



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION
PRESTON NIBLACK, DIRECTOR
FISCAL IMPACT STATEMENT**

PROPOSED INTRO. NO: 967-A

COMMITTEE: Environmental Protection

TITLE: A Local Law to amend the New York City charter and the administrative code of the city of New York, in relation to requiring energy audits and retro-commissioning of base building systems of certain buildings and retro-fitting of certain city-owned buildings.

Sponsor: By Council Members Gennaro, Brewer, Comrie, Dickens, Garodnick, Gioia, James, Koppell, Lappin, Mitchell, Palma, Recchia Jr., Reyna, Rivera, Stewart, Weprin, Liu, Yassky, Sears, White Jr., Mendez, de Blasio, Mark-Viverito, Vann, Avella, Vacca, Gerson, Jackson, Gonzalez and Ferreras.

SUMMARY OF LEGISLATION: The legislation will require the owners of buildings that exceed 50,000 square feet or 100,000 square feet if two buildings are on the same tax lot, to perform an energy audit on the buildings base systems. Base systems include: the building's envelope, HVAC system, hot water system, and electrical/lighting systems. The industrial processes that occur inside the building are not to be included in the energy audit.

The audit will review the owner's current operational needs and requirements for the building, including temperature and humidity set points, operating hours, filtration, and any integrated requirements such as controls, warranty review, and service contract review. The energy audit will be conducted by an authorized retro-commissioning agent and cannot be performed by an employee of the property owner. Buildings administered by Housing Preservation and Development, senior colleges of the City University of New York, Cultural Institutions, and Health and Hospitals buildings are exempt from this law.

If the energy audit reveals that the buildings base systems are below the standard of the City's Energy Code, the owner is responsible for a retro-commissioning or repair of the defects. Such defects and remedies include: cleaning, adjustments of valves, sensors, controls or programmed settings and/or changes in operational practices. Should the repair of the deficiencies not pay for itself with energy savings within a seven year time frame the owner will not have to make said repair.

Costs to the City are estimated based on an audit estimate per square foot of fifty cents, and the Department of City-wide Administrative Services (DCAS) estimate of 10 million square feet of City buildings due to be renovated each year. The audit costs, based on these estimates, should total \$5 million per year in expense funding and be charged to the City's general fund. The retro-commissioning of base systems is estimated to be \$25 million in capital funding which is currently budgeted in the City's capital plan.

A Division of Energy Management will be set up within the City's Department of City-wide Administrative Services (DCAS) to monitor and report on this process. The expense budget costs related to this new division are intended to be offset by revenue generated by filing fees from the audits.

EFFECTIVE DATE: This law shall take effect immediately.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED:

FISCAL IMPACT STATEMENT:

	Effective FY10	FY Succeeding Effective FY11	Full Fiscal Impact FY10
Revenues (+)	\$0	\$0	\$0
Expenditures (-)	\$4,500,000	\$34,350,000	\$4,500,000
Net	\$4,500,000	\$34,350,000	\$4,500,000

IMPACT ON REVENUES: Revenues resulting from the collection of filing fees will be designed to wholly fund the Division of Energy Management, and net to zero. As of this writing a fee schedule has not been finalized.

IMPACT ON EXPENDITURES: It estimated additional cost to the City from this legislation in Fiscal Year 2010 will be \$4.5 million in expense funding related to audits only, Fiscal Year 2011 will have a charge to the expense funds of \$13.3 million and a charge to capital funds of \$21.1 million, the average cost per year from 2012 through Fiscal 2017 is \$16.7 million in expense funds and \$40.4 million in capital funds. Within the charges to expense funds there is a \$5.3 million cost for waste water treatment plants, these plants fall under the Department of Environmental Protection are paid for using water rate revenue.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: The City of New York's General Fund and Capital Budget.

SOURCE OF INFORMATION: The Department of Citywide Administrative Services, the Mayors Office of Long Term Planning and the City Council Finance Division.

ESTIMATE PREPARED BY: Jonathan Rosenberg, Deputy Director
Nathan Toth, Assistant Director

HISTORY: Introduced as Int. 967 by Council and referred to the Committee on Environmental Protection on April 22nd, 2009. On June 26th, 2009 the Committee held a hearing and Int. 967 was laid over. An amendment has been proposed, and the bill will be considered by Committee as Proposed Int. 967-A on December 8, 2009.