



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Rickelle Williams, Interim City Manager

DATE: July 24, 2024

TITLE: REFERRAL TO THE FINANCE AND ECONOMIC RESILIENCE COMMITTEE TO DISCUSS/TAKE ACTION ON THE LAND USE AND SUSTAINABILITY COMMITTEE FAVORABLE RECOMMENDATION TO CREATE AN ENERGY BENCHMARKING ORDINANCE, PROGRAM AND ASSOCIATED FUNDING REQUIREMENTS.

RECOMMENDATION

The Administration recommends the Mayor and City Commission refer this item to the Finance and Economic Resilience Committee.

BACKGROUND/HISTORY

On January 25, 2024, the Sustainability Committee adopted a unanimous motion, urging the City to adopt an ordinance that would mandate the benchmarking of energy consumption and greenhouse gas emissions for existing buildings above a certain size threshold.

On February 21, 2024, the Mayor and City Commission referred a discussion (C4 I) to the Land Use and Sustainability Committee to consider adopting a building energy benchmarking ordinance (Attachment A). This item was sponsored by Commissioner Laura Dominguez.

On March 19, 2024, the Land Use and Sustainability Committee discussed adopting a building energy benchmarking ordinance item and directed staff to explore incentives and a policy framework for energy benchmarking.

On June 10, 2024, the Land Use and Sustainability Committee provided a favorable recommendation to create an energy benchmarking ordinance and refer the energy benchmarking software and position estimate to the Finance and Economic Resilience Committee for consideration in the budget process (Attachment B).

ANALYSIS

Benchmarking is an important strategy for measuring and improving the energy and water performance of the largest buildings in a city. For building owners and property managers, the benchmarking process and report allows them to understand their energy usage and water consumption and makes it easier to identify inefficiencies and opportunities to reduce costs. These improvements create a competitive advantage by increasing asset value, enhancing operating margins, and improving tenant retention.

A benchmarking program would further the City's sustainability and resilience goals. The Environment & Sustainability Department is developing the City's first Climate Action Plan (CAP) to prioritize high impact actions to reduce greenhouse (GHG) emissions community-wide, supporting the reduction goal of net-zero GHG emissions by 2050 which the City Commission unanimously adopted on April 21, 2021 through Resolution No. 2021-31664. An energy and water benchmarking ordinance is proposed as a high priority action in the CAP due to its high GHG

emissions reduction potential, additional co-benefits including cost savings, and low complexity for implementation.

Municipalities that have implemented mandatory benchmarking policies have observed a decrease in energy use and corresponding cost savings for building owners. Based on the Miami Beach 2022 community-wide GHG emissions inventory and an Environmental Protection Agency (EPA) study that found an average annual energy savings of 2.4% in an analysis of benchmarked buildings, a benchmarking requirement could reduce emissions by 9,705 MT CO₂e annually citywide. This is equivalent to 62.2 acres of U.S. forests preserved in one year.

It is recommended that a mandatory benchmarking ordinance includes an education period without fees or violations and that implementation is phased, starting with the largest buildings complying in the first year and smaller buildings complying in subsequent years. This provides time for buildings to receive education and learn how to successfully comply with the ordinance. A draft energy and water benchmarking ordinance is included as Attachment C. Implementation of the program is flexible, the first year would not have fees and fines for non-compliance. The ordinance can be refined through public outreach and working with the City Attorney's Office. Although water is traditionally included within an energy benchmarking ordinance, the original referral items was based on energy only. The draft ordinance includes both energy and water as a model ordinance.

A mandatory energy and water benchmarking policy includes the following essential components: annual benchmarking requirement, disclosure requirement, education and outreach, and enforcement. The development and implementation process includes the following tasks:

- Engage the community: Create a website to inform, educate, and inspire action. Notify building owners to their required participation.
- Develop an inventory of covered buildings: Create a covered buildings list working closely with the Property Appraiser and internal City departments, acquire accurate contact information, and continuously maintain the covered buildings list.
- Collect and manage building data: Procure a software platform, improve data quality, and enforce compliance, with no fines for first year of implementation.
- Engage utilities: Engage utilities, like Florida Power and Light (FPL), on implementation and establish access to whole-building data.
- Educate building managers: Create compliance support materials, develop and deliver trainings, establish a help desk, provide annual reports.
- Communicate results: Share data to enable transparency. Analyze data and report the results.

Resources required include a position and software with services to develop and implement the program. This is inclusive of program development, training and education for the community, and direct outreach to buildings—alongside a software platform that would compile and track the benchmarking data submissions.

FISCAL IMPACT STATEMENT

The estimated cost for the first year, including set-up fees, ranges from \$186,000 to \$216,000. Subsequent years may incur an estimated cost of \$125,000. A nominal fee of \$125 could be charged to each building for registration to use the software to offset program costs. The estimate for a full-time position is \$65,000 (salary only).

Year 1 estimate: \$281,000

Year 2 and ongoing estimate: \$190,000

Does this Ordinance require a Business Impact Estimate?
(FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on . See BIE at:
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

IN DEVELOPMENT

CONCLUSION

The Administration recommends the Mayor and City Commission refer this item to the Finance and Economic Resilience Committee.

Benchmarking is an important strategy for measuring and improving the energy and water performance of the largest buildings in a city. To create an effective and successful benchmarking program with both environmental and economic advantages for the City of Miami Beach, the property owner and stakeholders, the prioritization of resources is required. Funding needs include the software with services required for buildings to participate and a position to launch and manage the program. If the Committee concurs, next steps include a motion to the full City Commission for funding prioritization within the budget process.

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

Yes

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Environment and Sustainability

Sponsor(s)

Commissioner Laura Dominguez

Co-sponsor(s)