



Keen on building Green

Energy and environmental design can earn honors for new projects

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During construction of Intuit's new 466,000-square-foot campus in Carmel Valley this year, workers had to keep an eye out for the Green Police.

These watchdogs from DPR Construction, Intuit's general contractor for interior work, made sure that leftover cardboard, lumber and drywall were sorted for recycling, that glues used for sealing air ducts gave off only non-toxic fumes and that lighting was designed to cut energy use.

DPR project managers peered into Dumpsters and studied content labels on sealants in hopes of achieving a key designation as a Green building.

The somewhat extraordinary measures highlight how Green building is becoming mainstream. Even so, a debate continues in the building community about the costs and benefits of the official Green certification, known as LEED.

While developers are free to construct sustainable, energy efficient



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Intuit believes the steps it took to make its new Carmel Valley campus meet Green standards will pay off over time. The total additional cost for environmentally friendly features such as solar-powered exterior lighting was \$767,000, or about \$1.65 per square foot.

structures without a third-party verification, the U.S. Green Building Council's LEED program is emerging as the stamp of legitimacy for environmentally responsible construction.

LEED, or Leadership in Energy and Environmental Design, measures buildings for energy use, electricity consumption, water use, waste recycling and use of renewable materials, among other things. Buildings are ranked as Certified, Silver, Gold or Platinum.

There are fewer than 15 LEED-certified buildings in San Diego County. Yet, a plethora of additional projects are either striving for LEED or are in the pipeline for certification.

In addition to the Intuit project, office builder Hines is aiming for a LEED Silver rating on its 15-story, \$150 million La Jolla Commons high rise under way in University City. Bay

Area developer Jay Paul is seeking LEED for its 1.2 million-square-foot campus planned in Rancho Bernardo – the first phase of which broke ground this week. And shopping center giant Westfield is going Green with its planned 750,000-square-foot, \$900 million expansion at University Towne Center mall beginning next year.

“If you look at the total volume of construction, we're still not there yet,” said Stephen Kapp, president of the U.S. Green Building Council's San Diego chapter. “But there is a lot of interest. The fact that more developers are comfortable moving forward with this as a criteria for their projects means there has been a tipping point. This is not a fad. This is definitely a market shift.”

Yet, some developers say the costs – generally adding about 1 percent to 5 percent to the construction budget – can be difficult to recoup, particularly in multitenant office buildings where tenants are sensitive to high rents.

Others say it's more important to focus on sustainable design than to do the paperwork necessary to chase LEED points to win certification – which some view as being as much about marketing as it is about building an environmentally conscious structure.

But supporters of LEED contend the pay backs are there – not only in such things as long-term energy savings but also in less-tangible measures such as employee

Being Green

- The U.S. Green Building Council has established the LEED green building rating system, which stands for Leadership in Energy and Environmental Design.
- LEED certified buildings receive points based on energy consumption, water use, renewable materials use, recycling of construction waste and other factors.
- LEED ranks buildings on four levels. The most basic is a certified building, of which there are five in San Diego County. There are three LEED Silver-rated buildings, four Gold-rated complexes and one Platinum building – the Del Sur Ranch House community events center in Carmel Valley.

productivity and the reputation of a company as a good environmental citizen.

Moreover, as LEED becomes more mainstream, developers may end up commanding higher prices for LEED certified buildings when it comes time to sell, say industry experts.

“Tenants are asking, 'Do you have a LEED-certified building available,'” said Norm Miller, director of academic programs at the Burnham Moores Center for Real Estate at the University of San Diego. “These things never mattered until very, very recently. So it does look like it's turning the corner in that benefits in terms of rents and values look like they're higher than the costs, at least at the Certified or Silver level.”

For Intuit, DPR project manager Whitney Dorn kept a detailed account of the costs of going for LEED Silver. Her marching orders from Intuit were, “We want to do LEED, but we want it to pay off in the end” of the company's 10-year lease, Dorn said.

The total additional cost for environmentally friendly features ranging from waterless urinals to solar-powered exterior lighting was \$767,000, or about \$1.65 per square foot.

Based on her calculation, Dorn conservatively estimates that those costs will be fully recouped by Intuit from energy, water and other savings in the eighth year of its lease.

The intangible benefits of LEED, such as employee retention and productivity, are more difficult to measure. But supporters of the program believe they're real.

“We've talked about marketing: Is that why people are doing LEED?” Dorn said. “For Intuit, it was about marketing. But it was marketing to their employees.”

There are other intangible benefits, said Alan Ball of Qualcomm's real estate and facilities department. The wireless giant's new 550,000-square-foot campus in Sorrento Mesa, which includes three buildings plus a parking garage, has been certified as LEED Gold – likely one of the



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Intuit is hoping for a LEED Silver-certified designation for its new buildings. Among other benefits, companies say the designation can help in recruiting and retaining employees.



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Among the steps companies take to achieve LEED certification is to design lighting systems to conserve energy. At this point, there are fewer than 15 certified buildings in San Diego County.

largest campuses in Southern California to achieve a Gold rating.

Among Qualcomm's innovations was the use of solar photovoltaic panels as code-required shade structures in its parking garage. The panels generate 300 kilowatts of power – or about 60 percent of the campus' electricity requirement for lighting, Ball said.

“The alternative would have been to take that 300 kilowatts off the utility grid rather than from our own internal resources over the next 30 years,” Ball said. “What is the value proposition for not having the utility create emissions and burn energy for the next 30 years for those 300 kilowatts?”

While that benefit might be hard to pinpoint for Qualcomm, Ball contends that it matters to many institutional investors who evaluate a company's environmental responsibility as one criterion for investing in its stock.

“These types of actions are extremely important in satisfying those types of investor requirements,” Ball said. “And as the cost of energy continues to rise, the return on investment will increase geometrically over time. So we're pretty sure these are smart investments over the long term.”

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