

# Green Building

## Strategic timing is essential for proper benchmarking

With all of today's uncertainty in commercial real estate and energy markets, improving cash flow and adding value to buildings through smart energy and water management is as important as ever – if not more so.

If you are like many property owners, tenants and managers, you've noticed recent investment trends toward top-quality properties, energy efficiency and environmental awareness. To stay competitive, older properties often are compelled to improve their appeal to potential buyers and tenants, and can increasingly find financial incentives to help them reduce their carbon footprint and lower operating expenses in the process.

While most experienced owners and managers recognize the benefits of pursuing green building certifications such as LEED and Energy Star, many prefer to take more of a step-by-step approach by seeking first to understand how their existing buildings consume and waste energy and water.

Properly timed utility cost benchmarking is an excellent strategy for getting started on the path toward greening your properties. Four good benchmarking opportunities throughout the typical investment cycle are discussed here.

■ **Due diligence.** What better time to become familiar with a building's energy performance than before you buy it? Increasingly, potential property buyers are carefully examining the current and projected costs of operations in order to reduce exposure to potentially much higher utility rates in the mid- to long-term. In addition, due diligence creates an opportunity to examine the carbon footprint of a property and to analyze exposure to future carbon and greenhouse gas regulation, and to compare the subject property with comparables in the same climate zone. While you're at it, you may want to investigate the feasibility of amending leases so that any submetered tenants may easily share utility consumption and cost data with building ownership or



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the entire portfolio's energy and water performance offers an effective way to prioritize investments in deeper analysis or comprehensive building retrofits. In individual buildings, any upgrade, especially in well-occupied properties, requires careful coordination. By having the building's current performance benchmarked early in the renovation planning phase, you'll identify opportunities to better coordinate your energy ret-

management. You'll want that information in order to accurately track whole-building performance going forward.

■ **Renovation.** If you're managing and maintaining multiple properties, properly benchmarking the entire portfolio's energy and water performance offers an effective way to prioritize investments in deeper analysis or comprehensive building retrofits. In individual buildings, any upgrade, especially in well-occupied properties, requires careful coordination. By having the building's current performance benchmarked early in the renovation planning phase, you'll identify opportunities to better coordinate your energy ret-

profit tasks with other construction. Just as importantly, you'll also gain an accurate account of pre-retrofit performance upon which to measure the ongoing financial and environmental return on your investment. In addition, energy and water benchmarking is a fundamental first step toward earning the Energy Star or LEED for Existing Buildings certification for your property.

■ **Refinance.** As the real estate markets have taken notice of rapidly growing awareness of eco-friendly building and development techniques, so too have lenders. While many of the old guard still underwrite loans through the lens of strict assumptions regarding building operating cost ratios, I've seen several lenders recently showcase their knowledge of green building finance, while also explaining their methodologies for providing preferred financing for acquisition and construction of high-performance real estate. Demonstrating knowledge of how your property's energy per-

formance affects the bottom line may help build underwriting confidence when seeking to refinance.

■ **Disposition.** If you're like many property sellers, you may be inclined to spruce up the place and possibly improve the curb appeal. To "spruce up" your financials a bit, perhaps investing a relatively small sum to learn about the building's performance could identify easy, low-cost measures to make significant reductions in utility costs and improve net operating income. As in purchasing a used car, the potential buyer always appreciates a seller who keeps detailed maintenance and performance records. In fact, there are now laws on the books in New York, California, Texas and Washington, D.C., that mandate energy and water benchmarking, and public disclosure of the findings, either on an annual basis or prior to sale. Don't be surprised when similar energy reporting requirements make their way to Colorado.▲

## Green Building News

### BGCE provides energy audit for Wyoming school

Energy engineering and MEP design firm Beaudin Ganze Consulting Engineers Inc. is helping the National Outdoor Leadership School in Lander, Wyo., reduce its impact on the environment.

BGCE provided energy audit services for NOLS' existing 51,000-square-foot administrative office building. BGCE also developed eight energy conservation measures for the NOLS facility to improve the overall thermal comfort and operating efficiency of the mechanical and

electrical systems. Even though the NOLS facility already qualified for the government's Energy Star rating, BGCE was still able to develop energy conservation measures that could potentially reduce its annual energy bills by \$6,000 per year. The estimated construction cost to implement

the ECMs for the associated savings is \$44,500, which will yield a 7 1/2-year payback period. BGCE and NOLS are moving forward into the design phase of the project to implement the energy conservation measures that were found during the energy audit. The estimated date for comple-

tion of construction is spring 2011.

BGCE provides LEED, commissioning, energy, mechanical, electrical, lighting and technology engineering services from offices in Denver, Vail, and Fort Collins; Sacramento and Truckee, Calif.; and Albuquerque, N.M.▲

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