,** to allow more time for We Energies to put energy data sharing tools in place to make benchmarking easier, especially for multifamily buildings.

This ordinance will be part of the commercial building code and be administered by the Environmental Collaboration Office (ECO) in the Department of Administration, with enforcement actions to be undertaken by the Department of Neighborhood Services.

Commercial Buildings Help Desk and Resource Center

In addition to the services We Energies offers to customers free of charge to help them get started with benchmarking in the ENERGY STAR Portfolio Manager tool, ECO will also create and a Commercial Buildings Help Desk and Resource Center, with first year funding proposed through the City's Energy Efficiency Conservation Block Grant (CCFN #231839). As many cities and other jurisdictions already have benchmarking ordinances in place, there are a variety of consultants with specific software tools developed to run these Help Desks. The Help Desk will provide a variety of services, including training webinars and videos for building owners to learn about how to start benchmarking their buildings, talking directly with building owners regarding their compliance questions, sending automatic reminder emails to building owners, and reviewing benchmarking reports submitted by building owners. Moreover, through the Help Desk and Resource Center, the City of Milwaukee will provide building owners with customized reports that include a summary of whole-building energy use, information on how their building compares to others in Milwaukee, and information on resources building owners can access to improve energy performance, including rebates, incentives, and financing from across local, state, and federal sources.

ECO will issue a Request for Proposals for a consultant to operate the City of Milwaukee Commercial Buildings Help Desk and Resource Center in quarter 3 of 2024, so that the Help Desk and Resource Center can be operational in quarter 1 of 2025, providing enough time to assist building owners with benchmarking prior to the first compliance date of June 30th, 2025.

Ordinance and Program Development

Development of the Milwaukee Efficient Buildings Benchmarking Program and this ordinance are informed by five years of outreach and engagement with community members and stakeholders in the City of Milwaukee. The recommendation was developed in part by community members in the Green Buildings Work Group, which met once to twice a month throughout 2021. The entire Climate and Equity Plan was then shared with community stakeholders through at least a ten community meetings that took place from late 2022 to early 2023, prior to adoption of the Climate and Equity Plan by the City of Milwaukee Common Council in June 2023.

Since Spring 2022, City staff have engaged directly with more than 70 individuals from dozens of organizations, property management companies, and businesses engaged in energy efficiency. Below is a list of the meetings specifically about this benchmarking ordinance:

- Presentation to the Wisconsin Energy Efficiency Expo, hosted by the Wisconsin Association of Energy Engineers (WAE) on October 19, 2022 regarding the City of Milwaukee's plans to adopt a benchmarking ordinance and eventual building performance standards, as recommended in the City's Climate and Equity Plan (which was still in a draft version at that point).
- Virtual Presentation about Milwaukee's plans to adopt a benchmarking ordinance and building performance standards during Midwest Energy Efficiency Alliance Codes Conference on November 10th, 2022.
- An in-person Utility Roundtable meeting hosted by the Wisconsin Public Service Commission (PSC), with PSC staff, Wisconsin Local Government Climate Coalition members, including Erick Shambarger and Pamela Ritger de la Rosa, and representatives from the five (5) Investor-Owned Utilities (IOUs) in Wisconsin, including from We Energies. The main topic of this meeting was utilities' energy data sharing practices, and WLGCC members' request that all five IOUs provide customers with energy data through the Energy Star Portfolio Manager Web Services tool and provide building owners with whole-building aggregated energy data. Making these two improvements to the way they share energy data will make benchmarking significantly easier for

building owners to do, and therefore, much easier for them to comply with this proposed City of Milwaukee benchmarking ordinance. ECO staff made clear to We Energies that we were moving forward a benchmarking ordinance, and that having them provide ESPM Web Services and whole-building aggregated data to customers is a high priority for us.

- Three in-person internal/government stakeholder workshops on January 19th, February 2nd, and February 9th, 2024 facilitated by the Center on Energy and Environment, a non-profit based in Minnesota which has assisted many other municipalities on development and implementation of benchmarking ordinances. During the workshops, attendees discussed the purpose and benefits of having a benchmarking ordinance in place and decided on the broad parameters of the ordinance, including the size and type of buildings to include and enforcement mechanisms. The City of Milwaukee Internal Stakeholders workshops included the following individuals: Claire Zautke, Policy Director in Mayor Cavalier Johnson's office; Department of City Development Commissioner Lafayette Crump and Deputy Commissioner Vanessa Koster; Jeff Arp from the City of Milwaukee Assessor's Office; Alex Highley, Lead Legislative Fiscal Analyst with the City Clerk's Office (Legislative Reference Bureau); Milwaukee County Energy Program Manager, Grant Helle; Sustainability Project Specialist for Milwaukee Public Schools Heather Dietzel; and Environmental Collaboration Office staff, Director of Environmental Sustainability, Erick Shambarger and Environmental Sustainability Program Manager, Pamela Ritger de la Rosa.
- An in-person meeting on February 13th, 2024 with three of the Wisconsin Chapter of the Building Operators and Managers Association (BOMA) Board Members: Terry Delsman who is Senior Real Estate Manager with CBRE and currently serves as Director of the BOMA Wisconsin Board; Sherry King, General Manager with Colliers and current President of the BOMA Wisconsin Board; and Attorney Edward Lawton who is an attorney with Axley Brynerson, LLP and serves as the Professional Services Advisor for the BOMA Wisconsin Board.
- A follow-up virtual meeting with Terry, Sherry and Ed on March 7th, 2024 to discuss engagement with additional BOMA members, likely through an in-person stakeholder meeting.
- On March 13th, 2024, I met with We Energies' Manager of Customer Programs and Customer Experience Operations, Brian Lambert, along with our consultant, the Center for Energy and Environment. The focus of the meeting was to learn more about the My Meter Pilot program We Energies has already begun, as the My Meter program can feed energy data directly into the Energy Star Portfolio Manager (ESPM) tool, thereby enabling We Energies to start providing ESPM Web Services for customers, as we are requesting them to do to facilitate building owners' compliance with the benchmarking ordinance. Brian could not commit to a timeline for all customers to use the My Meter program, but opened the opportunity for the City of Milwaukee, as a customer, to begin using My Meter to facilitate the benchmarking that we complete for 106 City-owned buildings each year.
- On March 22nd, 2024, I invited a large number of important stakeholders in the commercial and multifamily building sector via email to the three Community Conversation Meetings on the benchmarking policy and program scheduled for mid to late April 2024.
- That same day, on March 22nd, 2024, I notified all then City of Milwaukee Common Council members about the proposed ordinance and the upcoming Community Conversation meetings, in case their constituents had questions about it.
- A meeting with NAIOP Wisconsin CEO, Jim Villa, and Board Member, Matt Maroney (who is also CEO at Wangard Partners property development company) about the ordinance on April 8th, 2024. NAIOP is an important Commercial Real Estate Development Association.
- A follow-up meeting was held on April 12th, 2024 between We Energies and WLGCC Local Government members that are in We Energies' service territory. This was another discussion of

the My Meter Pilot program, with additional requests from other local governments in We Energies' territory (e.g., Green Bay, Appleton, etc.) to expand the My Meter Pilot and commit to a timeline to provide ESPM Web Services to customers.

- The first hybrid (in-person/virtual) Community Conversation meeting was held on April 16th, 2024 from 11:30-1:00 p.m. There were 17 attendees in-person and 7 virtual attendees, including multifamily and office property managers, employees of energy efficiency companies, environmental non-profit organizations, and members of the public. The meeting was graciously hosted at 303 Kilbourn, an office building downtown managed by BOMA Board Member, Sherry King.
- The second hybrid (in-person/virtual) Community Conversation meeting was held on April 17th, 2024 from 9:00-10:30 a.m. at Central Library. There were 10 attendees in-person and 2 virtual attendees, including attendance from Department of Administration Director, Preston Cole, representatives from Milwaukee Public Schools, Spectrum News, and members of the public.
- The third hybrid (in-person/virtual) Community Conversation meeting was held on April 24th, 2024 from 3:00-6:00 p.m. and was graciously hosted by Johnson Controls, Inc. at their Global Innovation Center just outside the City of Milwaukee in Glendale. The meeting included about 1 hour of information on the proposed program, time spent answering attendees' questions, as well as a tour of the Johnson Controls, Inc. Global Innovation Center and some networking time, as well, for meeting attendees. There were 12 attendees in-person and 4 virtual attendees, including multifamily and office property managers, employees of energy efficiency companies, environmental and health non-profit organizations, and members of the public.
- A news story about the Milwaukee Efficient Buildings Benchmarking Program ran on Spectrum News on May 21st, 2024. Here is a [link](#) to the story.
- The BOMA and NAIOP Board Members I have been engaging with also circulated the invitations to all three Community Conversations to their respective members.
- A fourth virtual Community Conversation meeting was held on Wednesday, June 12th, 2024, as we wanted to ensure that multifamily building owners were aware of this proposed ordinance, since it may be more challenging for them to benchmark their buildings' energy use. Owners and managers of large multifamily buildings for whom we could obtain email information were sent information about the proposed ordinance and were invited to this meeting to share their questions and feedback. We had five (5) virtual attendees on that meeting representing Mandel, Wangard Partners and Berrada.
- We are still working with the Greater Milwaukee Committee to schedule a webinar and share an update on the benchmarking ordinance, as well as provide a broader update on implementation of the Climate and Equity Plan to members of the Greater Milwaukee Committee.
- We are also scheduling another meeting with We Energies, ideally by the end of June, with the goal of having them commit to a timeline to provide ESPM Web Services and whole-building aggregated energy data to customers that request it.
- Finally, I will be sharing a draft of the proposed ordinance to external stakeholders, particularly those that attended one of the Community Conversation meetings, for their additional questions and feedback.

Summary of Feedback Received from Stakeholders

We received some common questions from stakeholders, some of which we have answers to right now, and some of which we are still developing, but should not stop the ordinance from moving forward. The

common questions we received are the following. We will create a FAQ document with these responses that will be added to the Milwaukee Efficient Buildings Benchmarking Program section of ECO's Sustainable Commercial Buildings website:

- 1) To comply with the ordinance, must benchmarking be completed in the Energy Star Portfolio Manager tool? Answer: Yes. However, many software tools that energy companies and consultants use to benchmark energy use can transfer energy data into the ESPM tool. A list of those specific tools is here: <https://www.energystar.gov/buildings/save-energy-commercial-buildings/expert-help/service-providers-exchange-data>. This list has also been shared with stakeholders.
- 2) Do buildings need to achieve a certain Energy Star Score to comply with the benchmarking ordinance? Answer: No. We are just requiring annual tracking and reporting of building energy use to the City of Milwaukee ECO at this time.
- 3) What will the City of Milwaukee ECO do with the collected energy data? Answer: We will use this empirical data to start to develop building Energy Use Intensity (EUI) targets for potential future policies, such as building performance standards, whereby buildings would need to meet certain EUI targets. We will also use the data to better understand energy use among different types and ages of buildings in the City, to better understand the need for energy efficiency improvements to develop programs and request resources to support those buildings. Right now, we don't have the data, so we don't have a good understanding of the need.
- 4) They want to know the penalties for non-compliance. I will share the draft ordinance with them, which lists the penalties, and those penalties are still subject to change if we get significant feedback on them from internal and external stakeholders.

There are additional questions that we do not yet answers to, but that we are working on:

- 1) They wanted to know the timeline for We Energies to provide the energy data via ESPM Web Services and provide whole-building aggregated energy data. This is a continuing conversation ECO is having with We Energies, and we hope to have them commit to a timeline of when customer energy data can be shared in this way.
- 2) What is the City of Milwaukee's definition of "net-zero" (as it pertains to the goals of the Climate and Equity Plan and as it could pertain to specific buildings)? ECO is still determining this and will follow-up with stakeholders at a later time. This is a concern for the future, and does not really impact the benchmarking ordinance.

Overall, we were encouraged to learn that many more commercial buildings are benchmarking their energy use in the City of Milwaukee than we were aware of. For example, Northwestern Mutual, Schlitz Park, CBRE and MGIC properties and property management groups already have internal policies to benchmark their energy use, and they also reported making energy efficiency improvements to their buildings to save money.

For More Information

The City of Milwaukee Environmental Collaboration Office's [Sustainable Commercial Buildings website](#) includes a recording of the first Community Conversation Meeting about the Milwaukee Efficient Buildings Benchmarking Program, along with a feedback form. We will also add to that website a comprehensive list of answers to questions commonly asked about the program and ordinance, and a copy of the draft ordinance itself.