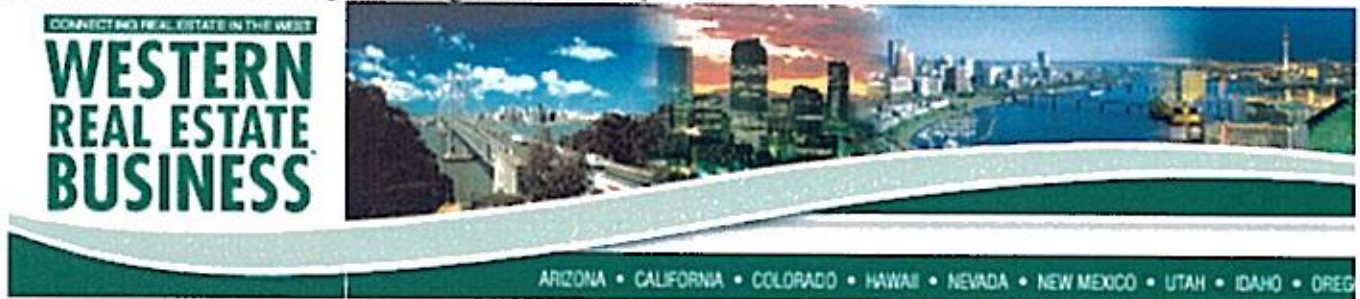


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COVER STORY, OCTOBER 2009

**SUSTAINING SUSTAINABILITY****Going green is being viewed less as a finish line and more as a journey of commitment, responsibility & opportunity.**

Brian A. Lee

Some may focus simply on the awards and rewards involved with commercial real estate's sustainability movement, but *Western Real Estate Business* found many others that are committed to long-term green community, education, innovation and longevity goals.

**Greening of the Desert & Rockies**

The hospitality hot spot not only in the West, but around the nation, Las Vegas has always been colorful. While most of Sin City's commercial real estate sectors are in the red currently, private companies and the public sector are increasingly going green for answers to the changing economy, including jobs and sustainability. That's just what the National Clean Energy Summit 2.0, featuring leaders in government, industry and science such as former Vice President Al Gore, Senate Majority Leader Harry Reid and high-profile financier T. Boone Pickens, focused on when it convened in mid-August in Las Vegas.

"What community in the United States is in a better position to take advantage of renewable energy than Las Vegas is?" asks Jeremy Aguero, principal analyst at Applied Analysis. "Who has more land than we do? Nobody [with 80 to 85 percent federally owned]. Who's got more sunlight than we do? Nobody. We've got wind, and we've got geothermal. That's where the opportunities lie in the future. The city is well positioned."

In 2005, a green incentive package in Las Vegas essentially provided substantial property and sales tax breaks so that projects like CityCenter could become a reality. When it opens at the end of the year, the multi-billion dollar CityCenter on the Strip will be one of the largest sustainable developments in the world. Within the massive resort, the U.S. Green Building Council has already awarded Gold LEED certification to ARIA's hotel tower, convention center and theater, as well as Vdara Hotel.

The innovation of Arizona State University, the forward thinking of co-developers Higgins Development Partners and Plaza Companies, and the commitment of USAA Real Estate Company are manifested at SkySong in Scottsdale, Arizona. This past summer, the first two buildings at the 300,000-square-foot and growing development, were certified LEED Silver. Some of the innovative green building techniques at SkySong include advanced HVAC systems, water recapture and the use of



green materials. The certification did not factor in the development's signature shade structure, which provides significant relief from the hot Arizona sun. Extensively landscaped, the 1.2 million-square-foot project broke ground in 2006 on the former site of Los Arcos Mall and will consist of office and retail space as well as residential units. The spirit of innovation that produced the green development plans and partnership also makes for a collaborative, cutting-edge business community at SkySong.

The first two buildings at the 300,000-square-foot and growing SkySong mixed-use development in Scottsdale, Arizona, were recently certified LEED Silver.

Vestar Development Company's Oro Valley Marketplace has earned LEED Silver certification, making it the first retail project in Arizona to earn the designation. Opened in October 2008, Oro Valley Marketplace reflects the developer's successful GreenStar initiative, a sweeping commitment to sustainable shopping center building techniques.

Everyone talks about green construction, but what about green deconstruction? NewMark Merrill's Mountain States division employed a unique approach in demolishing a 25-year-old restaurant at its Fort Collins Marketplace development in Fort Collins, Colorado, to make way for a new Chick-fil-A property. Through reuse and recycling, NewMark Merrill and local contractor Brinkman Partners were able to divert 54 percent of the building materials from the landfill.

### **A Purpose With People**

Architectural firm Gensler has long been committed to making the West greener and more sustainable. In 2005, the company received the Leadership Award from the U.S. Green Building Council for its commitment to the advancement of sustainable design. Underlying its forward thinking and sustainable innovation is the belief that the people attracted to the comfort and utility of green facilities can learn about the benefits they're enjoying while there.

"The philosophies of conservation and sustainability are reinforced with signs, information and images throughout the building," says Gary Brandau, an associate in Gensler's San Francisco office, about its design of a university center for The University of the Pacific campus in Stockton, California. The two-story, 55,000-square-foot red brick facility features retractable skylights, daylight sensors, and large windows and doors for natural lighting and cooling. Renewable materials such as recycled glass tiles in the restrooms, concrete in the lobby, used tires on the roof and fabric panels in the event space were utilized in constructing the building, which was completed in 2008.

The design firm has designed a 42,000-square-foot prototype store for REI in Boulder, Colorado, "that is a working laboratory to analyze the performance of green-building features and new retail concepts." Besides innovations like Solatubes — highly reflective, funnel-shaped tubes that channel daylight from the roof throughout the store — building integrated photovoltaics and other numerous features to ensure the store's design meets LEED Gold standards, the building will have an elevated, centrally located community center for the community to learn more about the outdoors and conservation.

The Preserve in Stockton will likely be Gensler's biggest example of architecturally harmonizing the environmental, economic and social aspects of real estate development. Gensler aims to make the \$2 billion development, to be developed by A.G. Spanos, a "One Planet Community," which involves reducing its carbon footprint through smart-growth principles. Other design goals include preserving agricultural land, restoring and establishing habitat and wetlands, and creating jobs for economic sustainability. The village concept will be the basic building block for new developments in The Preserve, promoting walkability and interaction.

"Over the long term, The Preserve is expected to help Stockton re-brand itself as a forward-thinking community that will attract new business and talent to the area," Brandau says.

Jones Lang LaSalle practically brings an army of LEED professionals to the sustainable front. Not one to waste time (or resources), the company surpassed its 2009 goal of employing 500 sustainability-accredited professionals 6 months earlier than projected.



"No other real estate firm has close to as many accredited individuals or has completed as many certification projects," says Peter Belisle, who himself is LEED accredited as well as president of Jones Lang LaSalle's Project and Development Services (PDS) in Los Angeles, where he oversees PDS Sustainability coast to coast. "In the West, Jones Lang LaSalle employs 107 LEED-accredited professionals who come from various business lines including brokerage, construction, energy and sustainability services, property/facility management, and project and development services, as well as multiple corporate executives."

Starting with its first LEED-certified project in 2003 through July 2009, Jones Lang LaSalle has assisted clients in managing and gaining certification on 28 LEED properties to date, more than any other real estate services firm, according to Belisle.

### **Company Costs vs. Environmental Costs**

"The challenge in the green building industry is to be competitive with conventional construction," says Kellie Hill, director of business development for Chino, California-based r3 Building Systems. "The building industry is driven by bottom-line decision making — keep the cost low and the schedule tight. As the industry has struggled to drive the bottom line further but increase the environmental sensitivity of their construction practices, two dichotomies have collided."

Industry leaders like r3 have an answer. Using its new patent-pending steel building systems that not only save time and money, but are also more energy efficient and highly sustainable, r3 Building Systems helped Fresh and Easy garner a 10 percent savings in construction/consulting costs, 42 percent savings in energy costs and a 59 percent reduction in water use at its Cathedral City, California location, Hill says.

On the multiple savings theme, LPA Inc. designed NASA's first LEED Gold building, the six-story Flight Projects Center for the Jet Propulsion Laboratory in Pasadena, California, on a Silver budget. The award-winning project was LPA's first federal one.

### **What's Next in Sustainability?**

With apologies to Tulane University grads, what will be the next green wave? Some think it's more about the mind than matter.

"Educating the masses that going green does not have to cost more green," says Hill at R3 Building Systems. "When utilizing the right products and innovations, sustainability and budgets can become allies."

Jones Lang LaSalle's Belisle maintains that future sustainability emphasis will involve an increased focus on the cost and financial payback of energy retrofits, as well as monitoring energy usage to ensure that strategies bear fruit. David Pogue, national director of sustainability for CB Richard Ellis' Institutional & Corporate Services, agrees on the monitoring point. That's why CBRE has created its unique post-LEED EB (Existing Building) certification compliance and review guide, which allows building owners to track their facilities' progress and thus maintain certification.

"Attaining a LEED certification or creating a comprehensive sustainability program is one thing, but maintaining what was created and keeping current with improvements in sustainable practices is the next step," says Pogue.

Regarding The Preserve project, Gensler's Brandau indicates his firm's characteristic green commitment that doesn't end at initial project completion. "The plan calls for checkpoints as the project and community grows to measure how well it is meeting sustainable living indicators," he says.

Dan Heinfeld, president of Irvine, California-based LPA Inc., points to the substance of green evolution. "Sustainable strategies such as daylighting, use of recycled materials, construction waste diversion, etc. which are now considered best practices, will no longer be the measures of a sustainable project," he says. "Real reductions in energy and water use are going to become more important and

necessary for our sustainable future."

### **Top 5 High-Impact Hotel Sustainability Initiatives**

Hotel operators often overlook their operating budget as a means to fund cost-neutral initiatives that have a massive impact on a hotel's sustainability performance.

1. **Retro-commissioning and HVAC Equipment Tune-ups** - These efficiency-boosting initiatives are heavily subsidized by many utility companies throughout the West, and whatever negligible cost the hotel operator is responsible for can be funded through the "Property Operations and Maintenance" line item. They also allow operators to plan for longer-term equipment investments.
2. **Lighting Upgrades** - Similar to incentivizing the above, many utility vendors throughout the West offer rebates and incentives for retrofitting existing hotel lighting systems with more efficient compact-fluorescent systems. Lighting retrofits can also be funded over time through intelligent use of the "Property Operations and Maintenance" line item as bulbs and lamps are replaced at a hotel on an ongoing basis.
3. **Environmentally Sustainable Site Management** - Considering the vast array of vendors in the lawn-care arena that offer environmentally sustainable alternatives to conventional methods, a sustainable landscape management plan can be implemented that, in many cases, will be both cost and performance neutral as compared to conventional methods.
4. **Green Cleaning Program** - Cleaning supplies are a component of the "Rooms" expense line item that represent a major opportunity to improve a hotel's environmental sustainability performance. The use of citrus-based, non-toxic cleaning supplies coupled with a color-coded microfiber cleaning system significantly improves the indoor environmental quality of a hotel and drastically reduces the risk of cross contamination.
5. **Sustainability Training** - Initial and ongoing employee training, often accounted for in the "Administrative and General" line item, allows a hotelier to establish a strong green knowledge base among its staff, which will have a massive impact on the long-term success of its overall sustainability program.

*John Scaggs is managing director of HVS Eco Services in Boulder, Colorado.*

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