

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE

Existing Buildings Committee Meeting

Tuesday, September 23, 2008, 3:00 pm – 6:00 pm

Seattle Downtown Central Library, 1000 4th Avenue

Washington Mutual Foundation Room (Level 4, Room 1)

MEETING SUMMARY

Prepared by Triangle Associates, Inc.

Attendance

Green Building Task Force				
Last	First	Organization	Committee	In Attendance?
Anderson	Jolene	Coldwell Banker Bain, Assoc., JMR Consulting, Member, Seattle King-County Association of Realtors	Existing	✓
Awad	Ash	McKinstry	Existing	✓ also Matt Wegworth
Barber	Kent	Keithly Barber Associates, Inc.	Existing	✓
Bendix	Richard	Homestreet Bank	Existing	✓
Brombaugh	Rachel	ShoreBank Enterprise Cascadia	Existing	✓
Brooker	Kathleen	Historic Seattle	Existing	✓
Clark	Steve	Genesee Fuel & Heating, Board member, Washington Oil Marketers Association	Existing	<input type="checkbox"/>
Drury	Kim	Energy Consultant	Existing	✓
Fairchild	Aaron	Greenworks Realty	Existing	Ben Kauffman
Finley	Scott	Atmosphere IEM, Inc.	Existing	✓
Gent	Stan	Seattle Steam	Existing	✓
Gunter	Christian	Kennedy Associates	Existing	✓
Happel	Richard	University Mechanical Contractors	Existing	✓
Hoerler	Dusty	Sound Alliance	Existing	✓
Humphreys	Beth	King County Department of Natural Resources	Existing	✓
Jhaveri	Arun	Certified Sustainable Development Professional	Existing	✓
Kauffman	Rod	BOMA Seattle-King County	Existing	✓
Littel	John	Pacific NW Council of Carpenters	Existing	✓
MacKintosh	Joanne	American Society of Home Inspectors	Existing	<input type="checkbox"/>
Lesley-Lloyd	Karen	Tenant's Union of Washington State	Existing	✓
Price	Stan	Northwest Energy Efficiency Council	Existing	✓
Putnam	Cynthia	Putnam Price Group, Inc.	Existing	<input type="checkbox"/>
Shirley	Cal	Puget Sound Energy	Existing	<input type="checkbox"/>
Tierney	Tom	Seattle Housing Authority	Existing	<input type="checkbox"/>
Trafton	Chuck	WA Land Title Association	Existing	✓
Vasquez	Pedro	Jones Lang LaSalle Americas Inc.	Existing	<input type="checkbox"/>

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

City of Seattle & Presenters			
Last	First	Department	In Attendance?
Antonoff	Jayson	Seattle DPD	✓
Calvillo-Hoffman	Sarah	Seattle Fleets & Facilities	✓
Eichel	Amanda	Seattle OSE	✓
Houghton	Matt	Seattle OED	✓
Hsu	David	Seattle City Light	✓
Nguyen	My Tam	Seattle DPD	✓
Scarpa	Scarpa	Seattle Jobs Initiative	✓
Simmons	Jill	Seattle OSE	✓
Surrat	Brian	Seattle OED	✓

Consultant Staff			
Last	First	Organization	In Attendance?
Blair	Ellen	Triangle Associates	✓
Erickson	Peter	Cascadia Consulting Group	✓
Grant	Christine	Cascadia Consulting Group	✓
Grodnik	Ann	Seattle Northwest Securities	✓
Kern	Michael	Triangle Associates	✓

General Public (<i>several in attendance, none signed up to speak</i>)			
Last	First	Organization	In Attendance?

Meeting Purpose

The primary purpose of the meeting was to get the Committee’s input on three policy options for the measurement and disclosure of existing building energy consumption and/or performance. Staff also presented information about Seattle’s Green Jobs Initiative and Cascadia Consulting Group provided an overview of the methodology used to analyze the policy options to be considered by the Committee.

Welcome and Introductions

Facilitator Michael Kern of Triangle Associates opened the meeting and noted there would be time available at the end of the meeting for public comment. Michael reviewed the agenda and meeting materials and led a round of introductions. He noted that Sarah Calvillo-Hoffman of City of Seattle Fleets & Facilities had been available during the optional meet and greet session from 2:30 – 3:00 pm to discuss the “greening” of the Seattle Municipal Tower and that she would stay through the end of the meeting.

Green Jobs Initiative

Matt Houghton, City of Seattle Office of Economic Development, provided an overview of the city’s Green Jobs Initiative. Matt’s PowerPoint presentation is available on the Green Building Task Force website.

In response to a question, Matt explained that new training programs under development by Seattle’s community colleges for the “green” economy are not directly linked to any apprenticeships. He said to

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

create a direct link in the future, employers need to work together and commit to hiring people who complete the training programs. He noted that there is uncertainty about what "green" labor markets to invest in since "green" policies are still under development.

In response to another question, Matt said that training programs would incorporate weatherization and the Dept. of Ecology's lead-based paint standards as well as small certificates for expertise in flagging and Occupational Safety and Health (OSHA) safety. He said there is consideration of offering a certificate in employability based on "soft" skills such as communication.

Policy "Scorecard" - Overview of Policy Analysis Methodology

Peter Erickson and Christine Grant, Cascadia Consulting Group, introduced themselves and the rest of the policy consultant team, including Ann Grodnik of Seattle Northwest Securities' energy and real estate practice who will be conducting financial analysis, and ECONorthwest for the economic impact analysis of energy efficiency policies. They provided an overview of the methodology employed by the policy consultant team to develop "scorecards" for each policy option that will be considered by the Committee. Peter's and Christine's PowerPoint presentation is available on the Green Building Task Force website.

Peter and Christine emphasized that:

- 1) the policy scorecards are intended to be used as a starting point for the Committee's discussion of the policy options, rather than a final recommendation from the consulting team; and
- 2) the three measurement and disclosure policy options to be considered by the Committee differ primarily in implementation mechanism and applicability by sector (single family and multi-family residential and non-residential).

In response to a question, Peter and Christine clarified that in Portland, certified energy auditors with Energy Trust of Oregon or EarthAdvantage audited residential energy performance for homes in a voluntary pilot program. Homeowners do not pay for the service. Michael asked the Committee to contact Amanda Eichel, City of Seattle Office of Sustainability and Environment, after the meeting with any additional questions about the policy analysis **methodology** to allow the Committee time during the meeting to review and discuss policy options.

Measurement and Disclosure Policy Options

Peter and Christine gave an overview of three measurement and disclosure policy options:

1. Disclosure of historic building energy use (utility bill data).
2. Disclosure of building energy performance, prescriptive checklist approach.
3. Disclosure of building energy performance, rating/label approach.

Their PowerPoint presentation is available on the Green Building Task Force website.

Michael asked the Committee to break into small groups according to their primary interest in one of the following three sectors: single-family residential, multi-family residential, and

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

commercial/institutional. He explained that Amanda had developed a set of key questions to help guide the discussion about each of the three policy options. The key questions included the following:

- 1. How would this policy change the way you do business?**
- 2. What challenges/concerns would this policy present to you?**
- 3. What opportunities/benefits would this policy provide for you?**
- 4. How effective do you think this policy would be in reducing the energy consumption of existing buildings?**
- 5. When and how might this policy best be implemented?**
 - What are the most applicable property classes for policy application?
 - o Single Family Owner Occupied
 - o Single Family Rental
 - o Multi-Family Owner Occupied
 - o Multi-Family Rental
 - o Non-Residential
 - Office
 - Retail
 - Commercial Services
 - Institutional, Industrial, Other
 - Mixed Use
 - What are the most appropriate triggers for policy application?
 - o Point of Sale
 - o Point of Lease
 - o Change of Account Service
 - o Date Certain
 - Could/Should this policy be phased in over time? How?
 - Who should be responsible for the implementation of this policy? If applied at the time of sale, who is responsible for disclosure (buyer, seller, utility)?
 - How should the City administer this type of policy?
 - How could/should this type of policy be best enforced?
 - How could/should this type of policy be best evaluated for success? (How will we know if we are successful?)
- 6. What could the City do to make this policy more effective in achieving our goals?**
- 7. Are there any other policies that disclosure options might pair well with?**

After the small groups had met for about a half hour, a spokesperson from each group reported to the full Committee on key points of discussion and any conclusions reached.

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

Single-family residential

The single-family residential small group agreed that the building energy performance rating would provide the most value to both homeowners and potential buyers. They agreed that it would be important for the City to position this rating as a value added to the individual homeowner, e.g., how this audit and rating could translate into a return on investment, and that a significant investment in education will be necessary for this type of policy to be successful. Key points of this group's discussion include the following:

- A threshold Energy Performance Score could easily be added as a checkbox on the MLS since it is gaining traction within existing certification schemes, in particular, BuiltGreen, which uses the EPS as a 3/4/5 Star rating qualification for retrofits and new construction.
- Standardization is key from the real estate business perspective. A requirement for homeowners to disclose energy use should not affect the ability to sell, and therefore would not represent the same impediment that a time of sale requirement might. To reach the greatest number of homes, are there other trigger points besides home sale that could be explored, such as time of refinancing, or payment of property taxes?
- It is important to make historical energy use information available to individual homeowners so that it can be used as an input for a whole home performance audit.
- Homeowners are used to ratings and labels on major appliances and automobiles. Recognizing the value associated with upgrades utilities and maintenance added to the PITI could adjust the mortgage amount to account for upgrades.
- A rating could be integrated as another piece of information to inform an appraisal; however appraisers would need to be trained for this task.
- There is need for a large-scale education campaign to distribute information about the policy and the most cost-effective measures available for improving home performance. It is likely that real estate and lending communities would be interested in providing/distributing this information. The City should provide this information to homeowners, so that individuals know what the return on their investment will be.
- The rating itself might not be a big cost. The cost of bringing a home up to a high standard might be. Due to huge concerns about affordability in the City, there must be a concurrent financing solution.
- The current workforce does not have the capacity to complete audits of all homes in Seattle. There would need to be significant investment in training and a recognized standard/certification for approved auditors. Earth Advantage is one organization that is working with RESNET to develop standards for ratings and raters.

Multi-family residential

The multi-family residential small group agreed that neither the historical energy usage nor the building energy performance rating policy options are applicable to multi-family residences. They agreed that a **prescriptive checklist approach made the most sense for multi-family residences**, but they did not think this approach was necessarily the best for all building sectors. Key points of this group's discussion include the following:

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

- A prescriptive checklist could be required at every point in a lease. This might hold a property owner accountable for making energy efficiency improvements and help tenants understand an owner's efforts to make their space more efficient.
- A prescriptive checklist has the most potential for achieving energy efficiency gains.
- It would cost more to do a prescriptive checklist than, for example, historic energy use. Who would carry the cost? The cost should not be borne by low-income tenants.
- It would be important to start using a prescriptive checklist approach within the next three years. Checklists could be revisited with every new tenant, with the tenant signing off or at periodic intervals for long-term residents. Checklists could be required at the point of sale for condominiums.
- A checklist approach is more quantifiable for multi-family residences than the other two measurement and disclosure policy options.
- It will be important to educate tenants about energy efficiency efforts. For example, public housing tenants are becoming responsible for their utility bills, whereas utility bills used to be included in a single rent payment. This will help tenants understand the economic impact of their energy usage.
- Are condominiums included in the definition of a multi-family residence? Why is a multi-family residence defined as a residence with 4+ units rather than 2+ units? It seems that 2- and 3-unit multi-family residences are not being captured.
- Historical energy usage is not a workable approach because utility information is sent to individual tenants, rather than to a single property owner. For this reason, it would be challenging to collect historical energy usage information, and even if it were possible, it is not clear what the value would be.
- Performance standards, such as a rating/label approach, are challenging because multi-family residences contain a mix of tenants in different spaces who may use energy differently. It would be challenging to develop a single rating for the whole building. Commercial buildings are more systems-based and might lend themselves more easily to a rating/label approach.
- It will be important to consider who bears the cost of disclosure – the City will need to find a mechanism that allows the cost to be directed to the owner, but in a way that holds both the landlord and the tenant accountable.

Commercial/Institutional

The commercial/institutional small group felt that measurement and disclosure was a generally good approach to achieving energy efficiency improvements. They appreciated the notion that it is impossible to manage what cannot be measured.

Among the three measurement and disclosure policy options, the group agreed that an energy **performance rating provides the highest value of information to commercial building owners and prospective buyers.** The group thought that periodically updating the performance rating would encourage building owners to continuously improve the building's performance and allow potential buyers to assess the building's energy use and energy costs and translate that information to the marketplace.

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

The group acknowledged that a prescriptive checklist might be an easier and more market-acceptable policy option, but they did not think a prescriptive checklist would be as effective at driving energy efficiency improvements. Key points of this group's discussion include the following:

- A performance rating would help building owners assess how efficiently energy is being used relative to the building's capabilities and allow the owner to improve building performance relative to peer-matched buildings.
- The first step would be to establish performance baselines for different building types. Community leaders such as Kennedy Associates and participants in the Building Owners and Managers Association (BOMA) Energy Efficiency Program have already begun this work for their buildings.
- It is important to consider the value proposition: this type of policy should provide better information to buyers and the current owner. Disclosure of historic building energy use provides only raw data without comparative value, so the information has little value. The other two options provide more value with relatively little additional cost.
- Using a prescriptive checklist does not provide information about actual building performance. A building might incorporate several items from the checklist, but if the building is operated poorly it may not achieve the desired energy efficiency improvements. If a checklist approach is used, it will be important to carefully select the specific measures on the checklist to ensure that there is some degree of uniformity across all building types.
- A performance rating provides the best information, but it cannot be static – the rating would need to be updated over time to capture the dynamics of the market, as well as tracking continuous individual building performance.
- Would a specific baseline performance rating be required or would action to improve a building's performance rating be entirely voluntary?
- Plug load is an important issue.

Plenary Discussion

After the small groups had reported on their key point of discussion, the Committee discussed the three measurement and disclosure policy options in a plenary session.

Multiple Committee members commented that certain building types, such as condominiums and condo/hotel combinations, do not fit neatly into the three building category definitions, and that there does not necessarily need to be a one size fits all solution. The goals of disclosure mechanisms could be the same, but the route to get there could vary by building sector, with the recognition that mixed use projects will never fit into any one category.

Committee members discussed whether there were existing performance rating systems that would be best-suited for different building types. Participants in the commercial/institutional small group said that Energy Star is the best existing energy performance rating system for commercial buildings.

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

A Committee member said that measurement and disclosure policy options would be more exciting if the City of Seattle were to partner with other jurisdictions regionally to work within one system.

A Committee member expressed concern that a building owner might not be interested in improving building performance if they are satisfied with their building's performance rating or that a building owner might see that neighboring buildings have lower performance ratings and decide not to pursue improved performance. A Committee member said the commercial/institutional small group had agreed that because building performance is dynamic in nature, a one time reporting event would have limited value. Therefore, it would be necessary to specify future target performance standards to drive performance improvements.

A Committee member said it would very important for the city to educate building owners about the return on investment that can be achieved by making energy efficiency improvements, so that a rating requirement is not viewed by existing building owners as another tax. Another Committee member commented that the cost of environmental mitigation avoided by improving energy efficiency should be considered as well.

A Committee member asked if it would make sense to incorporate energy auditing into the curriculum for residential inspectors rather than creating a whole new job class.

A Committee member commented that when assessing building performance, it is important to make sure that people are using the most cost-effective technologies to achieve performance, and that the City sets high goals that induce investment in research and development of new, advanced technologies.

Open Discussion on Existing Building Issues

Michael invited the Committee discuss any topics pertinent to achieving the Mayor's energy efficiency goal for existing buildings.

One Committee member asked that the city consider how its existing code relates to achieving improvements in energy efficiency. A Committee member asked the city to make sure to coordinate its work with the governor's Climate Action Team.

A Committee member commented that energy conservation can be challenging because it involves human behavior. This Committee member suggested adding customer-friendliness as a criterion in the policy analysis.

A Committee member suggested that Return on Investment should consider environmental and energy impact, in addition to economic benefits, for a more comprehensive approach.

The Committee representative from the Building Owners and Managers Association (BOMA) presented a series of policy considerations of interest to BOMA:

1. Credit what has already been accomplished

CITY OF SEATTLE MAYOR'S GREEN BUILDING TASK FORCE - EXISTING BUILDINGS COMMITTEE
Meeting Summary, September 23, 2008

2. Design policy that permits flexibility, alternative methods and a choice of options for achieving energy efficiency measures.
3. Understand that building management can not force tenant behavior, only encourage it.
4. Maintain a comprehensive view of the total economics of owning and operating a building.
5. Use restraint in the consideration of retroactive code changes.
6. Consider reasonable and measured policy proposals.
7. Require economic impact analysis.
8. Avoid the duplication and layering of governmental regulation.
9. Recognize the uniqueness of our region of the country.
10. Incentives over mandates.

Wrap Up

Update on New Buildings Committee

Jayson Antonoff, City of Seattle Department of Planning and Development, said that the New Buildings Committee would consider green investment fund and green building feebate policy options at its meeting on September 25, 2008.

Public Comment

There was no public comment.

Final Thoughts/Next Steps

Committee members will e-mail Triangle and/or the City by the end of September with any suggested additional topics of discussion for the Committee, including policy options not already teed up by the City. Committee members will provide any comments they have on meeting format (small group versus plenary, etc) to Amanda Eichel.

Sarah Calvillo-Hoffman, City of Seattle Fleets and Facilities Department, will prepare a 1-2 page handout describing the energy efficiency measures that have been applied at or are planned for the Seattle Municipal Tower.