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Experts: Green helps businesses' bottom line

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As urban sprawl stretching farther into undeveloped Merced County land, worries over the water supply, energy usage and pollution are causing more businesses to look at what they use and how they use it.

Which is just what they should do, said San Francisco real estate attorney Alexander Hamilton, who spoke to a group of Valley developers in Merced on Tuesday.

The architecture and building industries are responsible for almost half the United States' annual greenhouse gas emissions, he said. "The biggest culprit happens to be the building we are seated in," he added, referring generically to all buildings and their role in environmental warming.

Hamilton was one of two experts invited by InterWest Insurance Services to speak to its clients in the development business. They discussed the financial and social benefits for builders and insurers that make environmental conservation a priority.

The term "going green" has been a buzz phrase for years. And while Valley cities might be slower to jump onto the eco-bandwagon than places like San Francisco, no one wants to get left behind, said John Lightfoot, a vice president of InterWest Insurance Services.

"There's a lot I need to absorb," said Warren Wainwright, chief executive officer of Heritage Management Group in Merced, which built the Promenade, Greystone office complex and hundreds of local apartments. "It's new to me. I think it will have an impact on future activities."

Hamilton spoke at length to developers about the Leadership in Energy and Environmental Design, or LEED system. This is a voluntary consensus-based national standard for developing sustainable buildings and interiors.

Buildings are rated for water efficiency, effect on natural and agricultural areas, indoor air quality and proximity to alternative transportation, as well as many other environmental aspects. Points are given for such details as the amount of natural light allowed to spill into an office building or the sheer innovation of a building's design.

Then buildings are awarded with a silver, gold or platinum LEED certification based on the amount of points it received for each "green" practice completed. "It's easy to build LEED," Hamilton said. "But you have to really push it to make LEED platinum. ... A company that does that is really trying to make a statement."

No builder is required to complete LEED certification, but it has benefits that go beyond helping the environment, he explained. For one, it can draw positive attention -- good public relations -- for a company.

"Initially, 'green' got a bad knock," Hamilton said. "There was a perception that it cost a lot."

While the initial outlays to buy more environmentally friendly products may have scared off some people, Hamilton said some of these costs are going down. And a company making better use of its energy and water can save money in the long run.

"Green" buildings provide a more positive risk rate for insurers than traditional buildings, said Stephen Bushnell, product director of Fireman's Fund Insurance Co., based in Novato, and another speaker. "We see climate change having a devastating impact on the insurance agencies," he said. "We pay the bill for those hurricanes."

Hurricanes are becoming more unpredictable with the changing weather, he added. Insurance companies must also cover fires, which became a serious concern with the recent dry conditions.

There are other financial benefits to preserving resources. A building can save cash if it reduces water use by 50 percent and is structured to provide more natural lighting. "We are concerned about this from a selfish standpoint," Bushnell said. "If we save money on energy bills, we save more money on the bottom line."

Employee health is also a consideration. The materials in office partitions and carpets can be toxic, affecting the air an employee breathes, he said. And confined space with poor lighting takes its toll.

Recycled and natural materials in the office are healthier, and natural lighting and pleasant views can increase an employee's workability, he said, adding that "green" buildings have been known to reduce absenteeism by 15 percent.

"That's a huge number," he said to the Merced seminar attendees. "You guys know your biggest cost is employees. If you could have more people working, feeling better ..."

With all of these benefits in mind, insurance companies are taking steps to give special coverage to buildings that have or are trying to reach LEED certification. Fireman's Fund will pay extra costs for a building working to get back up to the proper LEED standards after a loss, he said. And the company itself is looking into its options on using solar power. "We believe green buildings are going to be the dominant way of construction," he said.

Green means green -- in more ways than one.

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