

AGENDA ITEM SUMMARY

City Council



STAFF

Jacob Castillo, Chief Sustainability Officer
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SUBJECT

First Reading of Ordinance No. 223, 2025, Repealing Article XI, Chapter 12, of the Code of the City of Fort Collins Pertaining to Building Energy and Water Scoring and Reenacting Article XI, Chapter 12 as Benchmark and Building Performance.

EXECUTIVE SUMMARY

The purpose of this Ordinance is to repeal Article Chapter 12, Article XI of the City Code and reenact Chapter 12, Article XI as the Building Benchmark and Performance. Policy framework recommendations and modifications to Chapter 12 include adding the Building Performance Standards (BPS) Program. Over several years, staff has co-developed a policy that balances our unique community needs and forward climate action. This ordinance requires commercial buildings over 10,000 square feet (sq. ft.) to take action to meet established Energy Use Intensity (EUI) targets for specific building types or meet a reduction target, identified as a percentage EUI reduction. Staff has adjusted the policy based on recent feedback. This BPS program aligns with the 2024-2026 adopted City Council priorities and the Our Climate Future plan.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

BPS are policies that set energy performance targets for existing commercial buildings. Their purpose is to improve building efficiency, lower utility costs, and support communities' advance toward long-term climate and resilience goals.

Under a BPS, building owners measure and report their energy use, then work toward meeting performance targets over time. The proposed targets focus on reducing total energy use and improving energy intensity in buildings, which account for over two-thirds of local greenhouse gas (GHG) emissions. Tactics to reduce use include improving building operations and tenant engagement as well as increasing efficiency, such as improving lighting, heating, ventilation and air conditioning equipment and settings.

To comply, building owners will need to meet performance targets or reduce building energy use by a reduction percentage over the compliance period through 2035.

Benefits for Individual Building Owners:

- Lower operating costs through reduced energy use and improved system performance.
- Increased asset value as buildings become more efficient, comfortable and market-competitive.
- Improved tenant satisfaction and retention due to better indoor air, comfort and safety.
- Future-proofing against rising energy prices and market expectations.
- Program-provided incentives, technical assistance and financing that help offset upgrade costs.

Benefits for the Community:

- Reduced greenhouse gas emissions, supporting Fort Collins' Our Climate Future goals.
- Improved air quality and public health through more efficient and cleaner buildings.
- Lower overall energy demand, enhancing grid reliability, reducing peak loads and minimizing increased costs.
- Local economic benefits, including job creation in construction, engineering and technical services.
- Enhanced community resilience through buildings better prepared for extreme weather.

Council Engagement

Staff has held four council work sessions leading up to First Reading of this ordinance. Previous work session summaries have been included as attachments to this agenda item summary. The following provide a high-level overview of content provided during the work sessions:

- April 23, 2024 Work Session: Staff introduction of BPS, including alignment of a BPS with council priorities and the framework for action for local goals.
- June 11, 2024 Work Session: Staff presentation and discussion on benefits of building upgrades, identified likely costs and implementation strategies including planned engagement with building owners.
- Jan. 14, 2025 Work Session: Presentation of options for how to customize BPS requirements for local implementation.
- Oct. 28, 2025 Work Session: Presentation of technical support pilot results and discussion related to incentive versus a regulatory building upgrade approach.

Changes Since Oct. 28, 2025 Work Session:

During the Oct. 28, 2025 Work Session, councilmembers expressed support for taking both a regulatory and incentive-based approach for building upgrades, and identified key policy changes using the staff recommended policy levers. Staff proposes the following policy changes based on feedback provided:

Compliance Timeline:

Staff now recommends implementing a BPS with a target compliance deadline of 2035. The extended timeline allows staff to support building owners by maximizing available resources over a longer period. This adjustment should provide approximately \$12 million in additional resources toward compliance.

The extended compliance period also ensures adequate time for community education, engagement and action by building owners.

Covered Buildings:

The proposed BPS would cover approximately 730 buildings, about one-third of which are already in compliance. These buildings use approximately 20% of energy in Fort Collins, and a focus on a regulatory approach is a strategic investment in our community. Excluding the specific building types below will still achieve roughly 75% of the original outcomes identified by the policy.

Exclude buildings under 10,000 sq. ft.: While there are about 300 buildings between 5,000 and 10,000 sq. ft., they only represent about 5% of total energy savings. Excluding these buildings allows staff to focus on an incentive-based approach and collaborate directly with these building owners.

Exclude multi-family buildings: Excluding multi-family buildings from the covered buildings will lessen GHG and energy savings by approximately 20%.

Exclude new construction: Buildings constructed in compliance with the 2024 International Energy Conservation Code (IECC) code or subsequent codes will also be exempt from the BPS policy. This clearly delineates covered buildings, reducing potential confusion or overlapping regulation within the building community.

Building Targets and Compliance Requirements:

The proposed ordinance states an EUI target for individual covered buildings. EUI, measured in thousand British thermal units (kBtu/sq. ft.), is a common metric that accounts for all fuels used in a building, including electricity and natural gas. Utilities already tracks EUI through its building scoring benchmarking program. Widely used nationally, and in both Denver and the State of Colorado, EUI provides an objective comparison of energy use while accounting for weather, building size and property type.

Alternative Compliance Pathways:

In addition to the above changes, staff has included Code language in the Ordinance that better describes definitions and compliance pathways for building owners. Alternative compliance pathways ensure buildings are not tasked with meeting unachievable targets. Recommended “off-ramps” include the Standard Percent Reduction which outline the minimum reduction a building would need to achieve compliance regardless of property type, along with timeline and target adjustments, and waivers.

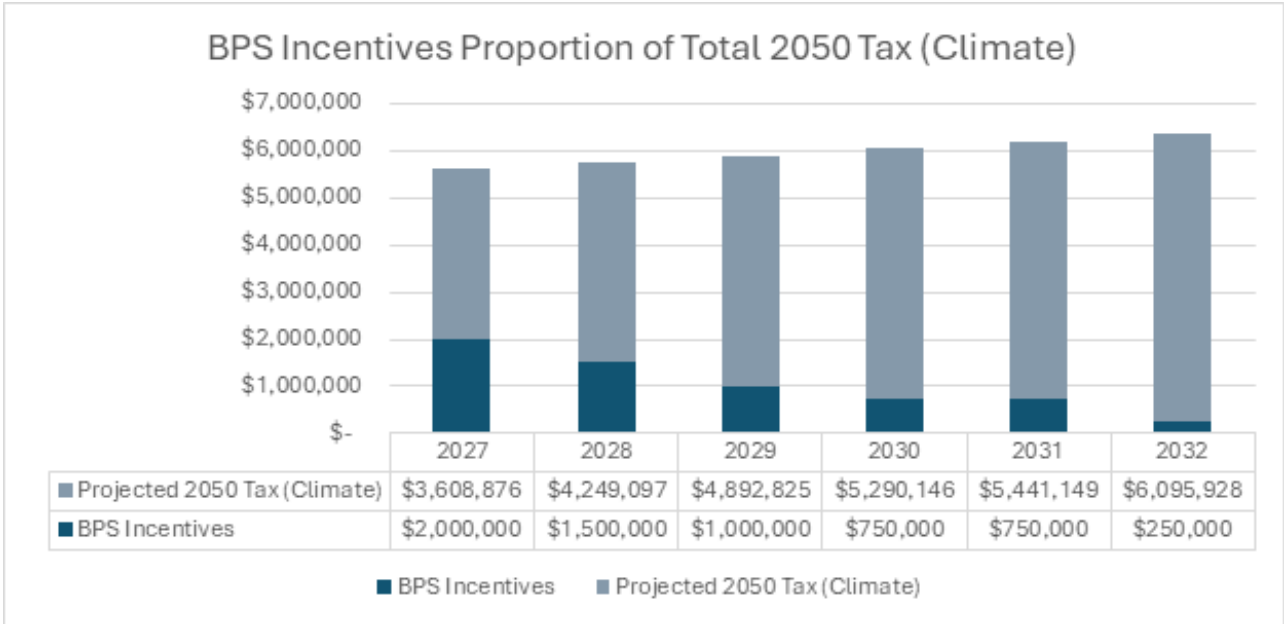
Enhanced Resources and Incentives:

In addition to the structural changes above, staff has continued implementation planning to simplify the building owner compliance process and enhance incentives. Staff has included plans to support building owners with additional incentives using the 2050 tax based on the Our Climate Future Strategic Funding Plan allocation criteria identified below:

- **Strategic Allocation:** BPS outcomes focus on reducing building emissions, which are the largest source of emissions in our community. Moving beyond an incentive-based approach to building energy use increases the likelihood of reaching 2050 goals. Prioritizing performance first also ensures the building stock is better prepared for future electrification.
- **People Centered:** OCF is fundamentally people-centered, and the Strategic Funding Plan prioritizes work that positively impacts the community. Incentives supported by the 2050 tax will help maintain affordability by reducing out-of-pocket equipment upgrades for building owners.
- **Interconnected Allocation:** Funding prioritized by the Strategic Funding Plan should be interconnected with City priorities, council priorities, and other strategic plans. BPS align with several council priorities, City plans, Fort Collins Utilities’ plans, and other City department vision and workplans.

Staff will propose allocating the following budgets from 2050 tax over the next three budget cycles to support BPS implementation. Staff will also continue to leverage other Utilities, grant, state and federal funding sources on behalf of building owners.

The graph below shows BPS incentives as a proportion of the total projected 2050 tax. Please note that the numbers included below are projections only and should not be considered final.



Implementation Plan and Resource Planning:

Supporting Program Resource Development & Timeline:

If adopted in December, staff will develop program resources for implementation in the first half of 2026 and plan formal communication with covered building owners in mid-2026. This work will include finalizing supporting building owner support resources and securing technical support partners to assist with compliance.

Streamlined Implementation:

Council feedback during the Oct. 28 Work Session emphasized the importance of simplifying the compliance process for building owners. Utilities’ efficiency programs have traditionally offered voluntary “turnkey” services that minimize the number of program touchpoints for participants. For example, residential programs support homeowners by coordinating directly with contractors to solicit project estimates, assist with project management, and pay incentives directly to contractors to reduce upfront costs. Staff will work with program partners to simplify the compliance process ahead of program launch.

Supporting Incentives:

Staff is committed to providing targeted incentives that support building owners, expanding existing rebates and technical assistance. Utilities currently distributes approximately \$2.2 million annually in incentives and technical assistance for local businesses. Additional funds supported by 2050 tax revenue will effectively double the budget available to businesses and building owners during the early years of the BPS compliance period. A strengthened short-term incentive strategy, including bonus incentives for early adopters, will help encourage early participation in building upgrades.

CITY FINANCIAL IMPACTS

Most program resources have been established through Utilities enterprise funds. Energy Services staff, included in the ongoing budget offer, will support policy implementation. As for the 2050 tax, staff proposes those climate funds support an enhanced incentive-based framework and will be included in the next budget cycle for consideration.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Various boards have reviewed the program framework prior to the last Council work session. Memos of support and council consideration were provided with October 28, 2025, materials.

PUBLIC OUTREACH

In late 2022, Utilities staff launched an internal task force composed of City and Platte River Power Authority staff. These discussions helped shape the external policy Task Force, composed of experts representing industries that would likely be significantly impacted by BPS. Our external Task Force met throughout 2023 and brought critical perspectives to define policy recommendations for a truly implementable local BPS. Also in 2023, Utilities formed a Technical Committee, composed of a consultant experienced in BPS technical work and a group of local experts with deep expertise in building science. The Technical Committee supported Task Force recommendations with extensive data review while balancing a real-world understanding of Fort Collins buildings (accounting for our local buildings, technical feasibility, upgrade timelines, and costs).

Staff has continued to meet with City boards and commissions and have held a minimum of 40 community education and information sessions on the topic. Information has been provided throughout policy development and shared through the City's public engagement website at ourcity.fcgov.com.

ATTACHMENTS

1. Work Session Summary Memos April 2024 through November 2025
2. Comparison of Old Article XI, Chapter 12 to Current Article XI, Chapter 12
3. Presentation
4. Ordinance No. 223, 2025