

# WORK SESSION AGENDA ITEM SUMMARY

City Council



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## STAFF

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## SUBJECT FOR DISCUSSION

**Proposed Building Performance Standards Policy.**

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## EXECUTIVE SUMMARY

The purpose of this work session item is to provide Council additional details about the implementation and planned resources supporting the proposed Building Performance Standards (BPS) policy. This item builds on the materials and discussion originally presented during the April 23, 2024 Council Work Session.

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## GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Do Councilmembers have feedback on proposed outreach and engagement strategies?
2. Do Councilmembers have feedback related to the staff approach for providing supporting resources?
3. What additional questions or feedback do Councilmembers have ahead of considering policy adoption?

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## BACKGROUND / DISCUSSION

On April 23, 2024, Staff brought recommendations to a Council work session on a proposed BPS policy, developed based on input from community contributors. Community contributors consist of a variety of experts and community-based organizations and groups as detailed in the 04/23/24 work session materials. Staff presented a regulatory approach to drive efficiency and building optimization in underperforming buildings by providing a suite of economic and behavioral resources to help improve building energy use.

Councilmembers showed general support for the proposed recommendations. Councilmembers requested more information on planned engagement and the resources that will be available to help building owners become compliant with the proposed BPS policy. Additional details are provided within this AIS in Attachment 1, Implementation Guide.

A summary of anticipated policy impacts for covered buildings are listed in the following table. The targets and program structure are customized for the Fort Collins building stock. Staff worked with the BPS Technical Committee to develop targets and built the proposed requirements using various data sources including local efficiency project data, electric meter data, reported building level data, and county assessor data.

**Table 1. Building Performance Standards Policy Impacts**

| Building Size                     | Building Count      | Building Count             | Reduction Target                | Reduction Target         | Reduction Target            | Upgrade Cost (Per Square Foot) |
|-----------------------------------|---------------------|----------------------------|---------------------------------|--------------------------|-----------------------------|--------------------------------|
|                                   | Number of buildings | Buildings that need to act | Compliance requirement timeline | Individual reduction cap | Average reduction to target |                                |
| 5,000-10,000 square feet          | 310                 | 200 (65%)                  | 2035                            | 15%                      | 9%                          | \$4.11 to \$4.56               |
| 10,000-50,000 square feet         | 780                 | 520 (66%)                  | 2030                            | 25%                      | 13%                         | \$4.69 to \$5.05               |
| State covered 50,000+ square feet | 80                  | 60 (77%)                   | 2030                            | 29%                      | 17%                         | \$4.40 to \$4.74               |

*Based on 2023 reported benchmarking data: some buildings are campuses which include multiple structures*

While the electric use intensity (EUI) targets for various building types provide building owners with flexibility in how targets can be met, Staff and community contributors also developed alternative pathways for compliance with the policy, recognizing that every building is different and unique. These alternate pathways were recommended to provide a safety net for buildings who may otherwise not be able to attain set targets.

**Anticipated Building Owner Costs**

Costs associated with compliance were estimated at around \$4.50-\$5 per square foot, or an average of \$200,000/building (the same approximate cost of a tenant finish in Fort Collins) without accounting for rebates, incentives, tax deductions, and any other funding sources.

**Communication & Engagement**

Building Performance Standards is an impactful policy that will affect various parts of the community differently, and the success of the policy depends on effective engagement around policy specifics. Communication with both building owners and representatives, as well as with occupants and the broader community, needs to be clear, concise, inclusive, and accessible. Continuous feedback from the community should be encouraged and incorporated. Staff will create engagement and communication strategies that clearly outline next steps for building owners and representatives. Available resources and contact information will also be provided.

A dedicated Help Center will provide policy information through robust outreach and educational offerings. City Staff will leverage and build upon relationships to share information and gather feedback on available resources and community impacts. Vendor support will help balance significant anticipated fluctuations in staffing needs to assure a program representative is available on demand to answer questions and provide direction.

Communication will focus on sharing the body of resources available to support policy compliance. Planned resources include general education and guidance, along with robust technical and financial assistance that will be housed in a central location, termed a ‘hub.’ The planned building hub will include:

- Building owner portal.
- Forecasting tool.

- Technical support including guidance on requesting building assessments.
- Financial support including information on funding sources and green financing options.

### **Additional Assistance**

The body of resources available to all buildings will be expanded for a subset of buildings that may require more assistance coming into compliance. A study funded by the 2050 tax is underway to identify which buildings in Fort Collins may need additional assistance, isolate any barriers they face in increasing building efficiency, and ensure resources offered best align with their true needs. Shared learnings from other jurisdictions suggest additional financial and technical assistance will be critical, along with increased education.

Multi-family housing, especially affordable multi-family housing, frequently warrants additional assistance. Fort Collins already offers 1.5 times the rebates for all multi-family efficiency projects through the Efficiency Works Community Efficiency Grant, and staff anticipate extra targeted assistance may be needed to prevent a BPS policy from exacerbating current housing affordability concerns.

Community contributors provided policy recommendations to protect affordable housing, and staff will continue to collaborate with local partners to assure sufficient support is provided. Staff will strive to ensure building owners understand the best ways to reach proposed targets while minimizing up-front costs that may be passed on to tenants.

### **Staffing**

Staff anticipate a combination of internal and vendor support will be necessary to launch a successful BPS policy. Any vendor support will require the exceptional customer service that community members have come to expect from City of Fort Collins staff and programs. Staff allocations to Efficiency Works and other City programs will be evaluated so we can optimize the level of resources this program needs. Staff are proposing a BPS navigator position and program analyst whose primary roles will include responding to inquiries related to resources available for buildings owners. Staffing levels will need to be revisited regularly to ensure optimal customer service. Incorporating both internal staff and vendor costs, program costs per metric ton of carbon dioxide equivalent avoided are estimated to be on the lower range of current efficiency programs, ranging from \$10-\$40/MTCO<sub>2e</sub> avoided.

### **NEXT STEPS**

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Staff are seeking feedback from City Council on any recommendations they may have on the BPS policy, and to provide feedback on any additional information they may need prior to considering BPS policy adoption.

### **ATTACHMENTS**

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1. Implementation Guide
2. Corrected Task 4 – Recommend Final Performance Standards
3. Presentation