

**Department of Planning and Zoning, City of Alexandria, VA
Green Building and Sustainable Development Working Group
Incentives Meeting – 8.30am to 10.30am Thursday, January 8, 2009
Sister Cities Conference Room, City Hall, Alexandria, VA**

Meeting Notes:

In Attendance:

Erica Bannerman
Maggie Cawley
Al Cox
Bill Cromley
Jeffrey Farner
Bob (Robert) J. Elliott, Jr
Beth Hyder
Rich Josephson
Martin O'Brien Johnson, PE
Katie Parker
Peter Pennington
Robert Phinney
Barbara Ross
Frederick W. Rothmeijer
Greg Ruff
Lou Sagatov
William (Bill) Skrabak
Kenneth W. Wire, JD

Progress To-Date / Updates

- Rich welcomed the new members and recapped on progress of the working group to date. A draft green building report went out January 7, and included better detail on policy points. Information was to be up on the City's website January 8.
- There will be an Environmental Policy Commission meeting on January 12, where there will be a briefing on the working group and the draft policy. There is a Planning Commission work session on February 3, where there will be a briefing on the working group's progress to date. There will also be a briefing at the next City Council meeting in February. Rich said he will know more details by next Tuesday.
- Rich encouraged the working group to get the word out and do some outreach for the January 28 forum.

Purpose of Today's Meeting

- Rich outlined the purpose of today's meeting as a continuation of the incentives discussion that was held at the last meeting. He then went on to summarize the comments that had been received prior to the meeting regarding incentives. These included the following:
 - Ken Granata suggested a one-for-one exchange format based on the City's 3 priorities (energy efficiency, water conservation, and carbon reduction).

- Robert Phinney suggested the elimination of the credits that are inherent or already provided by the City, and reducing the baseline requirement to LEED Certified. He later provided more detail on this concept.
- Peter Pennington stated that the State should change the law to make green mandatory and level the playing field.
- Bill Cromley promoted equity through a regional green credit or tax, and an approach that was revenue neutral (non-negative).
- Fred Rothmeijer promoted a cost-benefit analysis approach that would provide credits for actions such as water saving and reduced sanitary impacts through efficient fixtures. Reflect the savings to the City through reduced tap fees.
- Lou Sagatov suggested tax incentives and other conventional incentives such as expedited processing and density bonuses.
- Rich pointed out that the group had reached a consensus that the LEED rating system should be used for commercial buildings to start. The meeting then focused on green building incentives.
- Low hanging fruit – others will need further study to determine effectiveness

Incentives

- Rich asked Robert to lead discussion on his ideas. Instead, the discussion then turned towards the appropriate level of LEED to require.
- Fred pointed out that LEED Silver for Office only focused on core and shell, not tenant build-out for minimal level certification. Silver needs to be accomplished through incentives, and there is no sense in going beyond certification. Is USGBC going to raise the bar eventually anyway? This is not under the control of the City and therefore there is a risk involved.
- Bill C. stated that the standard should be related to the building size, and the incentives should draw people here. Easy and attractive is the way to go, but is there a window for incentives? An expiration date could be set that would have incentives in the beginning then phase them out. He also stated that parking and density bonuses are revenue neutral. Fewer cars on the road equate to less road maintenance and cost to the City, but more people in the building equals more money to the developer. Therefore the focus should be on prioritizing people/density over cars and parking.
- Rich explained that the City does not support density bonuses because it does not cover the market as well as DSUPs or site plan review, and there should be a broader standard for application of green building policy.
- Bill C. said that he does not understand that perspective. Jeff went on to explain that the City wants to find the appropriate density from all levels, and the planning department wants development to end up the way that it “should”. He went on to say that most communities want lower densities than area already zoned, and that adding density in most areas is a very sensitive issue. The approach is more successful where density is added up front, and is also driven by traffic since it is a limiting factor.

- Bill C. stated that he does not necessarily agree, and used Braddock Roads as an example of a project that didn't get optimal density and still had too much parking.
- Jeff said that the City is pushing for lower parking ratios and is trying to create disincentive to use cars.
- Fred suggested hiding parking below grade, screening parking, or using structured parking to reduce the amount of space utilized by cars.
- Jeff said that height is a factor in Alexandria, and that people should take above-grade space, not cars. There should be a lower parking ratio and people should live near transit.
- Robert suggested giving the option to the developer because it is their cost.
- Jeff stated that it is also a cost to the City. He also said that the way we use transportation will change in the future, but buildings will stay.
- Fred commented that if garage density above grade counts towards FAR, the developer is shooting themselves in the foot by placing it there.
- Jeff stated that there needs to be a larger discussion with the Council on parking policy.
- Ken asked if the policy will pre-negotiate incentives or use the certified level and say, "here's your bucket, the City encourages silver and you can draw from here." Use a, b or c to allay costs and get to Silver.
- Jeff agreed, asking whether the policy say certified is required but the City encourages Silver. He also commented that the development process discusses the tradeoffs.
- Bill C. stated that developers want certainty and that trade discussions are draining. Clear cut is better and more attractive.
- Jeff agreed, saying that the City also likes to know which direction they are going. Clear expectations make the review process easier.
- Ken wondered if there is an absolute.
- Robert commented that we are striving to define a base level, and incentives should kick in after 'base'.
- Ken asked if they can they coexist at base level.
- Beth repeated an earlier idea from Bill C., and suggested that it is a phased in approach, with initial incentives for Silver.
- Robert suggested that his program might appease today's concerns and set long term targets, and get everyone involved. He then launched into his idea: LEED is moving to 2009 and will be slightly different starting in the summer. They are trying to streamline and normalize the process, and have changed point levels. In the current system 17% of points come from energy efficiency, it becomes 27% in new system.
- Beth added that locating within the city becomes more attractive and you achieve more points. The new program also changes inequities of old point system, in which

you could achieve the same number of points for installing bike racks as installing a more expensive system.

- Robert stated that the policy should not be just for new construction. Some credits will not be fair because the building is full of tenants you don't control. Commercial should be brought in to make tenants responsible (minimal – lighting, simpler standards but SOME standards that meet the City's priorities. The developer was held to a standard, so the tenant should put in low flow fixture). Should green building stop at the core and shell level?
- Beth noted that it is an educational issue, and if people understand that the premium cost is modest compared to the effects, it will happen. You cannot force it.
- Peter asked where the approval is split - Is it certified for the whole building or just the core and shell?
- Robert said it should not stop at core and shell.
- Ken asked where it should stop. What if a tenant moves into a 1960s building with limited room for a retrofit?
- Beth asked whether or not tenants will care if the core and shell is green.
- Robert said it was a practical reality. You don't have much control over an old building unless you gut it and start over. The best things to consider would be to choose better lights, materials, etc.
- Fred expressed concern about the erosion of Alexandria's competitive position in the market. Tenant allowance and expenses cannot be too high.
- Robert suggested phasing it in since the market will be similar in most, if not all, nearby municipalities.
- Fred said we should stay with our neighbors
- Robert suggested that the Council of Governments could help with this.

Educational Component

- Bill C. restated that an education component critical. Save 50% on your water – that's an incentive to lease your space. Developers educate tenant and the government makes standards or incentives to go by.
- Beth agreed, saying if the tenant does x,y,z, they save money and are "green" for marketing purposes. Market transformation. Fix the 'easy stuff' first.
- Fred said there should be a tenant build out manual – do xyz. He then asked if these things are being done, how much you need to control. What's logically done? Wouldn't they choose the low-cost option intuitively?
- Robert noted that renovation issues have not yet been defined.
- Rich agreed that there is an educational component in tenant fit-out. He then asked how much further this policy can go.

- Lou stated that a City could do a model to show cost / ROI, and savings over time by choosing certain fixtures/design. It would be an educational tool that shows the practicality of the decision, and green becomes a no-brainer.
- Al mentioned that City committees are putting that stuff out now. But it is hard to reach all 800-900 permits that come through each month. He stated that fit out and renovations are very wasteful. While the City is catching up, there are so many permits. Larger jobs with SUPs are easier to reach. It will take a Phase 2 to reach more people and permits.
- Bill Skrabak agreed that this can't be resolved in our phase 1. City resources are limited, and a partnership will be needed with the private sector to cover more ground and know current market issues. Capacity from staff is limited now – need help from outside to develop an educational model.
- Rob agreed that lifecycle cost analysis criteria could be a base for people to use, and standards should be set to better analyze options.
- Peter said this tool is already on the web, and the City would just need an IT person to put it on their website.
- Robert agreed that a template from the City would be helpful, with input and information coming from anyone.
- Fred said that this would be worth nothing since every building operates differently and expenses vary. It is hard to quantify upfront what operating costs will be - load will determine usefulness. It is difficult to quantify and come to a meaning.
- Rich agreed that upfront information will help with some decisions and Robert chimed in that a baseline will give you an idea and that information is out there.
- Lou reiterated that, for example, the decision to install insulation is based on ROI. For tenant fit-out, a tool should be provided for savings that would be educational for decision making and would support public policy. DOE has a model.

Incentives: What Can the City Provide?

- Robert said that decisions are difficult without the benefit of regional information. But the key to this is to ask where the City can participate to help hit higher targets. In his analysis, he focused on the Sustainable Sites section of the LEED Scorecard. He found three main types of benefits 1) being a dense city with a good transit system will earn the developer points for locating there. 2) There is potential for City policy changes to push towards green. Parking reductions – change policy paradigm to benefit access to LEED points. 3) There is potential for the City to make capital improvements – upgrade storm sewer system – put in cistern, and allow pumps to be installed by developers. This investment benefits city AND developer. LEED will give you credit, the City takes on the cost. He then went through the table provided prior to the meeting, noting that just by locating within the City, you get 6 points.
- Bill C. said that the parking reduction debate is political and a bigger discussion is needed. Create a space for zip car.

- Robert said that street parking numbers should be based on future development. If the City reserves two spaces for low emissions vehicles, the developer gets credit.
- Erica asked how the City would define a low emissions vehicle.
- Robert explained that they are usually labeled as such on the actual vehicle. Bob joked he should start a small company that makes “low emissions stickers”.
- Bill C. said that more should be counted as open space, such as green roofs. If the City reduces requirement, it is less onerous to hit LEED standard. E.g. if the City reduced OS requirement by 15%, the developer has to provide 5% over instead.
- Peter stated that height should increase, FAR shouldn’t be spread out.
- Ken agreed that more things could be called open space that are not currently counted.
- Rich agreed that policy changes are better for the City.
- Bill C. suggested things like pervious parking areas, green roofs
- Rob said that if the developer is willing to invest in ‘green’, shouldn’t they receive better incentives? What can the City provide?
- Greg suggested that the policy component be simplified to get the developer there.
- Robert brought up water efficient landscaping and a City policy of zero irrigation – there is no sense in green lawns. The policy would not allow for irrigation, or use of gray water for irrigation. The marketability of green grass goes away if there is a level playing field, and it saves money for the developer. In LEED, no irrigation = 4 points. COG will have to pass a metropolitan wide policy.
- Bill C. added that you also get native plant credit as well, since that doesn’t need irrigation.
- Robert admitted that while not all the ideas thrown out are practical, but there is a potential for many points. Of the ‘simple’ points, such as site selection, there are 11. If the City provides the minimum it is 14, but there are up to 25 that the City could provide. The range is Certified 40-49; Silver 50-59. Minimally Certified – 40 points out of what is below that line, plus a minimum of what the City provides brings you to silver; +25 = gold. This would incentivize development in areas with better services, and give the City the power to encourage development by providing better services. Developer is no longer responsible for Silver, but will get there anyway with the City’s 14+ points. OR, our standard is Silver, but if our services are lacking in that location, you are just responsible for those 40 points. Does this add equity? Lower initial standard will force the City to make changes to policy and capital improvements. Phase Silver in. We all benefit from green and therefore everyone should play their part.
- Bill C. said this was a terrific analysis, and liked ideas such as the open space recalculation & parking mean a lot to developers (both are creative and meaningful things).
- Robert reiterated that a lot of these credits are inherent.

- Greg agreed that this approach creates a framework for development in more suburban environments. It also creates a release framework that acknowledges where Certified is appropriate, particularly in places not within a specified distance from transit and have a non-urban component.
- Peter mentioned that next Tuesday the City will start implementing the action plan that is based upon density as a good thing and the maintenance of the open space ratio.
- Robert said that the City can't increase density without growing up.
- Ken asked Rich and Jeff what they thought of the idea.
- Erica asked how this would be submitted to USGBC.
- Robert said that the City can provide this documentation easily. They need to identify services on a map.
- Greg said this tool already exists at www.walkscore.com
- Robert said the developer would need a guarantee that documentation is provided by the City.
- Ken noted that Silver becomes appropriate to location.
- Rich reminded the group that the flexibility section of the Policy covers a lot of this, and that the City still wants that higher standard of Silver, and that incentives should be geared towards gold and platinum, with location a determining factor. The baseline should not necessarily be lowered.
- Robert said that site credits aren't so controllable by design, construction or zoning. The policy could state that the developer is expected to go certified minus those points, and that Silver is handicapped by location.
- Ken said better language needs to be crafted.
- Jeff said that certain properties will be evaluated through the review process.
- Fred said the City should come up with a process that can be proven. Why must we start with LEED silver? Incentives will get you higher so say Certified to start and wait until it's proven and obtainable.
- Robert said that Rich and Fred are saying the same thing in different ways. Hitting Silver is limiting to the developer – LEED silver 'minus' says that the developer is responsible for Certified, and the City gets them to silver, gold, etc.
- Fred asked what would happen if the City elements come in later or the City doesn't come through. The developer would then have to go back and market the building as certified, not silver.
- Robert explained that you will either have the City services or not at the start of development.
- Fred then asked what if the bus line was not changed in time or bike racks were not installed? If city is not performing then the developer shoulders the cost.
- Lou asked how this works with non-LEED program standards, such as EarthCraft.

- Robert reminded the group that they had agreed previously that LEED is it for now. Others have no equity and today there is not an equivalent.
- Rich reminded the group that it is written into the policy already that the developer use LEED or show us the equivalent.
- Jeff asked why they would create a policy that says certified when the City's going for Silver. The policy could require silver but say that if site limiting factors are demonstrated, they will consider Certified.
- Bill C. said that the incentives need to be good for Silver / Gold.
- Rich agreed that the City is doing Silver now and trying to become a leader in green buildings. Public and private sectors need the same standard. He would rather say that the policy will 'take location into account, as well as other roadblocks'
- Greg, Fred, and Martin agreed that the City is not competing with another government to provide your services but the private sector has to compete.
- Bill C. countered this point saying that the public sector is providing services that he is not, such as welfare.
- Ken reiterated that semantics need to be cleared up.
- Greg said that there is certainty in using Certified, and you are going in with your expectation lowered.
- Robert said the story could be told two different ways. He advocates saying 'Certified' – with the City using it's leeway to get to Silver. Leave that extra mile up to the City. OR require silver, limit by site, no cistern or other services, etc. The City will subtract points. Go for Certified and the City will add points. Certified below that line – "Certified Plus". There is a psychological difference. Incentives get you to Silver.
- Fred said this needs to be made clear and you should know what you are shooting for. Certified level + a joint effort to get you higher or if the City can perform. You are reaching the same goal; the difference is in how you say it.
- Martin said that with Certified Plus, some of those points are expensive, such as cisterns, but other stuff will be 'automatic'.
- Bill C. said it should be clear and honest. He then went back to using different standards for the size of the project.
- Rich answered that that will not be taken into account in this phase, especially now that this is not a regulatory approach. The policy uses a dsup site plan model.
- Beth – commission and energy modeling cost drivers. Economy of scale? Fair observation. In order to get your certification, you will pay a cost premium due to size of project.
- Ken asked if the policy could acknowledge that the industry has concerns and will be revisited in a year (determined time period) OR phase in now and look at it again further down the road.

- Bob said that most developers already own land here – not the case for future purchases. 2-3 years, you should know that the policy is X – and it will be ramping up w/ phasing.
- Beth reminded that there are no analyses on LEED 2009 moving forward. We may find that costs are reduced. Bob’s point is not unrealistic – but how much development is happening for the next year?
- Bob restated that people will be making investment decisions and you never know what the market will bring.
- Peter reminded the group that we are not talking about a level playing field. In 18 months or so, emissions standards could change quite a bit from a Federal level. It’s quiet now due to stimulation package, but the transition team is looking at it now. He encouraged the group to read the Economist, and said the sea level rise is supposed to rise 23 ft in the next 40-50 years.
- Robert said that Peter has a good point. Virginia is already changing their standards, and a phased-in approach would take into account anything the Fed/State level decides to do. Future benefits are unknown.

For Next Meeting

- Rich wrapped up the meeting by saying that this was a good discussion and there are good options on the table, but things need tweaking. He thanked Robert for his analysis and insight, and invited the group to take a look at the scorecard Robert provided to and see what you think. Rich said it was fairly complicated and asked Robert to boil it down into basic elements and to provide synopsis/summary.
- Erica said that Bill Skrabek had wanted to say that the exchange program puts cost burdens onto the city and should be discussed in these options.
- Rich said the City will go back and talk about it and come back next Thursday with more concrete answers.

Date for next meeting: January 15th, 8:30 am. in Room 1101, Sister Cities Conference Room, City Hall, Alexandria, VA. Panel members to meet afterwards.

Keep January 22 open for a potential meeting.

**ERM—Environment Resources Management
Friday January 9, 2009**