

## SUMMARY and FISCAL NOTE\*

| <b>Department:</b> | <b>Dept. Contact:</b> | <b>CBO Contact:</b> |
|--------------------|-----------------------|---------------------|
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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to regulating greenhouse gas emissions in larger existing nonresidential and multifamily buildings; establishing and imposing greenhouse gas emissions intensity targets and reporting requirements; prescribing penalties; adding a new Chapter 22.925 to the Seattle Municipal Code; amending Sections 22.920.010, 22.920.020, 22.920.030, 22.920.120, 22.920.130, 22.920.170, 22.930.010, 22.930.020, 22.930.040, 22.930.050, 22.930.120, 22.930.140, and 22.930.180 of the Seattle Municipal Code; and repealing Section 22.920.040 of the Seattle Municipal Code.

**Summary and Background of the Legislation:** This ordinance would sunset the existing Building Tune-Ups requirements, after the last compliance interval wraps up (late 2026 through 2028) and establish a Seattle Building Emissions Performance Standard (BEPS) that would gradually transition large nonresidential and multifamily buildings to net-zero greenhouse gas (GHG) emissions by 2050. Implementation of the mandate is projected to reduce building related GHG emissions 27% by 2050. BEPS expands on the successful foundation the City established with Energy Benchmarking & Reporting and Building Tune-Ups and creates a coordinated outcome-based approach. The overall policy has been designed with an equitable approach to improving performance of buildings in Seattle and transitioning them to cleaner energy. It includes flexibility and a long runway, especially for under-resourced buildings, such as affordable housing, as well as dedicated financial assistance.

The proposed ordinance would require owners of nonresidential and multifamily buildings over 20,000 square feet, excluding parking, to gradually transition their buildings to net-zero GHG emissions by meeting progressively lower GHG emissions intensity targets (kgCO<sub>2</sub>e/SF/year) every five years between 2031 and 2050, with energy and emissions building performance verification and GHG reporting requirements beginning in 2027. Building owners will be able to meet the GHG performance targets through a variety of actions such as: employing energy-efficient measures, using less GHG emissions-intensive fuels like electricity, waste heat, or renewable natural gas, and upgrading outdated and aging mechanical equipment to energy efficient systems that use cleaner energy sources, such as electric heat pumps.

The BEPS ordinance would require building owners by 2027-2030 to (1) verify the accuracy of energy and emissions benchmarking data; and (2) provide a GHG report documenting current building mechanical systems and actions needed to meet GHG intensity targets in the subsequent compliance interval. By 2031-2035, and every five years thereafter, the ordinance would require building owners to (1) verify the accuracy of energy and emissions benchmarking data; (2) meet the relevant GHG intensity targets for that compliance interval; and (3) provide a report to the City documenting compliance as well as actions needed to achieve compliance in the subsequent

compliance interval. The proposed BEPS ordinance outlines a phased-in compliance schedule within each five-year compliance interval with the largest buildings complying first (those over 220,000 sq. ft.) and the smallest buildings complying last (those over 20,000 sq.ft. to 30,000 sq. ft). Affordable housing (both publicly-funded low-income housing and other comparatively lower cost housing), as well as human services are given a longer lead time to prepare and are exempt from meeting the 2031-2035 greenhouse gas intensity targets (GHGIT). Any owner may also choose to pay an Alternative Compliance Payment (ACP) for the 2031-2035 compliance interval.

| <b>Covered Buildings Compliance Schedule</b>   |      |      |      |      |      |
|--|------|------|------|------|------|
| Gross floor area greater than:   |      |      |      |      |      |
| 220,001 SF   | 2027 | 2031 | 2036 | 2041 | 2041 |
| 90,001 - 220,000 SF  | 2027 | 2032 | 2037 | 2042 | 2042 |
| 50,001 - 90,000 SF   | 2028 | 2033 | 2038 | 2043 | 2043 |
| 30,001 - 50,000 SF   | 2029 | 2034 | 2039 | 2044 | 2044 |
| 20,001 - 30,000 SF   | 2030 | 2035 | 2040 | 2045 | 2045 |
| <i>Notes</i>   |      |      |      |      |      |
| 1. Compliance by 2027-2030 includes benchmarking verification and GHG reporting.   |      |      |      |      |      |
| 2. Compliance by 2031-2050 includes benchmarking verification, GHG reporting and meeting GHGITs.   |      |      |      |      |      |
| 3. Affordable multifamily buildings are exempt from meeting GHGITs for 2031-2035 but are still required to meet benchmarking verification and reporting obligations. |      |      |      |      |      |

Owners requesting approval for exemptions, extensions, or alternative compliance such as decarbonization compliance plans, or who are using early adopter incentives, for meeting GHGITs will be submitting applications up to three years before their compliance date – e.g. by 2027 for compliance with GHGITs by 2031.

**2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project?       Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation amend the Adopted Budget?       Yes  No

**Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The resources previously allocated for BEPS under the 2023 adopted and 2024 endorsed budget remain relevant with some slight variations based on revisions to the proposed legislation since Jan. 2023. While the first compliance date for owners to meet greenhouse gas intensity targets (GHGITs) is proposed as 2031, by 2027, these owners will need to perform energy and emissions performance verification and submit GHG reports outlining current building and mechanical system performance and plans for meeting subsequent

GHGITs. Compliance applications will begin as early as 2026 for owners requesting approval for exemptions, extensions, or alternative compliance such as decarbonization compliance plans. In addition, OSE will develop and implement an early adopter incentive program, with compliance also beginning in 2027.

Owners will begin their own planning and actions well before 2027. It typically takes at least three or more years to conduct building audits, prepare plans, seek financial resources implement actions, and measure one year of post upgrade performance. OSE staffing and resources for rulemaking, developing tools and outreach materials, and owner support, as well as to plan and implement compliance processes and procedures, including IT is required for a successful BEPS rollout. This work has already begun and will continue in earnest the remainder of 2023 and through 2027.

The budget allocations previously approved for 2023 and 2024 are noted below, with variations noted in **[bold]**.

The 2023 Adopted Budget includes \$828,228 in appropriations from the payroll expense tax for OSE to implement BEPS with the following staff and consultant resources:

- Add three permanent FTEs to
  - 1) provide ongoing compliance outreach and engagement,
  - 2) manage and expand the Seattle Clean Buildings Accelerator,
  - 3) provide program data analytics and IT program development and implementation **[IT business technology advisor FTE to be hired in Q4 2023, with technical support and building engineering FTE – previously planned for 2024 – to be hired in 2023]**
- Reclass existing SA1 permanent FTE to Manager 2 to serve as manager of the overall BEPS program, and reclass existing permanent FTE to lead business process planning, analysis, and operations development and implementation.
- One-year term-limited temp Planning Analyst Assistant to provide research and administrative support for BEPS rulemaking. **[position to be hired for Q4 2023 through Q4 2024]**
- \$80K for Clean Buildings Accelerator consultant to assist under-resourced building owners comply with WA energy standards and Seattle BEPS. (Note: \$220K/year has been in OSE’s annual budget allocation since 2022 and \$100K is being provided in 2023 by City Light for a total \$400K 2023 consultant budget.)
- \$190K for consultant services and \$10K for language access for BEPS rulemaking, to include inclusive stakeholder engagement, communications, and technical analyses. **[contract OSE2314 for technical analysis established April 2023 and will continue through rulemaking in 2024; consultant contract(s) for stakeholder engagement and communications will begin late 2023 and continue through 2024]**
- \$25K for consultant services and \$10K for language access to initiate the revision of benchmarking instructional guide and begin planning for training materials to support new data verification requirement.

The 2024 Endorsed Budget includes \$5,796,866 in appropriations from the payroll expense tax for OSE to implement BEPS, including:

- Add one permanent FTE to provide technical support and building engineering expertise for BEPS regulatory compliance [**technical support FTE to be hired in 2023, with IT development FTE to be hired in Q4 2023**]
- Add two permanent FTEs to add enforcement and help desk capacity to support the existing third-party technical assistance provider (funded to date by City Light annual discretionary funding).
- \$125K for consultant services and \$10k for language access, to include BEPS compliance education, outreach, communications and public relations support.
- \$15K for regulatory mailing and printing costs and \$5k for language access support.
- \$180K for Clean Buildings Accelerator consultant (Note: \$220K/year has been in OSE's annual budget allocation since 2022 for a total \$400K consultant budget.)
- \$4.5M for in-depth engineering design and capital funding for 10-15 non-profit and affordable housing buildings serving low-income and BIPOC communities.

Ongoing annual staffing and expenses to implement BEPS, for 2025 and beyond, are expected to include:

- At a minimum, maintaining the six permanent FTEs added from 2023 to 2024.
- \$125K/year for consultant services and \$10K/year for language access, to include BEPS compliance education, outreach, communications and public relations support.
- \$15K/year and \$5K/year for language access for regulatory mailing and printing costs.
- \$150K for ongoing data analyses and reporting
- \$200K for ongoing IT maintenance (in OSE budget)
- \$400K/year for the Clean Buildings Accelerator support hub to provide outreach, education and compliance assistance for all owners, as well as deeper engagement and technical assistance for under-resourced buildings.
- \$4.5M/year for in-depth engineering design and capital funding incentives for non-profit and affordable housing buildings serving low-income and BIPOC communities.

Long-term costs for the City include requirements for City-owned buildings to comply with this legislation. Typical City building asset management due to equipment failures and planned replacements, as well as meeting the requirements of the Seattle Energy Code, would otherwise mean that City-owned buildings would achieve decarbonization by 2050. The BEPS requirements would require accelerating action on seven of the City's buildings over 20,000 square feet, which would in turn mean spending approximately \$35 million by 2042, instead of between 2042 and 2050.

**Are there financial costs or other impacts of *not* implementing the legislation?**

The Seattle Climate Action Plan calls for Seattle to reach an almost 40% emissions reduction in the buildings sector by 2030 and to be net-zero carbon emissions by 2050. The City Council adopted the [Green New Deal Resolution \(Res 31895\)](#) that calls for a Seattle free of

climate pollutants sooner by 2030. This legislation implements a building emission performance standard, a key climate action highlighted in the [2013 Climate Action Plan](#), [2018 Climate Action Strategy](#), 2020 Green New Deal (GND) Executive Order, 2021 Climate Executive Order, and the [2021 GND Climate Impact Actions Report](#).

The financial costs to Seattle for not implementing the legislation are estimated at over \$80 billion over 20 years. The cost of inaction has been estimated by utilizing an annual social cost of carbon per metric ton of \$190, as proposed by the Environmental Protection Agency<sup>1</sup>, and multiplying that cost by the cumulative MT of CO<sub>2</sub>e avoided between 2031 and 2050 due to BEPS<sup>2</sup>. The social cost of carbon is an estimate of the economic costs, or damages, of emitting one additional ton of carbon dioxide into the atmosphere, and thus the benefits of reducing emissions.

**3.b. Revenues/Reimbursements**

**X** This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from This Legislation:**

| <b>Fund Name and Number</b> | <b>Dept</b> | <b>Revenue Source</b>                             | <b>2023 Revenue</b> | <b>2024 Estimated Revenue</b> |
|-----------------------------|-------------|---|---------------------|-------------------------------|
| General Fund<br>00100       | OSE         | 1. Alternative Compliance Payment<br>2. Penalties | \$0                 | \$0                           |
| <b>TOTAL</b>                |             |   | <b>\$0</b>          | <b>\$0</b>                    |

**Is this change one-time or ongoing?**

Ongoing

**Revenue/Reimbursement Notes:** The proposed ordinance would establish two potential revenue sources, (1) an Alternative Compliance Payment option for building owners for the first two compliance intervals, and (2) penalties for non-compliance. The ordinance establishes that revenue from both the ACP and from penalties will be dedicated to programs and activities that reduce greenhouse gas emissions from buildings, with a priority on technical and financial assistance to building owners and tenants serving frontline communities. Details and estimated amounts for each revenue source are outlined below.

1. Alternative Compliance Payment (ACP): The ACP option allows building owners to provide a payment to the City in lieu of meeting their required emissions reduction for compliance interval 2031-2035. The ACP will be based on the total annual MTCO<sub>2</sub>e by

<sup>1</sup> The cost of each MTCO<sub>2</sub>e is based on as proposed by the EPA Draft “Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances,” November 2022. <https://www.epa.gov/environmental-economics/scghg>

<sup>2</sup> Cumulative emissions avoided 2031-2050 estimated at 4.24 million MTCO<sub>2</sub>e. July 20, 2023 SBW memo to OSE, “Comparison of BEPS target-setting scenarios.”

which a covered building exceeds its required total emissions target for the reporting year, multiplied by each year of the applicable five-year compliance interval. The cost of each MTCO<sub>2e</sub> is set at \$190.00, based on a social cost of greenhouse gas emissions as proposed by the Environmental Protection Agency. It is unknown how many owners will ultimately utilize this option. The table below provides an estimated range if the ACP were to be utilized for 5% to 10% of the buildings that exceed the target for that interval. Another potential result is that only those buildings with very low ACPs utilize the payment in lieu option. The table below includes an estimated range if 5% to 10% of the buildings with an ACP of \$50,000 or less utilized the ACP option.

| # of properties                          | % of properties that use ACP<br>2031-2035 | Estimated potential<br>revenue (2031-2035) |
|--|---|--|
| 1,200: all properties exceeding target   | 5% - 10% (of 1,200)                       | \$6,300,000 - \$12,600,000                 |
| 750: only properties with an ACP ≤ \$50K | 5% - 10% (of 750)                         | \$700,000 - \$1,400,000                    |

2. Penalties: Penalties for non-compliance would be applied for (a) failure to report, (b) inaccurate reporting, and (c) not achieving performance targets. The fine structure for each is outlined below.
- a. Failure to report:
    - i. \$15,000 for buildings over 50,000 square feet
    - ii. \$7,500 for buildings over 20,000 square feet up to 50,000 square feet
  - b. Inaccurate reporting:
    - i. \$15,000 for buildings over 50,000 square feet
    - ii. \$7,500 for buildings over 20,000 square feet up to 50,000 square feet
  - c. Not achieving greenhouse gas intensity target:
    - i. \$10.00/square feet for nonresidential buildings
    - ii. \$7.50/square feet for multifamily buildings
    - iii. \$2.50/square feet for low-income or low-rent multifamily housing

The tables below provide estimates for the potential penalties for the first two compliance intervals for each of the penalty types, and in aggregate, assuming the following range of non-compliance rates for each penalty type. The rates of non-compliance are based on non-compliance rates for Building Tune-Ups, which also require owners to make building upgrades, albeit on a smaller scale. The estimates below assume that all owners that are fined would pay the full penalty. However, it is likely that less revenue would be received due to the penalty mitigation process administered through OSE Director’s administrative review and Hearing Examiner appeals.

Non-compliance rates for BEPS are estimated to mirror Building Tune-Up compliance patterns which for the first cycle of required operations and maintenance audits and corrective action implementation has achieved to date an overall compliance rate of 94%. Penalty mitigation has ranged from 0% of the full penalty, when owners do not appeal, to

100% of the penalty, when owners can demonstrate work to correct the violation has been initiated and will be completed in a reasonable timeframe.

BEPS non-compliance rate estimates:

- a. Failure to report: 5%-10% of all buildings required to report (approx. 4,135)
- b. Inaccurate reporting: 2%-5% of all buildings required to report (approx. 4,135)
- c. Not achieving greenhouse gas intensity target in 2031-2035: 5%-10% of properties estimated by OSE to exceed the targets (approx. 1,200).

a. Failure to report

| Compliance Interval | % non-compliant   | Estimated assessed penalties |
|---------------------|-------------------|------------------------------|
| 2027 – 2030         | 5%-10% (of 4,135) | \$2,200,000 - \$4,400,000    |
| 2031 – 2035         | 5%-10% (of 4,135) | \$2,200,000 - \$4,400,000    |

b. Inaccurate reporting

| Compliance Interval | % non-compliant  | Estimated assessed penalties |
|---------------------|------------------|------------------------------|
| 2027 – 2030         | 2%-5% (of 4,135) | \$900,000 - \$2,200,000      |
| 2031 – 2035         | 2%-5% (of 4,135) | \$900,000 - \$2,200,000      |

c. Not achieving greenhouse gas intensity target (or alternative compliance)

| Compliance Interval | % non-compliant   | Estimated assessed penalties |
|---------------------|-------------------|------------------------------|
| 2027 - 2030         | N/A               | N/A                          |
| 2031 - 2035         | 5%-10% (of 1,200) | \$36,700,000 – \$73,400,000  |

Total estimated potential penalties

| Compliance Interval | % non-compliant | Estimated assessed penalties |
|---------------------|-----------------|------------------------------|
| 2027 - 2030         | low             | \$3,100,000 - \$6,600,000    |
| 2031 - 2035         | high            | \$39,800,000 - \$80,000,000  |

#### 4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Seattle Information Technology Department (SeattleIT)

OSE has begun preliminary discussions with SeattleIT on the selection and development of an appropriate technology solution for BEPS compliance including integration with the existing Benchmarking system to create a modern, single integrated tool. The IT budget includes an average of 3.6 FTE to be added on a one-time basis for the implementation of the project and 1 FTE IT-Business Systems Analyst position to be added on an ongoing basis for the life of the tool. One-time positions include IT-Project Manager, IT-Business Analysts, IT-Solutions Architect, and IT Developer each ranging from full time to 25% time during the project planning and implementation phases, which would have a sunset date once the project has been completed and implemented.

- The 2023 Adopted and 2024 Endorsed Budget included \$1,981,062 and \$2,014,683 in appropriations, respectively, from the payroll expense tax and estimated \$7,477,745 in total project costs from 2023 through 2027.
- Re-estimated total project costs through 2029 are now \$5,823,000 (see description below).
- Ongoing IT annual staffing and expenses, for 2026 and beyond, are expected to include:
  - One permanent Seattle IT Business Systems Analyst FTE for ongoing system maintenance
  - \$200K for ongoing licensing costs included in OSE budget

Note that appropriations in the 2023 Adopted and 2024 Endorsed Budget for this body of work were based on preliminary estimates which included a substantial contingency (50%). Re-estimated costs have lowered the project contingency to 35% and assume existing antiquated IT platforms and piecemeal software tools are replaced and streamlined. OSE will work collaboratively with Seattle IT in 2023 and 2024 to refine and scope the relevant IT solution into a phased delivery approach to meet first cycle compliance deadlines beginning in 2027. The project initiation and planning phase will include consideration of a vendor-provided solution which might be implemented at a lower overall cost. Project costs through 2029 are re-estimated to total \$5,823,000 with an ongoing annual cost of \$386,000 per year.

#### Department of Finance and Administrative Services (FAS)

Building owners who are deemed out of compliance and receive a Notice of Violation (NOV) with an assessed penalty may request Administrative Review of the violation by the OSE Director. After an Administrative Review, a decision will be issued by the OSE Director either sustaining, withdrawing, modifying or amending the NOV and associated penalty owed for non-compliance. Post issuance of an Administrative Review Decision, an aggrieved building owner may request a mitigation hearing or contested hearing from the Hearing Examiner. Based on OSE's experience with the Energy Benchmarking and Building Tune-Ups programs, the likely volume to the Hearing Examiner's office would be low, and at the earliest begin in 2029. If 20-30% of buildings receiving fines ultimately appealed to the Hearing Examiner, this might generate a volume of 3-12 cases per year by 2033-2037. FAS currently issues, via certified mail, Notices of Violation for non-compliance with Energy Benchmarking and Building Tune-Ups mandates on behalf of OSE. Given the sunset of the Building Tune-Ups regulation, FAS is able to absorb the work and any costs with current staffing and program budget.

In addition, FAS will be responsible for collecting the Alternative Compliance Payments, beginning in 2027. Based on current estimates for numbers of buildings which will utilize these options, and conversations with FAS on the processes for receiving revenue it appears that no increase in staff capacity would be required. However, further evaluation will be needed in 2024-2025 to establish the final business processes and understand the full scope of work.

#### Capital Departments:

(Department of Finance and Administrative Services, Seattle Parks & Recreation, Seattle

Public Library, Seattle Center, Seattle City Light and Seattle Public Utilities)

Buildings owned by the City of Seattle will be impacted by the proposed legislation and capital departments will need to ensure compliance, in coordination with the OSE facilitated Municipal Energy and Emissions Program. Under the BEPS legislation, the City will be legally required to achieve net-zero emissions for its own portfolio of city-owned buildings by 2043.

Capital departments have a long history of implementing energy efficiency improvements in city facilities, and reducing energy use and decarbonizing city-owned buildings is consistent with previous policy direction included in the *2013 Climate Action Plan*, the *2013 Resource Conservation Management Plan*, the *2018 Climate Action Strategy*, *Executive Order 2020-01: Advancing a Green New Deal for Seattle*, and *Executive Order 2021-09: Driving Accelerated Climate Action*. From 2008 through 2021, building related emissions were reduced across the municipal portfolio 24% and energy reduced by 25%. OSE is coordinating with capital departments to develop a Municipal Building Decarbonization Plan to fully transition all City-owned buildings to net-zero emissions, analyzing the actions that would be needed to decarbonize by 2035, if possible, and identifying federal and other funding opportunities.

Evaluations conducted to date cover all municipally owned buildings both above and below 20,000 square feet (except those at the Seattle Center).<sup>3</sup> Without BEPS, decarbonization of all municipal facilities would otherwise be achieved by 2050 due to mechanical system replacements that occur when equipment fails or under asset management plan timelines that reflect equity priorities, as well as coordination with other building improvements. Because equipment replacements need to meet Seattle Energy Code requirements that require new equipment to be fossil fuel free, standard operating procedures would mean the City achieves decarbonization of its portfolio by 2050. Because BEPS requires buildings over 20,000 square feet to meet net-zero emissions at an earlier date (2043 for the portfolio of City-owned buildings), some equipment replacements would need to be accelerated. Of the City's 54 buildings over 20,000 square feet that still have fossil fuels, just one (Magnuson Bldg 30) would need to have its upgrade accelerated by two years to meet BEPS. The estimated upgrade cost, regardless of when it is completed is \$5 million.

Should the City meet previously articulated goals of decarbonizing the city-owned building portfolio by 2035,<sup>4</sup> the City would easily achieve the BEPS first emissions targets by 2033 (first targets compliance date for building portfolios) and meet the net-zero emissions by 2043 requirement eight years in advance. OSE will be responsible for coordinating across departments to ensure that the City is working towards the goal to decarbonize our buildings by 2035 as well as to meet the specific requirements of BEPS.

### Seattle City Light

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<sup>3</sup> Buildings at the Seattle Center are mostly served by the central district energy system. A separate evaluation is underway, with a draft anticipated later in 2023, to understand the opportunities related to decarbonizing the Seattle Center campus.

<sup>4</sup> [Executive Order 2021-09: Driving Accelerated Climate Action](#)

The proposed legislation would increase SCL's load and demand as many building owners transition over 20 years to electric equipment in order to meet their emission targets. SCL has extensive resource and system planning processes in place to meet increases in demand due to both transportation and building electrification. They are actively engaged in research and analysis and their 20-year Integrated Resource Plan (IRP)<sup>5</sup> outlines the utility's long-term strategy to supply reliable electricity to customers at a reasonable cost and risk, while protecting the environment and ensuring service equity.

In many cases, building owners will require additional electrical service at their property to serve the new loads from electrification projects. Building owners will submit service applications, which will require SCL customer service, engineering, and field crew staff to review and process. In order to both streamline the service application process and mitigate the need to upgrade existing services (by providing technical assistance in implementing energy efficiency and peak load management with electrification projects), SCL will need additional Senior Energy Management Analysts to meet the owner support needs and electric service request needs of customers complying with this legislation. SCL will need 1 FTE/year starting in 2025 to meet the electric service requests for early compliance and additional customer support needs (e.g., in preparing GHG reports or alternative compliance submittals). SCL will need 4 FTE/year starting in 2028 to meet the service requests aligned with the compliance period to meet greenhouse gas intensity targets, beginning 2031. SCL will closely monitor annual increases in service connection requests and will require additional future staff across customer service, engineering, and field crews as volumes increase from this legislation, increases in new construction, and new transportation electrification requests.

The proposed legislation includes an energy consumption data verification requirement, which would require utility data corrections if inaccurate reporting is identified. It is anticipated that the first cohort of building owners would likely begin benchmarking verification starting in 2025 before their first compliance date in 2027. This will be similar to current practice for the Energy Benchmarking and Reporting program to correct utility data when it is identified, but the demand for assistance from SCL may increase as more owners find errors through required verification and could create a need for additional SCL staffing and technology improvements.

#### Seattle Department of Constructions and Inspections (SDCI)

Building owners will seek permits under the building codes for upgrades to their buildings, both to meet the Seattle BEPS greenhouse gas targets (first compliance for the largest buildings by 2031) and to meet the WA Clean Buildings Performance Standard (CBPS) energy use targets (first compliance for the largest buildings by 2026). SDCI will conduct reviews for compliance with the technical construction codes through their current process. Due to the additional permitting needs, there will be a SDCI staffing need of an additional energy/mechanical plans examiner for 0.25 FTE/year starting in 2025 to support owners meeting the WA CBPS as well as to support owners with early compliance for the Seattle BEPS under the Seattle Clean Buildings Accelerator. Beginning in 2028, 0.5 FTE will be needed as all owners prepare to meet their first BEPS emissions compliance deadlines.

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<sup>5</sup> [2022IntegratedResourcePlan.pdf \(seattle.gov\)](#)

**b. Is a public hearing required for this legislation?**

No

**c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No further publication is required. A notice was filed on June 8, 2023, in *The Daily Journal of Commerce* for a Determination of Non-Significance in compliance with State Environmental Policy Act requirements.

**d. Does this legislation affect a piece of property?**

The legislation affects approximately 3,580 properties in Seattle<sup>6</sup>. These are the same properties that are affected by the existing Energy Benchmarking and Reporting mandate. The location of these properties is published in the Energy Benchmarking data mapping and [visualization tool](#) as well as in the Building Energy Benchmarking datasets available via the Seattle Open Data Portal at [data.seattle.gov](http://data.seattle.gov).

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

At its core, continuing to power our buildings with fossil fuels is an issue of climate justice. There are [environmental and social harms along the full pathway](#) of getting energy to our building, such as methane leaks, contaminated groundwater and pipeline explosions. Burning these fossil fuels in our buildings then pollutes the air and contributes to climate change. Seattle is already experiencing these climate change impacts including extreme heat events, wildfire smoke, drought, flooding and heavy precipitation. Decarbonizing buildings will alleviate the harm from fossil fuels and climate change that is predominantly born by frontline communities. And, it will lead to better performing and healthier buildings where we all live and work.

Implementing the proposed legislation will mean that certain building owners, especially nonprofits and affordable housing serving frontline communities, may need to make building upgrades for which they don't have adequate financial or staff capacity resources. And, there is the potential for upgrade costs to be passed on to tenants. The proposed legislation has been designed to provide flexibility and a long runway for under-resourced buildings, such as affordable housing and nonprofits, to minimize potential cost burdens on owners and tenants, while still ensuring the benefits of improving their facilities. This includes:

- Lead with, and learn from, the ongoing work to improve energy efficiency and decarbonize municipal facilities. **Prioritize community facing facilities and those that can serve as resilience hubs.**
- Lead with, and learn from, larger commercial buildings (>50K sq.ft.). These buildings are already required to comply with the State Clean Buildings Standard, in 2026-

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<sup>6</sup> Based on 2019 Energy Benchmarking data. The estimated number of applicable properties subject to the proposal is 3,580 (approximately 4,135 buildings including buildings on campuses), of which approximately 1,650 are nonresidential and 1,885 are multifamily, and 45 campus properties (representing approximately 600 buildings).

2028, and have both the greatest impact and greatest resources. **Smaller and under-resourced buildings benefit from this learning.**

- Extended timeline for multifamily buildings. Compliance for initial targets would not begin until 2031-2035, but owners would conduct simple planning to prepare for future action. **Affordable multifamily buildings are provided with even longer runway and are exempted from meeting targets in 2036-2040.** This will allow the opportunity for continued public support for and investments in improving these buildings prior to their compliance dates.
- Compliance available at a portfolio scale for public entities and nonprofits, such as housing providers, to **allow greater flexibility to make improvements according to a provider's own asset improvement timing and needs.**
- Cooking exemptions in first compliance cycles to alleviate impact on restaurant small businesses and multifamily buildings that may have gas stoves in units.
- Prescriptive options for multifamily (e.g. replacing hot water heating) in lieu of meeting targets.
- Extensions or limited exemptions for buildings with extenuating circumstances, such as historic properties, unreinforced masonry, substantial alterations, electric infrastructure upgrades or hardships impacting low-income tenants.
- ACPs and penalties **dedicated to funding technical assistance and financing for under-resourced buildings.**

In addition to the proposed legislation, OSE has launched an associated support program, the Seattle Clean Buildings Accelerator. Outreach, education and compliance assistance will be provided to all owners, but deeper levels of technical assistance, funding for engineering analysis and direct capital investments will be prioritized towards supporting building owners and tenants that are located in or serve frontline communities.

## f. Climate Change Implications

### 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

The Seattle Building Emissions Performance Standard is one of the most impactful building policies the City can implement in the next few years and is projected to reduce Seattle's building related emissions 27% by 2050 (buildings represent 37% of Seattle 2020 core emissions).

### 2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

The proposed legislation will improve Seattle's climate resilience generally by reducing climate pollution. In addition, the specific upgrades to the impacted buildings will reduce their reliance on fossil fuels, improve their energy efficiency, and may offer cooling spaces that will help residents cope with extreme heat and wildfire smoke.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

The Building Emissions Performance Standard is projected to reduce Seattle's building related emissions 27% by 2050, across approximately 4,135 buildings, create 150-270 additional clean energy jobs or more per year, and ensure our communities benefit from reduced energy costs and healthier living and working spaces.