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City of San José Adopts Building Performance Ordinance

City Council approves legislation to track energy and water usage by large commercial and multifamily buildings and encourage energy- and water-efficiency improvements, providing critical support for Climate Smart San José

SAN JOSE, Calif. — The San José City Council voted Tuesday to adopt an Energy and Water Building Performance Ordinance that will enable the City to collect and share data on the energy and water usage of large commercial and multifamily buildings, drive energy- and water-efficiency upgrades by building owners, and craft smarter sustainability policies.

The ordinance is a critical first policy step in the development of [Climate Smart San José](#), the City's ambitious climate action plan, and will reduce greenhouse gas (GHG) emissions from existing buildings, which represent the second-largest source of emissions in San José after transportation.

The ordinance promises numerous community benefits, including:

- Reduced energy consumption and GHG emissions
- Long-term cost savings for building owners and tenants
- Increased economic demand for energy- and water-efficiency buildings and technology
- Better public health through air-quality improvements

The ordinance was developed with guidance and support from the City Energy Project, a joint initiative of the Natural Resources Defense Council and the Institute for Market Transformation.

“Our new Energy and Water Building Performance Ordinance will reduce life-cycle costs for both building owners and tenants, help curb our city’s building emissions, and move the needle on achieving critical goals outlined in our Climate Smart plan,” said San José Mayor Sam Liccardo. “I’m grateful to City staff for their work to craft this ordinance and to the Institute for Market Transformation and the Natural Resources Defense Council for their continued partnership.”

The legislation will require owners of existing commercial and multifamily buildings over 20,000 square feet in size to benchmark their buildings’ energy and water use through a free Environmental Protection Agency online tool called the ENERGY STAR Portfolio Manager®. A

subset of that data will be published online to better educate building owners and prospective tenants as well as increase the demand for energy efficiency across the market.

The information will help the City better understand its building stock, design smarter energy- and water-efficiency programs, and track its progress in achieving several key goals of Climate Smart, which charts a course to meeting the GHG emission reduction targets of the international Paris Agreement.

“The success of Climate Smart San José depends not only on reducing the energy use of our buildings but also on measuring and analyzing energy and water use throughout the city,” said Kerrie Romanow, director of the San José Environmental Services Department. “We thank the City Council for taking this vital step toward protecting our environment, creating jobs and achieving our bold climate goals.”

The ordinance also establishes a system for improving the efficiency of buildings that do not meet performance standards for energy and water usage. Options for these building owners will include conducting an audit of energy and water use; “retuning” the building’s operations to improve efficiency; or choosing two to four energy- or water-efficiency improvements from a menu of City-approved alternatives. Incentives and financing resources are available to assist with these efforts.

In developing the ordinance, the City built upon California Assembly Bill 802, a 2015 law that created a statewide benchmarking and public disclosure policy for buildings larger than 50,000 square foot in size. The City’s stronger policy will supersede the state regulations, pending approval by the California Energy Commission.

The City will have the authority to assess fines for noncompliance of \$25-\$50 per day and up to \$5,000 per violation, depending on building size.

City staff will undertake significant public outreach and engagement to inform the community about the new ordinance. Staff engaged extensively with stakeholders in crafting the ordinance, meeting with more than 100 individuals and 50 organizations.

Funding for the program will be considered as part of the fiscal year 2019-20 budget process. Long-term funding options include a possible cost recovery fee.

The ordinance will be phased in beginning May 1, 2019, when commercial and multifamily buildings larger than 50,000 square feet in size will be required to report their benchmarking data. All remaining buildings covered by the ordinance must report their data by May 1, 2020. Requirements for making efficiency upgrades will begin in 2021 for buildings over 50,000 square feet and 2022 for buildings over 20,000 square feet.

The legislation may benefit low-income multifamily tenants, in particular, by reducing utility costs, which represent a large share of household spending for low-income families.

Reducing energy use in buildings, which account for 33 percent of GHG emissions in San José, is a core strategy of Climate Smart, a communitywide initiative to reduce air pollution,

save water and improve quality of life. The City Council unanimously adopted Climate Smart in February 2018.

About the San José Environmental Services Department (ESD)

San José, Capital of Silicon Valley, is the largest city in Northern California and the 10th largest city in the nation. The San José [Environmental Services Department](#) leads Climate Smart San José and manages garbage and recycling services; watershed protection and pollution prevention; municipal drinking water and recycled water; sustainability initiatives; and the operation and infrastructure improvements of the San José-Santa Clara Regional Wastewater Facility. ESD's mission is to deliver world-class utility services and programs to improve our health, environment and economy. Follow us on Facebook ([SJEnvironment](#)), Twitter ([@SJEnvironment](#)) and Instagram ([@SJEnvironment](#)).

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