



GREEN RETAIL GUIDE

INTEGRATING LEED INTO
YOUR LEASING PROCESS

PREFACE FROM USGBC

The U.S. Green Building Council's LEED® Green Building Rating System™ provides a globally recognized framework for designing, building, and operating high-performance buildings, using clearly defined environmental criteria, measurable goals, and third-party verification of design intent and performance. Increasingly, tenants and landlords are seeking the financial benefits of energy efficiency and indoor environmental quality in both tenant space and base buildings. Yet there remain challenges to implementing green practices in multitenant retail buildings and shopping centers, including standard lease provisions and a lack of collaboration and shared goals between the tenant and landlord.

The keys to successful green projects have always been preparation, commitment, and collaboration among all interested parties, and *Green Retail Guide: Integrating LEED Into the Leasing Process* is specifically focused on helping tenants and landlords work together. This resource will help tenants integrate green decision-making throughout the leasing process—encompassing team selection, site selection, negotiations, lease language, build-out, and ongoing operations within the leased space. The information and tools in this guide have been developed to assist tenants and their service providers (brokers, consultants, attorneys, design professionals) in reducing the environmental impact associated with real estate decisions and operations. The information will also give landlords and developers an understanding of the needs of tenants seeking LEED certification for their build-outs.



The U.S. Green Building Council (USGBC) is a 501(c)(3) nonprofit organization that certifies sustainable businesses, homes, hospitals, schools, and neighborhoods. USGBC is dedicated to expanding green building practices and education and its LEED Green Building Rating System.



The LEED Green Building Rating System is a voluntary, consensus-based global rating system for developing high-performance, sustainable buildings. LEED addresses all building types and phases and emphasizes state-of-the-art strategies in five areas: sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality.

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U.S. Green Building Council
2101 L Street, NW
Suite 500
Washington, DC 20037

Acknowledgments

Lead Author

Nina Tallering, Green Building Services, Inc.

Contributing Authors

Mark Peternell, Regency Centers

Justin Doak, Ecoxera

Lisa Russell, Ecoxera

Caitlin Francis, Green Building Services, Inc.

Glen Philips, Green Building Services, Inc.

Ralph DiNola, Green Building Services, Inc.

Industry Reviewers

Louise Adamson, K&L Gates LLP

James S. Downey, Cushman & Wakefield

Tommy Linstroth, Trident Sustainability Group

Patrick W. Owens, Transwestern

Steven A. Teitelbaum, Jones Day

USGBC Staff

Katie Rothenberg

Nick Shaffer

Rukesh Samarasekera

Mark P. Bender

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INTRODUCTION

Creating a high-performance, environmentally responsible, and healthy retail environment makes good business sense. In a fast-changing economic climate with ever-growing environmental awareness—domestically and globally—issues such as energy independence, climate change, aging infrastructure, health care costs, strict municipal codes, and changing consumer and shareholder expectations have all begun to affect the way retail builds and operates. Green building strategies arm retailers with solutions to these emerging pressure points while improving the bottom line.

As one of the hardest-hit industries in the recent U.S. economic recession, retail has faced challenges. However, retailers who have embraced the greening of their enterprise have realized that this new way of thinking may be the way to recovery. Getting started on the journey of sustainability is not an easy task, especially for those retailers with hundreds or thousands of locations. “Where do I start?” is one of the most common questions that professionals ask in the retail store planning and operations space. For many, the LEED Green Building Rating System has served as a valuable initiation for professionals exploring sustainability within the real estate arm of retail.

The LEED Green Building Rating System is a leadership benchmark. It offers retail enterprises a globally recognized framework with clearly defined sustainability criteria, measurable goals, and third-party verification that key stakeholders increasingly expect. It clearly outlines environmental strategies, describes the roles of project team members, and identifies methodologies that should be implemented to ensure the successful execution of a higher-performing retail space. Additionally, LEED encourages project teams to consider responsible practices that are innovative and surpass basic compliance. As a result, project teams often encounter sustainable tactics they’ve never implemented before. The *Green Retail Guide* gives retailers information about what to expect when pursuing LEED certification and describes strategies that may be used to address issues that arise along the way.

Retail tenants who have already explored LEED have found that it can be challenging in areas that are beyond a tenant’s typical scope of control, but developer cooperation is increasing and should continue to do so as green practices become the norm and environmental regulatory standards are increasingly adopted by more municipalities. This guide provides insight on these challenges as well.

Conversely, some landlords believe that most retail tenants are not interested in working with them to achieve LEED certification and will make it difficult to meet certain performance thresholds for their properties. Add to this mix the different types of retailers (national chain, single occupancy, franchisee), retail formats (strip mall, lifestyle center, power center, enclosed mall), and retail lease types (triple net, gross, modified gross, fixed) and LEED certification in retail may seem complicated. Hence this guide, a document that aims to start the sustainability dialogue in the retail space and help all parties involved in greening retail environments understand their roles.

Purpose of This Guide

This guide describes what is happening in the retail real estate sector and how the greening of retail has begun to affect the leasing process. It explains how LEED helps facilitate dialogue about sustainability between the retail tenant and landlord. It seeks to enable the tenant and landlord to work together to complete business transactions that enable one or both parties to meet their sustainability and performance goals. Sustainability is about taking a holistic approach to any system, and without collaboration among retailers, landlords, and vendors, achieving the potential for savings and performance in retail buildings will remain difficult.

The guide explains approaches to green team selection, site selection, negotiations, lease language, build-out, and ongoing operations in leased retail spaces. By using this guide to green the leasing process, both tenants and landlords can begin to identify opportunities to improve the performance of a retail location.

Who Should Use This Guide

This guide has been developed to assist retail tenants, their real estate departments, store planning and construction teams, and service providers to better understand what sustainable tactics should be considered with real estate decisions and operations. The information will also be useful for landlords and developers interested in preparing for negotiations by providing an understanding of the needs of retail tenants focused on obtaining LEED certification and/or helping to meet overarching corporate social responsibility goals.

How to Use This Guide

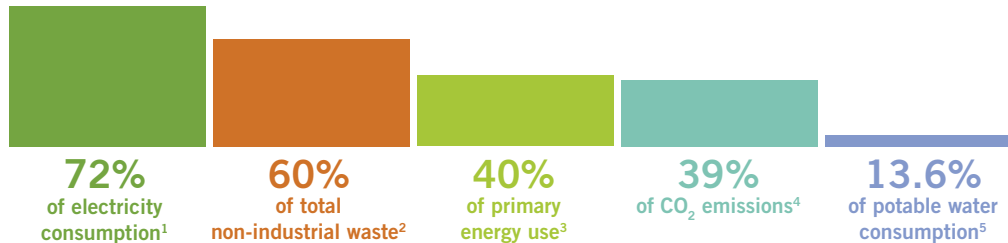
This guide should be used to green the leasing process, from site selection and lease negotiation to ongoing operations and renewals. Tenants are encouraged to use this guide with the assistance of LEED-accredited brokers, consultants, attorneys, design professionals, and other service providers who are typically involved in the leasing process. The guide should be used in coordination with, not as a substitute for, the LEED rating systems and reference guides. Project teams seeking LEED certification should follow the appropriate LEED reference guide.

This guide may also be used to help communicate the incentives for going green to colleagues and partners who want to support sustainability. It describes how successful green retail strategies are being communicated to customers in order to improve retailer and brand perception.

Section 1 of the guide explores the reasons to green a retail operation. Section 2 explains the LEED rating system for certification. Sections 3 through 7 describe green strategies for site selection, lease negotiation, tenants and tenant build-out, retail developers, and operation of the space. Section 8 addresses the importance of communications about green retail buildings and operations. The last section of the guide offers tools for retailers, including sample contractual language for a green lease.

Why Green Buildings?

U.S. Buildings Account for:



The U.S. Department of Energy tracks CO₂ emissions by sector. Buildings are responsible for more CO₂ emissions than either transportation (29%) or industry (32%). Of the 39% of CO₂ emissions resulting from buildings, 18% is attributable to commercial buildings and 21% to residential buildings.⁶

As of April 2010, retail buildings and shopping centers accounted for approximately 20% of total commercial sector energy consumption and represented the fastest-growing subsector.⁷

The International Council of Shopping Centers (ICSC) estimates that shopping centers encompass 7.19 billion square feet of space in the United States. Shopping centers can be as small as 100,000 square feet or bigger than 1 million square feet. Developments encompass regional and superregional shopping centers, lifestyle centers, and neighborhood shopping centers, each with its own tenant count, mix of national vs. local retailers, and indoor or outdoor common space format.

Green Buildings:

Building green provides many benefits to both the building owner and the environment. Compared to traditional buildings, green buildings:

- **USE** – 24%⁸ to 50%⁹ less energy
- **EMIT** – 33%¹⁰ to 39%¹¹ less carbon dioxide into the atmosphere
- **USE** – 40% less water¹²
- **SEND** – 70% less solid waste to landfills and incinerators¹³

Green Retail Saves Energy and Money

| | |
|---|--|
| Retail companies spend nearly \$20 billion on energy each year. ¹⁴ | |
| ↓ | A 10% reduction in energy costs for the average full-line discount retailer can boost annual net profit margins by as much as 1.55% and sales per square foot by \$25. ¹⁵ |
| ↓ | A 10% reduction in energy costs for the average limited-service restaurant can boost annual net profit margins by as much as 4% and sales per square foot by \$17. ¹⁶ |
| ↓ | A 10% reduction in energy costs for the average supermarket can boost annual net profit margins by as much as 16% and sales per square foot by \$44. ¹⁷ |

SECTION

1 DRIVERS OF GREEN RETAIL

SECTION

1

Each retailer faces a unique set of circumstances that drive the exploration, adoption, and implementation of green practices. For example, many brands have minimized the environmental harm generated within their supply chain by developing organic, natural, or recycled-content product lines, especially those brands that provide consumables or products that deal with health and well-being. Why? Their customers want it.



The environmental effects of the retail sector go beyond the products on the shelves, however. The many parts within retail—real estate development, employee commutes, operations, logistics and transport, distribution, marketing and point of purchase, fixtures, corporate headquarters, procurement, vendor networks, store planning, design and construction, legal, customer service—add up to a significant environmental footprint. Each aspect of the retail enterprise has a role in achieving sustainability and an opportunity to contribute to greening the business.

Below are the primary drivers of sustainability in retail.

Customer Expectations

Customer expectations are a major driver in the greening of the retail landscape. Today's conscious consumer cares about what they buy, where they buy it, and where they eat. They want to know that their dollar is going toward products, stores, and brands that share their values of environmental stewardship, community development, and social responsibility. The implementation of responsible environmental practices will increasingly be a differentiating factor in the purchasing and shopping decisions of consumers.

There is no better place than the store for a retailer to share their green story and engage the customer by showcasing their sustainability strategies. Projects like the McDonald's LEED-certified store in Chicago, or Hannaford's LEED platinum store in Augusta, Maine, are great examples of how a retailer has rolled out a green program and successfully communicated its attributes to its customers.

In today's competitive retail environment, no retailer can afford to disappoint a customer with store design or operations that are out of line with expectations. For example, given that recycling in the United States has increased by almost 100% during the past decade, it is likely that a retailer that does not offer the option to recycle in-store will create a negative perception among consumers. By proactively instituting green building and operational practices that are aligned with consumer expectations, retailers can mitigate their risk.

The 2009 Green Shopper Study by Deloitte & Touche LLP¹⁸ showed that sustainability considerations either drive or influence the buying decisions of more than half of the shoppers interviewed. The study also found that it will only be a matter of time before a retail store's environmental practices become as important as its merchandise.

Employee Benefits

For the retailer, creating a pleasant shopping experience for the customer, as well as an agreeable work environment for employees, is of the utmost importance and can have a measurable impact on the bottom line. The benefits of a sustainably designed, high-performing retail environment to the occupants, while sometimes less tangible than efficiency cost savings, cannot be ignored.

Buildings with high indoor air quality have been shown to reduce staff turnover and absenteeism while improving morale, ultimately leading to increased productivity.¹⁹ The Lawrence Berkeley National Laboratory found that improved indoor air quality can reduce health care costs and work losses from respiratory diseases by 9% to 20% and from allergies and asthma by 18% to 25%. This same study found that the potential annual U.S. productivity gains, unrelated to health, range from \$20 billion to \$160 billion.²⁰ Even a 1% increase in worker productivity is equivalent to a 10% reduction in property costs.²¹

It is easy to understand why more daylight, improved thermal comfort and control, and cleaner air through increased ventilation and decreased pollutants would have a positive effect on employee performance as well as customer experience. Sustainability initiatives also capture the attention of the emerging workforce, which increasingly understands and values sustainability in its decision making. Happier, healthier employees are more productive and valuable workers, driving bottom-line results for any organization.

Municipal Standards

At the end of 2009, LEED-based regulatory and incentive-based initiatives including legislation, executive orders, resolutions, ordinances, building codes, policies, and incentives had been implemented in 45 states, including 202 localities (138 cities, 36 counties, and 28 towns), 34 state governments, 14 federal agencies or departments, 17 public school jurisdictions, and 41 institutions of higher education across the United States. (Ongoing updates can be viewed on USGBC's Resource Section at www.usgbc.org/resources)

Many of these LEED-based initiatives apply to public facilities, but increasingly, municipal standards are shaping retail projects as well. For example, in 2007, the Brookhaven, New York, town board adopted LEED standards for new large commercial retail development, requiring that all new shopping centers larger than 125,000 square feet obtain a green building permit. The ordinance also established a density bonus of a 1% increase in floor-area ratio (FAR) per level of LEED certification achieved.

Such requirements affect not only the developer or landlord but also every retail tenant within the center. In Brookhaven, a retail developer must now require tenants to meet certain energy performance standards for the center to qualify for the LEED Energy and Atmosphere prerequisites

SECTION 1

needed for Core & Shell certification. The developer may enforce this through the lease agreement or tenant build-out guidelines.

Across the country, retailers are encountering environmental performance requirements imposed by landlords pursuing LEED certification. For big-box retailers, these requirements have direct implications on receiving entitlements and therefore serve as one of the drivers for retailers locating in prime real estate markets. The adoption of municipal green building codes has forced many retailers to explore holistic green building practices much sooner than they would have otherwise.

Cost Savings

Energy cost reduction is a priority for nearly every retailer. With rising energy costs, it's no wonder retailers are implementing energy reduction strategies. From advancements in lighting to ENERGY STAR-rated commercial equipment, many options are available. Sustainability is really about efficiency and resourcefulness for retailers, especially those with a substantial real estate portfolio.

Corporate Values

Measuring and reporting the environmental impact of real estate decisions is one aspect of corporate responsibility and sustainability²²—acting in a fiscally, socially and environmentally responsible manner. As companies look to measure and manage their environmental impact, real estate decisions play an integral role. Site selection plays a critical role in helping reduce negative environmental impacts—not fragmenting undeveloped land, for example, or locating in a place that makes customers and employees dependent on personal automobiles. Lease terms can ensure that the landlord and service providers are held accountable for sustainable operations and maintenance practices, while also affecting the build-out, and subsequent operation of, the building, helping a company work toward its sustainability goals.

Making commitments to reduce energy usage in stores is another way retailers are responding to broader corporate sustainability goals. Wal-Mart, for example, has committed to making existing stores 20% more efficient within seven years and new stores 25% to 30% more energy efficient within four years. The company plans to achieve these goals through daylight harvesting, energy management systems, LEDs in exterior signage and refrigerated food cases, and reflective roofing materials. These efforts are indicative of the increased expectation for businesses to operate in responsible and sustainable ways.

Carbon Management

The anticipation of climate change regulation in the United States is prompting voluntary carbon management today. Large, multinational retailers have found that abroad, emissions regulations



often target real estate and the operational footprint first. Brands like Nike, Pizza Fusion, Starbucks, Darden Restaurants, and the Coca-Cola Company understand what carbon means for their companies and have built the initial framework to track the emissions associated with their real estate portfolio. Carbon management is quickly becoming a risk mitigation issue as well as a valuable performance measurement tool for retail, making carbon reduction strategies another driver of green building and operational practices.

Companies participating in emissions reporting come from all business sectors—automotive, finance, food and beverage, chemicals, electric power, utilities, industrial, insurance, oil and gas, metals, and real estate. One tool widely used to track overall emissions is the Greenhouse Gas (GHG) Protocol (www.ghgprotocol.org), an international accounting tool that helps government and business leaders understand, quantify, and manage greenhouse gas emissions.²³ It provides tools and guidance documents for calculating an organization's total emissions. The GHG Protocol is used by nearly every GHG standard and program in the world—from the International Standards Organization to The Climate Registry—as well as hundreds of GHG inventories prepared by individual companies. The most relevant takeaway for those getting started is the protocol's categorization of emissions:

- Scope 1. Emissions from GHG sources owned or controlled by the organization, such as company-owned vehicles and facilities. Typical retail emissions under Scope 1 are refrigerants and on-site natural gas combustion for heating, cooking, or hot water.**
- Scope 2. Emissions from the generation of purchased electricity by the organization. The organization does not produce the emissions directly but does have control over how much energy is consumed.**
- Scope 3. Emissions that result from an organization's activities but arise from sources that are owned or controlled by others. Such emissions may include employee commuting, business travel, product transport by third parties, off-site waste disposal, and a retailer's supply chain.**

Organizations seeking to measure carbon emissions specific to real estate can use the U.S. Environmental Protection Agency's ENERGY STAR® for Commercial Buildings Portfolio Manager tool. Discussed in Section 2, "Getting Started," Portfolio Manager enables users to monitor the carbon emissions of a building (or portfolio of buildings) from its metered energy consumption, then compare that figure with the emissions under energy performance improvements. Portfolio Manager does not consider the less direct carbon impacts of buildings, such as location and product use.

Summary

Because of their size, impact, and cost, retail real estate portfolios represent tremendous opportunities to improve efficiency down the supply chain, save money within operations, and give companies compelling stories about responsible environmental stewardship for customers and stakeholders.

SECTION 1

New standards for transparency, as well as the risk associated with fluctuating utility costs, mean that organizations need to know the environmental footprint of their properties and develop goals and strategies to reduce the environmental impact of their real estate decisions, from site selection through to operations. As voluntary sustainability efforts give way to requirements and regulations, LEED provides a framework of successful strategies, plus third-party certification for those retailers seeking proof of their efforts.

In any industry, goals are easier to achieve when one has direct control. The challenge for retail is that sustainability requires collaboration in areas beyond each company's scope of control. LEED now serves as a valuable communication tool for tenants, landlords, vendors, and suppliers. The following sections provide insight on the collaborative process and detail the strategies for greening the retail built environment.

Case Study #1: Whole Foods

Whole Foods was built on the foundation of locally grown, organic products and has been working hard to align its internal values with those of their core customers. The company has set itself apart in the grocery market by establishing the following core values²⁴:

- Selling the highest-quality natural and organic products available;
- Satisfying and delighting its customers;
- Supporting employees' happiness and excellence;
- Creating wealth through profits and growth;
- Caring about communities and their environment;
- Creating ongoing win-win partnerships with suppliers; and
- Promoting the health of stakeholders through healthy eating education.

Those values have also led Whole Foods to embrace green building and use LEED as validation of their results. Whole Foods currently has 14 stores that have been LEED-certified; others are planned.

For many retailers, the decision to pursue LEED certification may occur in stages. Often, one store will serve as a testing ground for new technologies and implementation of the LEED certification process. Once the investments are tested and refinements made to the design and process, LEED certification can more easily be achieved on a greater scale. The key to market transformation in retail is the development of scalable, repeatable sustainable strategies that benefit both landlord and tenant.

SECTION 2 GETTING STARTED

An understanding of the LEED Green Building Rating Systems, developed by the U.S. Green Building Council (USGBC), is integral to implementing environmental strategies in real estate. This section describes the LEED 2009 rating systems, LEED professional credentialing, and LEED Online.

SECTION 2.1

LEED Basics

LEED 2009 Rating Systems

Below is an overview of the suite of LEED rating systems. Each rating system addresses the unique nature of a different sector. LEED for Commercial Interiors, which includes the retail sector, as well as the new LEED for Retail: New Construction and LEED for Retail: Commercial Interiors, are available today. Additionally, a system for retail operations and maintenance is in development. Also, LEED for Neighborhood Development can include retail spaces.

Rating systems can be downloaded at no cost from the USGBC Web site, www.usgbc.org/leed.

- LEED for Core & Shell addresses green building practices and sustainable design for new core and shell construction and acknowledges the limited level of influence a developer can exert in a speculatively developed building.
- LEED for New Construction and Major Renovations addresses green building practices and sustainable design for commercial and institutional projects, including office buildings, high-rise residential buildings, government buildings, recreational facilities, manufacturing plants, and laboratories.
- LEED for Schools addresses green building practices and design of K–12 schools.
- LEED for Retail: New Construction recognizes the unique nature of the retail environment in stand-alone retail projects and the different types of spaces that retailers need.
- LEED for Healthcare addresses green building practices and sustainable planning, design, and construction for high-performance health care facilities.
- LEED for Commercial Interiors addresses the design and construction of tenant spaces.
- LEED for Retail: Commercial Interiors recognizes the unique nature of the retail environment in tenant improvement projects.
- LEED for Existing Buildings: Operations & Maintenance helps building owners and operators measure operations, improvements, and maintenance on a consistent scale to maximize efficiency while minimizing environmental impacts.

- LEED for Neighborhood Development integrates the principles of smart growth, urban design, and green building practices into the first national program for neighborhood design; commercial spaces are included.

LEED Prerequisites and Credits







Each LEED rating system consists of prerequisites and credits. Prerequisites are minimum requirements that must be met to achieve any level of LEED certification. Once prerequisites are met, a project earns points toward a particular LEED certification level by achieving credits. The credits involve environmental standards, such as a minimum percentage of recycled content in purchased materials, the percentage of waste diverted from landfills, and above-standard (compared with typical building code) levels of energy and water efficiency and indoor air quality. Each LEED rating system has 100 base points. Another 10 points are available for Innovation in Design and Regional Priority credits, for a total of 110 possible points.

There are four levels of certification within all LEED rating systems:

- Certified 40-49 points
- Silver 50-59 points
- Gold 60-79 points
- Platinum 80 points and above










Prerequisites and credits are organized into six categories (except in LEED for Neighborhood Development, which uses different credit categories):








-  **Sustainable Sites (SS)** addresses location and the effect of site design and management on the surrounding landscape, as well as emissions resulting from employees' and customers' travel to and from the site.
-  **Water Efficiency (WE)** addresses water usage within the building as well as on-site, and the protection of waterways.
-  **Energy & Atmosphere (EA)** addresses energy efficiency, renewable energy, and emissions.
-  **Materials & Resources (MR)** addresses the environmental consequences of material purchases, use, and disposal.
-  **Indoor Environmental Quality (IEQ)** addresses the quality of the indoor environment through ventilation, thermal comfort, management of air contaminants, and access to natural daylight.
-  **Innovation in Design (ID)** (Innovation in Operations for LEED for Existing Buildings: Operations & Maintenance) rewards exemplary levels of achievement in an existing LEED credit and sustainable actions that generate environmental benefits not covered by an existing LEED credit.

LEED's regional priority credits provide bonus points for six regionally important credits, selected by USGBC's regional councils, affiliates, and chapters from throughout the credit categories. Regional prioritization of credits provides an incentive to address geographically specific environmental issues.

The regional credits applicable to a project, based on its zip code, can be found at www.usgbc.org. (Regional priority credits are not yet available for international projects.)

THE FLEXIBILITY OF LEED

| LEED® 2009 | |
|--|------------|
| Project A Twin Lakes, ID | |
| LEED for New Construction Certification awarded June 25, 2009 | |
| Gold | 65* |
|  Sustainable Sites | 10/26 |
|  Water Efficiency | 10/10 |
|  Energy & Atmosphere | 30/35 |
|  Materials & Resources | 5/14 |
|  Indoor Environmental Quality | 5/15 |
| * Out of a possible 100 points + 10 bonus points | |
|  Innovation in Design | 3/6 |
|  Regional Priority | 2/4 |

| LEED® 2009 | |
|--|------------|
| Project B Beaufort, SC | |
| LEED for New Construction Certification awarded June 25, 2009 | |
| Gold | 65* |
|  Sustainable Sites | 5/26 |
|  Water Efficiency | 5/10 |
|  Energy & Atmosphere | 31/35 |
|  Materials & Resources | 14/14 |
|  Indoor Environmental Quality | 10/15 |
| * Out of a possible 100 points + 10 bonus points | |
|  Innovation in Design | 0/6 |
|  Regional Priority | 0/4 |

LEED is designed to be flexible and allow design teams and building owners to decide which environmental measures are most suitable for their particular project. All certified projects must meet all prerequisites, but the specific credits achieved for certification vary from project to project. As a result, two LEED Silver buildings may actually be very different in their environmental accomplishments. One may have focused heavily on energy efficiency measures, and the other may have earned points mostly through site characteristics and sustainable material choices while incorporating only minimal energy efficiency measures. That each building achieved LEED certification through a different path indicates to developers and tenants that they can focus on their own environmental goals and strategies and still achieve LEED certification. Sections 2 and 5 of this guide provide more information on how retail buildings and leased premises can achieve LEED certification.

Registration, Certification, and Credentialing

The Green Building Certification Institute (GBCI) is an independent nonprofit organization created by USGBC that oversees project registration and certification. Project registration establishes the intent to pursue LEED certification and provides the project team with essential LEED-related tools and resources. Once a project is registered, the project team submits documentation as evidence that its project has met all prerequisites and has achieved enough credits to earn the number of points required for certification. The project team then submits the required documentation to GBCI via LEED Online at www.leedonline.com. GBCI then reviews the submissions to determine whether the project has earned certification.

Information on project registration and certification fees can be found at www.gbci.org.

GBCI also offers LEED accreditation to professionals who are committed to green building. Understanding the levels and specialties of LEED accreditation is important in selecting a qualified project team. The new LEED professional credentialing program was developed to encourage green building professionals to maintain and advance their knowledge and expertise. Several changes were made to the LEED accreditation program in 2009 to meet three market challenges:

- Staying current. Technology, best practices, and the LEED rating systems are continually evolving.
- Maintaining differentiation. A credentialing system should distinguish among green building professionals with basic, advanced, and extraordinary levels of knowledge and expertise.
- Developing specialization. Many green building professionals develop expertise in specific subsectors of the industry.

Currently, there are three tiers of accreditation that distinguish professionals based on their knowledge and experience.

- The LEED Green Associate designation demonstrates green building expertise in nontechnical fields of practice. This involves basic knowledge of green design, construction and operations. The Green Associate credential also serves as the first step for professionals pursuing a LEED AP specialization. This level is recommended for service providers such as real estate brokers, contractors, and attorneys.
- The LEED Accredited Professional designation signifies an advanced depth of knowledge of green building practices in specific areas of design, construction, and operations. LEED Green Associates who earn credentials in one or more of the following five specialty areas earn the LEED AP designation: Building Design and Construction (LEED AP BD+C), Interior Design and Construction (LEED AP ID+C), Operations and Maintenance (LEED AP O+M), Homes (LEED AP Homes), and Neighborhood Development (LEED AP ND). LEED project administrators (discussed below) should hold the LEED AP level of accreditation.
- The LEED Fellow designation is reserved for an elite class of leading green building professionals.

The GBCI Web site (www.gbci.org) provides details on accreditation as well as a directory of LEED Accredited Professionals.

USGBC offers educational programs for green building newcomers, as well as seasoned professionals, who are working on a LEED registered project, pursuing a LEED credential, or seeking industry-specific information on green building. To find the right learning path to assist your efforts in becoming a LEED Green Associate or LEED Accredited Professional, please visit the Web site, at www.usgbc.org/education.

USGBC has also developed a series of study guides to assist professionals in studying for the Green Associate and the LEED AP specialty exams. These resources provide a variety of study aids, including individual and group learning activities, review questions, and practice questions in the

same format as those on the actual exam. USGBC also provides other resources to support LEED knowledge, such as the *LEED Reference Guide for Interior Design and Construction*, the *Core Concepts Guide*, and both on-line and in-person USGBC trainings. See <http://www.usgbc.org/DisplayPage.aspx?CategoryID=20> for more information.

LEED in Practice

Selecting the Appropriate Rating System

SECTION 2.2

LEED Certification of Building Construction

The LEED rating systems were initially designed for commercial office space but now accommodate all property types—office, warehouse and distribution centers, retail, research and development facilities, hotels, single and multifamily residential buildings, and mixed-use structures. Project teams model their buildings' projected energy and water usage, an approach that allows LEED to certify compliant buildings prior to their actually being in operation.



Once a building is completed and occupied, the owner should implement green operations and maintenance practices and pursue LEED for Existing Buildings: Operations & Maintenance certification. This certification requires documentation of a building's actual operational efficiency via water and energy data and audits.

Newly constructed, stand-alone retail buildings and major renovations of existing buildings (defined as affecting more than 50% of a structure) are most likely to pursue LEED for Retail: New Construction and Major Renovations certification. This rating system addresses the building core and shell and interior build-out. It is appropriate when the same entity controls both the core and shell and the tenant improvements.

Newly constructed shopping centers designed for multitenant occupancy are most likely to pursue certification under the LEED for Core & Shell rating system, which allows for certification of the base building only, separate from the tenant improvement portion of the work.

LEED for Tenant Build-Out

Tenants may pursue LEED certification for their build-out under the LEED for Retail: Commercial Interiors rating system. The intent of this rating system is to assist in the creation of high-performance, healthful, durable, and affordable environmentally sound interior retail spaces. The rating system addresses items specific to retail projects, such as parking, process equipment, process water, retail furniture, and classification of occupied spaces.

SECTION 2.2

Although a tenant space can obtain LEED certification in a building that is not LEED certified, tenants seeking to certify their spaces may find it advantageous to lease space in a LEED Core & Shell–certified building because the base building affects their certification. For example, buildings located within one-half mile of a subway station or one-quarter mile of a bus stop may earn up to 6 points. If the base building is certified under any of the LEED rating systems, the tenant’s space receives 5 points toward LEED for Retail: Commercial Interiors certification.

For a list of all the credits affected by the base building, see the LEED for Retail: Commercial Interiors checklist in Section 9 of this guide. Use the scorecard to evaluate the feasibility of LEED certification for the tenant build-out of an interior space. The full LEED for Retail: Commercial Interiors rating system is available at www.usgbc.org.

LEED for Retail

A space or building is appropriate for LEED for Retail: New Construction or LEED for Retail: Commercial Interiors if it sells goods or services directly to consumers who come onto the premises for the purpose of obtaining those goods or commodities. Thus, retail includes banks, restaurants, and stores of any kind; it also includes spas, direct customer service areas (e.g., showroom), and preparation or storage areas that support customer service.

LEED for Existing Buildings

LEED certification for existing buildings focuses on green operations and maintenance. Typically, buildings certified under the LEED rating systems for design and construction are much easier to certify under LEED for Existing Buildings: Operations & Maintenance; however, a building of any age can pursue certification if it satisfies the minimum program requirements, which are listed on the GBCI Web site at www.gbci.org.



Because building performance can diminish over time, building owners should seek certification under LEED for Existing Buildings: Operations & Maintenance once the building is in operation at the intended occupancy level and has been in use for at least one year. This ongoing performance measurement and verification helps ensure that the original design intent is being met through actual operational performance. Tenants should

use the year the building received LEED certification as a baseline metric and ensure that past green operations and maintenance practices remain in place.

Currently, work is underway to adapt credits in the LEED for Existing Buildings: Operations & Maintenance rating system to make them more tailored to stand-alone retail projects. The credits for existing retail buildings will address issues unique to the retail market, such as process energy

and water usage, employee and customer occupancy, parking considerations, and classification of spaces.

Existing Buildings: Operations & Maintenance is for whole buildings and requires actual, whole-building data and management practices. This requirement poses several unique challenges for both landlords and tenants in multitenant shopping center properties:

- **Scope of control.** Existing building certification is limited to whole buildings, with a 10% square footage exemption for areas of the building under separate management control. For multitenant buildings, this means that the environmental impact of tenants and landlords is included in the whole-building certification. Collecting the utility data for the whole building is the only way to look at the structure's performance but may be difficult if tenants' individual spaces are submetered. Given the scope of control and access issues that typically exist between landlord and tenant, collaboration between landlord and tenant will be critical to success in overall green operations efforts and LEED certification in these situations. Section 3 discusses what to look for in this regard, and Section 9 contains tools to facilitate the process.
- **Split Incentive Utility Savings.** Depending on the type of lease, a landlord or a tenant may not always reap the direct benefits of their own efficiency upgrades or operational practices. Net leases, where the tenant pays utility expenses directly, give the landlord no incentive to invest in efficiency upgrades because tenants gain the benefits of lower operating expenses. In gross leases, the opposite is the case. This is an important point to understand in both initial lease negotiations and discussions about encouraging a property owner to pursue LEED for Existing Buildings: Operations & Maintenance certification. And whatever the terms of one tenant's lease, the owner may have different terms with other tenants. The split-incentive issue is a market reality and requires significant tenant and landlord collaboration to ensure that the green practices implemented benefit the appropriate parties within the lease structure.
- **Minimum occupancy.** A minimum program requirement unique to LEED for Existing Buildings: Operations & Maintenance is a 12-month average occupancy of 50% or more for all buildings except hotels. This requirement prevents a building from applying for certification before the minimum occupancy requirement is met. The building owner can nevertheless implement green operations and maintenance practices based on LEED for Existing Buildings: Operations & Maintenance during this time.

The LEED for Existing Buildings: Operations & Maintenance certification lasts five years before a project requires recertification. However, recertification may occur as regularly as annually. The building owner is required to track and document performance continuously following initial certification, as recertification is based on performance during the entire period since the previous certification.

ENERGY STAR and LEED

Although there are close ties between the ENERGY STAR system and LEED for Existing Buildings: Operations & Maintenance, LEED and ENERGY STAR are separate programs managed by

SECTION 2.2

separate organizations. Not all ENERGY STAR-rated buildings qualify for LEED certification and vice versa.

The ENERGY STAR performance rating of a building is an accepted measure of the building's energy efficiency. ENERGY STAR is a voluntary program operated by the U.S. Department of Energy and the U.S. Environmental Protection Agency.

LEED for Existing Buildings: Operations & Maintenance applies the ENERGY STAR rating (or an equivalent) as the basis for the required energy efficiency of a building, and for the points a building can earn for higher levels of energy efficiency. Under LEED for Existing Buildings: Operations & Maintenance, buildings must have a minimum ENERGY STAR performance rating of 69, with up to 15 points available for buildings achieving higher levels of efficiency.

An ENERGY STAR performance rating is obtained by loading whole-building actual energy consumption data (and other operational characteristics) into a free on-line tool called Portfolio Manager. Portfolio Manager normalizes the energy usage of a building for several factors, including weather, use and operating hours, and reports an energy performance rating on a scale of 1 to 100. An ENERGY STAR performance rating of 50 represents the average building. Buildings with an ENERGY STAR performance rating of 75 or above are in the top quartile of energy performance compared with similar buildings nationwide and are eligible for the ENERGY STAR label. For a building to receive the label, a professional engineer must inspect the building and validate the data. The ENERGY STAR label must be revalidated annually to ensure that the property continues to perform in the top quartile of energy efficiency.

Retail types that are considered for an ENERGY STAR performance rating are banks, supermarkets, and retail stores over 5,000 square feet. Department stores, discount stores, supercenters, warehouse clubs, drug stores, dollar stores, home centers, hardware stores, and apparel and hard line specialty stores (e.g., books, clothing, office products, toys, home goods, electronics) are all considered retail stores. Retail segments excluded from an ENERGY STAR performance rating are shopping centers, convenience stores, automobile dealerships, and restaurants. In these cases, Portfolio Manager reports the building's energy use intensity (EUI), the annual energy consumption of a building divided by its gross square footage. The EUI is then compared with the national average EUI for that building type. Both ratings and the national average are derived from Commercial Buildings Energy Consumption Survey (CBECS) data, which are collected by the U.S. Department of Energy.

To learn more about ENERGY STAR, visit www.energystar.gov/buildings.

Volume Certification

USGBC seeks to recognize organizations that commit to the greening of their building portfolios through LEED certification. Its Volume Certification Program allows organizations to provide LEED submittal documentation for the certification of multiple buildings in one portfolio faster and at a lower cost than with individual building reviews. This new process takes advantage of the ability of organizations to prototype credits that have the same technical outcome across their portfolio or future build-outs.

USGBC set five goals for the volume certification process:

- To preserve the integrity of the LEED program and the LEED certification process;
- To achieve economies of scale to reduce costs for volume customers and for USGBC by taking advantage of uniformity in building design and construction or operations and maintenance;
- To develop alternative review methods instead of full LEED submittals for every LEED credit for each building;
- To standardize the project certification process as much as possible, while tailoring it where necessary to specific types of customer programs or situations that are common in the building market; and
- To allow changes to the way LEED submittal documentation is collected but disallow any changes to the LEED credit requirements.

Visit www.usgbc.org/leedvolume for more information.

For retailers building multiple stores in a year, volume certification can be a cost-effective and efficient way to institute changes over a prototype or a goal for LEED certification.

Case Study #2: Wells Fargo

Wells Fargo has set a goal of registering almost 3,000 retail banking facilities under LEED for Existing Buildings: Operations & Maintenance through the Volume Certification LEED for Existing Buildings: Operations & Maintenance pilot program. Wells Fargo is taking advantage of the conversion of these structures as a result of its merger with Wachovia to conduct ASHRAE assessments and define new operating policies. Through this process, site assessment, purchasing, maintenance practices, and general store policies are all being updated and refined to reflect LEED goals and requirements. Wells Fargo is seizing a unique opportunity to assess its real estate portfolio and apply LEED in a manner that will have a far-reaching impact.

Summary

Understanding the LEED Green Building Rating System and how to apply it when making real estate decisions is integral to managing the environmental impact of a landlord's or tenant's real estate portfolio. LEED is a comprehensive certification program and therefore requires real estate practitioners to evaluate existing or planned buildings, or tenant spaces early in the leasing process.

LEED covers a wide range of environmental criteria in six credit categories and offers different certification pathways for new building construction and renovation, new interior construction, and the operations and maintenance of existing buildings.

For examples of strategies used by projects that have achieved LEED certification visit usgbc.org/psretail.

SECTION 3 SITE SELECTION

Economics and demographics, such as population density and household income, are the most important considerations to a retailer's site selection process. However, a retailer interested in sustainability should also include environmental parameters in their decision making process. A market survey encompassing environmental criteria will provide valuable information that can be used in the site selection process, help facilitate lease negotiations, and inform landlords about the tenant's interest in sustainability practices. Furthermore, a retailer interested in LEED for Retail: Commercial Interiors can evaluate to what extent the base building and landlord will facilitate certification.

The following six strategies can help retailers position themselves to obtain the benefits of a green building and possible certification.

SECTION 3.1

Integrating Environmental Criteria into the Site Selection Process

Qualified Team

It is essential that a retailer's real estate team includes experienced professionals who can evaluate and compare the environmental attributes of available buildings. Using a LEED-credentialed broker and real estate attorney ensures that the team will have familiarity with green buildings. Regardless of the LEED credential, team members should have previous experience representing tenants' pursuit of green real estate so that the lease language will align with the tenant's environmental strategies without compromising other provisions and business points.

Sample Criteria for Qualifying Project Team Professionals, in Section 9, can be used to gauge the knowledge of team members, as well as the landlord's list of preferred consultants, contractors, and other service providers, as well as to assess where additional training or education may be needed.

The retailer should communicate their environmental goals with the real estate team up front so that these criteria can be included in the site selection process.



Building Criteria

Overlaying green criteria on a traditional qualification routine will help identify the most eligible buildings in market inventory. The following questions can be used along with the Site and Building Due Diligence Questionnaire, in Section 9.1, which incorporates environmental criteria into the due diligence process used by a real estate team. This tool will help to assess the potential of a particular site to support the retailer's environmental commitments.

Is the building LEED certified or registered?

LEED is relatively new to the retail market, and there may not yet be many LEED-certified or LEED-registered buildings to choose from. As more retail development projects pursue LEED certification, the available inventory of LEED projects is likely to increase significantly.

LEED-registered and LEED-certified projects can be located on the Green Building Certification Institute's Web site, at <http://www.gbci.org/main-nav/building-certification/registered-project-list.aspx>. A real estate broker should also be able to provide a list.

However, it is important to note that not all LEED-registered buildings go on to achieve LEED certification. The developers may fail to follow through, or the buildings may fall short of LEED's performance requirements. If locating in a LEED-certified building is important to the company, consider obligating a landlord who has registered his building to achieve certification as a requirement under the lease.

Will the location or base building facilitate certification?

A tenant interested in LEED for Retail: Commercial Interiors certification should understand how the location and the base building can contribute to the effort. Locating in a LEED certified building automatically contributes 5 points toward a LEED for Retail: Commercial Interiors score. The site and base building can contribute an additional 11 points, even if the building is not certified. The Site and Building Due Diligence Questionnaire, in Section 9, identifies the points the base building can contribute toward the tenant's LEED certification of the leased premises. This questionnaire is lengthy and should be reserved for only the most likely candidate buildings. Rely on your qualified team to evaluate responses and correlate them with the LEED for Retail: Commercial Interiors checklist, also in Section 9.

How green is the landlord?

Identify early in the process the green behaviors of potential landlords. Inquire about portfolio-wide green building practices and policies as well as building-specific programs. Landlords and property teams with LEED professionals on staff, particularly those with experience in taking buildings through the LEED certification process, provide greater assurance that environmental commitments will be met. Additionally, inquire about the LEED experience of the landlord's list of preferred engineers, contractors, and service providers (see Sample Criteria for Qualifying Project Team Professionals, in Section 9). Keep in mind that building ownership may change and

SECTION 3.1

that a future landlord's views on sustainability may differ, for better or worse. Unless green standards are incorporated into the tenant's lease, a landlord may not be bound to continue to meet them for the tenant's benefit.

How energy efficient is the building?

If leasing space in an existing building, ask for historical energy use data and request copies of HVAC maintenance records, (if the utilities were in the previous tenant's name, this information may not be available.) Inquire about any energy efficiency measures that have been instituted for the building or leased space:

- What is the age of the HVAC system?
- What is the efficiency of the unit?
- What type of HVAC controls exist? Are there programmable thermostats?
- What kind of insulation does the building have?
- Is the lighting energy efficient?

The answers will not provide complete data on the building's energy efficiency but will indicate what improvements may be required to meet the energy efficiency goals.

What green attributes and operational practices are in place?

Ask the landlord or property management team about the scope of current green building practices and policies, as well as specific plans for future initiatives. Such information will be important to understanding a building's overall environmental impact and the tenant's prospects for certification.

Is the building new or existing?

If all building characteristics are equal, give preference to an existing building over a new or planned development. Construction waste in the United States equates to approximately 2.8 pounds per capita per day.²⁵ Concrete and steel are two of the most energy-intensive materials to manufacture and thus have a significant carbon footprint. The environmental cost of manufacturing and transporting building materials and building a new structure significantly outweighs redesigning, retrofitting, and reusing an existing structure. Preserving the existing building stock and reusing all or part of existing structures are very sustainable choices.

Educating the Landlord About LEED

- Ask the landlord about their interest and experience in green building and LEED.
- Provide documents or Web site links for useful resources, such as www.usgbc.org.
- Offer to walk them through the LEED rating system and discuss how it is applicable to the property.
- Explain the benefits of green buildings for customers, employees, the property, and the bottom line.
- Provide examples and case studies of leading organizations that have completed green building projects.



Evaluating Options

Compare the environmental qualities of candidate buildings against the company's environmental goals. Rank the buildings accordingly and incorporate the rankings into traditional site selection models.

Use the Site and Building Due Diligence Questionnaire, in Section 9, to incorporate green criteria into the site assessment tool used by real estate professionals. The questions will help the site selection team assess the potential of a building to support the company's environmental commitments and LEED certification.

Summary

Environmental attributes and LEED certification are unlikely to supplant economic and demographic data in a retailer's leasing criteria. Nevertheless, tenants interested in sustainability need to consider the site's location, the environmental performance of the existing building, the operations and maintenance practices of the property management team, and the landlord's overall support for green buildings. Thoroughly vetting landlords and their buildings during the search for new space will help make the LEED certification process more seamless.

SECTION 4 GREENING THE LEASE

Real and perceived barriers to the successful implementation of green building strategies exist in most multitenant commercial properties. However, many of these barriers can be overcome by developing a collaborative landlord-tenant relationship and writing a lease that outlines the environmental goals of the parties, specifies the actions needed to meet these goals, and allocates the costs and benefits of green buildings. To be successful, green building investments and savings must be quantifiable and qualified by both parties. A green lease ensures transparency and assigns both parties legally binding accountability for adhering to sustainability goals and standards.

SECTION 4.1

Retail Leases

Significant environmental progress can be made by inserting environmental goals and standards into traditional leases. There are several different types of leases used in retail, but the most common is the triple-net lease. In a triple-net lease, the tenant is responsible for their proportionate share of property taxes, property insurance, common operating expenses, and common area utilities, plus all costs associated with her own occupancy, including personal property taxes,



janitorial services, and all utility costs. If the space is part of a larger building or complex, the common area maintenance (CAM) charges are divided among the tenants, generally based on the tenant's square footage percentage, or prorated share, of the overall complex. A triple net lease generally incentivizes the tenant to lower their operating costs, since any utility savings accrue directly to the tenant or are passed through as part of CAM

expenses. The landlord is often responsible for initial construction costs as well as ongoing capital expenses, and it is the ongoing capital expenses that create the "split incentive" between tenant and landlord.

A tenant with a gross lease pays an agreed-upon sum that includes the base rent plus all of the additional expenses. A gross lease generally provides the landlord an economic incentive to invest in energy efficiency, since any savings accrue to the owner. The popularity of gross leases has declined over the years as landlords have looked to insulate themselves against rising energy costs.

No one retail format or lease type is best suited to be a green lease. In both a triple-net lease and a gross lease, there is still a split between costs, benefits, and operations and maintenance responsibilities. A green lease better aligns the incentives and overcomes the barriers to creating

high-performance retail buildings. A lease that includes sustainability goals and LEED requirements is the result of the communication between the tenant and the landlord and the relationship they develop.

Strategies for a Green Lease

First, take a collaborative approach. Successful, cost-effective green buildings take an integrated approach, looking at whole systems to identify ways in which individual building systems can work together more efficiently. The same integrated or collaborative approach applies to the tenant-landlord relationship. Green leasing is a process that requires open and frequent communication between landlord and tenant: Both parties must share their objectives, agree on specific program requirements, and determine how the costs and benefits will be divided. By working together in a collaborative manner, they can develop a lease that incorporates environmental standards with mutually beneficial outcomes.



Transparency and accountability are important elements. Transparency gives both parties the opportunity to understand and assess the impact of various investment decisions, and accountability ensures that they adhere to the policies and procedures that are integral to achieving sustainability goals. For example, the building manager can adopt a policy specifying the use of finishes that are low in volatile organic compounds (VOCs) for common areas, but without a building-wide policy enforceable by leases, the activities of one tenant can affect other building occupants. In a green lease, all parties are motivated to reduce consumption and waste by improving the indoor environment.

When negotiating and drafting a green lease, a tenant's first challenge may be to overcome objections from a landlord who wants to use their own standard lease form. A typical compromise is to add the environmental provisions as a single rider, which may minimize their importance because of the rider's supplementary nature. If a tenant views certain environmental objectives as critical, they should be incorporated into the main text, as binding language, and clearly obligate the landlord to comply.

Tenants may also want to include aspirational environmental objectives in their lease. Green lease language used to provide guidance may still provide benefits to each party. It is important to recognize the difference between language in the lease that is binding and absolute versus language that provides guidance or aspirational goals that is not binding or enforceable:

SECTION 4.1

| Guiding language | Binding language |
|--------------------------|------------------|
| Diligent efforts to | Shall |
| Reasonably | Must |
| To the extent possible | Will |
| If economically feasible | Guarantees |

The lease should openly deal with the division of costs related to green features and operational practices. Many green objectives can be achieved at little or no cost to either party, such as the use of low-VOC materials and green cleaning products. The cost of major improvements to increase energy or water efficiency may be significant, however, allocating responsibility for such costs is a critical issue. A green lease should also address the allocation of tax credits, carbon credits, renewable energy certificates, and any benefits from government or utility programs for green design, construction, and operation.

Small tenants in particular should not expect to obtain all the green lease clauses in this guide. The collaborative approach requires give and take, and tenants who know their own environmental priorities can come to the negotiating table prepared with their tier one, two, and three requests, knowing that the landlord may have competing priorities or project limitations. If the tenant incorporates green elements into their site due diligence (Section 9) during the leasing process, the landlord will not be surprised by green requests when it comes time to negotiate the lease.

SECTION 4.2

Integrating LEED Into the Lease

Elements of a Green Lease

The goal is to develop a lease that will help the landlord make investments in greening the building and help the tenant create a healthful space within a competitive rent structure. A green lease should include the following topics.

- **Environmental performance objectives.** Both parties should know what the environmental objectives are. If LEED certification is the tenant's goal, the lease should spell out the level of certification sought and the landlord's requirements to support the effort.
- **Rent structure and operating costs.** The lease format should reward both the landlord and the tenant for reducing energy use and operating an efficient and sustainable building.

Tips for Negotiating with the Landlord

- Educate yourself about the landlord's current corporate environmental practices.
- Request a detailed description of the green strategies integrated into the property.
- Review and familiarize yourself with the landlord's standard lease.
- With your broker, review your "must have" and "nice to have" green elements for the lease.
- Formalize your requirements to present to the landlord.
- Include details on the mutual benefits associated with green approaches.
- Meet with the landlord and your broker to discuss the property, your space, and your requests.
- Understand that you may not get agreement on all elements, but be firm on those most important to you.

- **Energy and water use by tenant.** The tenant's space should be submetered, since retail process energy and water use can be significant.
- **Operational performance.** Include language to ensure that the building meets the minimum building codes referenced in LEED, such as ANSI/ASHRAE Standard 90.1-2007, Energy Standard for Building Except Low-Rise Residential Buildings; ANSI/ASHRAE Standard 55-2004, Thermal Comfort Conditions for Human Occupancy; and ANSI/ASHRAE Standard 62.1-2007, Ventilation for Acceptable Indoor Air Quality.
- **Annual environmental performance reporting.** Data on the environmental performance of the building should be available to all tenants.
- **Hazardous materials.** The lease should define hazardous materials so that both tenant and landlord can handle and dispose of them in an environmentally safe way.
- **Green cleaning specifications.** Materials, procedures and protocols should be defined.
- **Building regulations.** Day-to-day operational issues such as recycling should be included.
- **Contractor regulations.** To address product requirements and construction practices for the build-out of the tenant space, the lease might include a construction waste management plan, construction indoor air quality management plan, or minimum thresholds for use of recycled content materials. Compare the contractor regulations with the LEED rating system to ensure that all LEED goals are supported by any landlord-managed construction activities in the tenant space.

Use the sample lease provisions, in Section 9, to see how the above elements of green design, construction, and operations could become part of the formal lease agreement. Any such lease provisions must be evaluated by a qualified professional and altered to meet the specific building and lease circumstances.

Summary

Adding environmental standards to leases provides the accountability needed to advance environmental goals in retail buildings. Environmental standards are no different from any of the other business issues that are traditionally negotiated during the leasing process. Because some green leasing practices may be at odds with the landlord's customary negotiating positions or expectations, tenants should make their

environmental priorities well known early in the process to give specific green clauses the best chance of being integrated into the legal agreement. Although this is new territory, success is achievable, and taking a collaborative approach is essential to environmental advancement.



SECTION 5 CERTIFICATION FOR TENANTS

The next step is assembling a team of qualified professionals and, with them, setting goals for the project. The team can help identify no-cost and low-cost strategies that will contribute to achieving the necessary number of credits needed for certification. Requirements for sustainable operations and green materials should be part of the contract documents signed with the contractor. During construction, the project administrator coordinates the activities that relate to certification, such as compliance with a construction waste management plan and collection of the documents that will be submitted for certification review. Finally, the documentation is assembled. Each of these steps is described below.

SECTION 5.1

Best Practices for LEED for Retail: Commercial Interiors Registration

Before registering, make sure you are registering for the rating system that is appropriate for the project. Project registration activates access to LEED Online forms and other resources, so it is recommended that projects register early in the process.

A project can be registered through LEED Online at <https://www.leedonline.com>.

Project Team Selection

At the start of any LEED project, the tenant should engage a qualified LEED Accredited Professional (LEED AP)—a project team member, independent consultant, or project manager—who will serve as the LEED project administrator. Look for a LEED project administrator who has completed a minimum of two LEED-certified projects of similar scope. The primary role of the project administrator is to work with the decision makers and project team professionals to guide the LEED certification process.

For more information, see Sample Criteria for Qualifying Project Team Professionals, in Section 9. Use these criteria when writing requests for proposals from the professionals who will be involved in the certification process.

The project team should also include the following professionals:



Real Estate Broker or Consultant

A knowledgeable broker makes the tenant's certification process more successful. A broker with a general knowledge of the LEED rating systems and the certification process, including its effect on project timelines, budgets, design development, and construction activities, will provide realistic assessments during the transactions with the landlord. Finding a broker with at least a LEED Green Associate designation would be ideal.

Architects and Engineers

Design and engineering professionals are critical members of the project team. A growing number of architecture and engineering firms have LEED APs on staff. Tenants should confirm that the design and engineering professionals they work with have experience working on LEED-certified projects.

The engineering team may be responsible for energy modeling, required for some whole-building projects in order to meet the minimum LEED energy requirements. Identifying the person or team responsible for energy modeling should be done early in the process.

Commissioning Agent

A commissioning agent verifies that a project's systems are installed and calibrated for optimal performance. Commissioning agent requirements are specified in LEED for Retail: Commercial Interiors as follows:

- **Fundamental commissioning (prerequisite).** The firm or individual performing fundamental commissioning must not be directly responsible for project design or construction management but can be a qualified individual on the owner's staff. Third-party firms also perform commissioning activities for base building systems that interface with the tenant space.
- **Enhanced commissioning (credit).** The credit requires additional verification and process documentation. For these activities, a third-party commissioning agent is required.

The Building Commissioning Association (www.bcxa.org) maintains a directory for locating qualified commissioning agents in the project area.

Lighting Consultant

A lighting consultant can be particularly helpful on the project team because lighting, one of the largest tenant energy uses, is essential for highlighting merchandise and creating an inviting environment for customers. A qualified lighting consultant can help ensure that the lighting system balances the functional and aesthetic requirements of retail with energy use requirements. The art and science of lighting design continues to evolve with the advent of new technologies and design techniques, such as solid-state lighting, high-performance fluorescent systems, ceramic metal halide display lighting, LED's and computer modeling that integrates daylight and electric lighting. The lighting consultant should consider these and other measures in identifying an optimal lighting system for the retail interior.

SECTION 5.1

General Contractors and Subcontractors

The contractor is critical to the LEED process, and the individual's experience with LEED-certified projects is important. Many prerequisites and credits hinge on the contractor's knowledge and commitment to green building practices, including the use of low-emitting adhesives and paints and adherence to an indoor air quality management plan during construction. In the hectic schedule for a retail project, the contractor must be aware of his responsibilities and enforce them across all subcontractors. The contractor may also play a significant role in the documentation necessary for LEED certification and must know what information to collect.



Equipment Supplier

The equipment supplier recommends commercial process equipment such as ovens, dishwashers, refrigerated cases, and ice machines. For many retailers, especially those with large commercial process loads such as restaurateurs and grocers, process equipment is both an essential part of the retail function and the single largest energy use. An experienced equipment supplier can help the project team select and specify appropriate and efficient equipment. In a project with a commercial kitchen, the equipment supplier must understand the energy-related goals and how the equipment affects total energy use. LEED for Retail: Commercial Interiors provides standards and baselines for process equipment.

SECTION 5.2

Understanding the LEED Process

Project Team Objectives

Before construction begins, get the landlord's agreement with the goals of the project to make sure that he will support the overall effort. The team should give the landlord the project's checklist of LEED prerequisites and target credits. If the building is LEED certified or in the process of becoming certified, ask the landlord to share its approved LEED scorecard and any documentation that will facilitate certification of the leased premises.

Once the project team has been assembled, member roles and project goals should be clearly defined. At least one initial strategy meeting or LEED "charette"²⁶ should be held to discuss and define short- and long-term corporate goals, environmental standards (existing and desired), green facility basic and desired requirements, and LEED goals. This effort sets project boundaries, defines scope, and incorporates LEED goals for integration into all aspects of the project. With integration in mind, include as many of the project team members in this initial meeting as possible—tenant, landlord, architect, interior designer, engineers, lighting consultant, commissioning agent, furniture representative, and contractor.

The team should identify potential constraints that could hinder project schedules and milestones. Schedules are sometimes set back by fiscal year-end activities, mergers and acquisitions, bank credit limitations, materials shortages, and changes in municipal building codes; plan accordingly. Other proactive strategies include the following:

- Determine all known internal corporate and potential external constraints that could threaten project success.
- Set a realistic project completion date after obtaining informed input from all project stakeholders.
- Encourage the integration of more elements within the traditional design and construction process model to produce greater efficiencies (a key foundation of building green).
- Consider synergies and trade-offs. Some LEED credits assist each other. For example, synergies exist among using low-emitting paint, having an indoor air quality management plan, and achieving a favorable indoor air quality test result. Other credits have trade-offs. For example, improved ventilation may circulate fresh air through the space but may also increase energy use.

Some LEED credit requirements specify thresholds for achievement. For example, some credits are based on the percentage of cost relative to the entire construction budget. Understanding this helps the team prioritize the target credits, particularly when high-cost items are involved. Other credits are prescriptive and give specific requirements that must be met unrelated to cost.

Keeping in mind performance and aesthetic considerations, the team should manage the economic and environmental bottom line by leveraging products and materials specified for LEED purposes across several LEED credits. For example, the team should favor products that contain recycled content, are locally made, and have low levels of emissions—characteristics that contribute to the achievement of three credits. Distinguish between required LEED prerequisites and optional LEED credits to clarify priorities for the project team.

The typical outcome of the initial strategy meeting is a LEED certification goal (certification level) and a checklist of targeted credits. The target checklist, together with the project documents (see below), becomes the project team's guide. The checklist is a living document: it may change during the construction process as some credits become more or less possible based on unanticipated constraints. The LEED project administrator is typically the keeper of the checklist and updates it accordingly.

See the LEED for Retail: Commercial Interiors checklist, in Section 9.

Low-Cost Retail Design Strategies

Tenant build-outs of retail spaces often involve making changes to finishes, lighting, HVAC, and process equipment. Best practices include using building materials that do not degrade indoor air quality, providing lighting and thermal comfort control to occupants, using environmentally preferable building materials, and providing alternative transportation options for staff and customers. In addition, many sustainable design and construction choices can deliver ongoing savings by reducing energy use, improving staff performance, and reducing maintenance. The

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simple payback for such improvements can vary significantly from less than a year to more than 10 years. Some improvements that often have an acceptably short payback or very low cost premiums include the following:

- High-performance fluorescent or LED technology for all or part of the lighting system;
- Low- or no-VOC paints, adhesives, and sealants;
- On-demand kitchen hood ventilation;
- Variable frequency drives fitted to large (greater than 10 hp) fans; and
- ASHRAE Level 1 audit to identify additional low-cost or no-cost measures.



Many retailers in the process of developing their overall green building program implement such items on a trial basis, in certain stores. When they see the results, they begin to incorporate them into their store prototype. For example, one retailer developed a LEED prototype for those stores that would be seeking LEED certification and a green prototype for all other stores. The green prototype incorporated measures that had a fast payback or little cost.

Case Study #3: Coldwater Creek

Coldwater Creek worked with its millwork and carpet suppliers to ensure that the materials they installed would help the clothing retailer meet LEED requirements. For example, the millwork supplier switched to a particle board that contained recycled content and no urea formaldehyde-based resin. The carpet manufacturer was able to produce a carpet containing recycled content that met the aesthetic standard of the store design. The volume of materials allowed Coldwater Creek to leverage its relationship with these suppliers and obtain materials that would achieve LEED credits. Initially, the millwork added an increase of about 10% to the materials cost, however, Coldwater Creek accepted the additional cost for all stores both to minimize logistics issues with getting the right millwork to the right store and to demonstrate its commitment to creating greener stores. Since 2007, when the millwork supplier switched to green particle board, the cost has come down; at the time of this publication, the additional cost was about 8%. The carpet also added a minimal cost; Coldwater Creek has since found an equivalent carpet that costs less.

Although the two items ran costs up, Coldwater Creek executives felt that they had made the right decision. Overall, their LEED stores are running at about a 5% increase in construction costs, a large portion of which is due to commissioning fees and LEED certification and registration fees. As of April 2010, Coldwater Creek had 17 LEED-certified projects with an additional three under review and two in construction.

Project Documents

The integration of LEED criteria into the project documents makes them formal, binding requirements for contractors. Some project documents—especially on tenant build-outs with time constraints—consist only of drawings and lack a formal specification book. Specific LEED requirements should be noted in the drawings. The LEED documentation process will be much more efficient if LEED requirements are highlighted in the design documents.

Contract documents for a project include the drawings, specifications, construction contract, and in some cases the applicable lease provisions. A final set of contract documents signed by the tenant becomes a legal, binding document (as an integral part of the lease document, per the work letter). For LEED certification, portions of the final contract documents must be submitted for third-party review by GBCI.

To minimize errors, change orders, and omissions, the tenant should ask the LEED project administrator to review the unsigned contract documents and all accompanying form submittals (if applicable) for accuracy in regard to LEED credits attempted by the project. If modifications are necessary, the appropriate party must make the corrections and clarifications.

In most instances, “substantial completion” (as defined in the lease document) should not be contingent upon attaining LEED certification, because portions of the submittal documentation cannot be completed until after construction is finished and formal LEED review is completed, so LEED certification in most cases will not yet be obtained.

The project team should identify long-lead and expensive items and, should the contractor encounter manufacturing glitches, delivery delays or unacceptable price increases, select alternatives to these items that meet LEED sustainability criteria. The team should provide specifications and note these items as alternatives on preliminary plans. Proactive bidding saves time and money.

Construction

A preconstruction meeting with all members of the project team lays the groundwork for smooth execution, and ideally, this meeting should occur before any demolition or construction begins. The following initiatives have proved helpful in streamlining the LEED construction process:

- Involving the LEED project administrator during the construction process to coordinate documentation and jobsite activities with the contractor and subcontractors;



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- Providing contractor training or project kick-off so that the contractor understands the nature of the project and can convey the green requirements to the subcontractors and vendors;
- Ensuring that vendors are aware of the environmental standards and sustainability criteria of both tenant and landlord and how they affect product installations and service performance;
- Setting up an on-site LEED information area for all LEED resources, including the construction waste management plan, location of recycling areas, the indoor air quality management plan, a green interior design and construction reference guide, and the current project scorecard;
- Taking photographs during the construction process to highlight sustainable practices;
- Ensuring that punch-list activities, such as touch-ups, also meet sustainability criteria; and
- Ensuring that the final cleanup is in accordance with green cleaning practices and products.

Once move-in activities are complete, tour the space with the LEED AP to ensure that the design and performance goals for green elements have been met.

LEED Documentation and Submittals

The LEED project administrator generally manages the LEED submittal process. For each LEED prerequisite or credit, a corresponding form is used to validate conditions through calculations, tests, materials data, or other relevant information. Often backup documentation is required, such as project drawings and specifications, product data sheets, material safety data sheets,²⁷ and construction photographs. The forms in LEED Online and the Green Interior Design and Construction Reference Guide Retail Supplement indicate what is necessary.

The LEED project administrator typically facilitates the completion of LEED forms and submittals and is the leader or co-leader of the project team. He/she usually reviews all design, engineering, and construction information, monitors documentation completion, and obtains appropriate signatures. He/she might also coordinate project budgets, schedules, site visits, data entry, and communication to facilitate smooth execution of the certification process.

The LEED Online documentation process should run parallel with, or just follow, the typical design and construction process.

When project documentation is complete, it is submitted for review via LEED Online.

Summary

Engaging qualified team members with the right experience with LEED for Retail: Commercial Interiors projects will result in a well-designed and properly constructed tenant space that not only meets LEED standards, but also provides a superior workplace for employees and achieves organizational environmental objectives.

Defining the Scope of Work for LEED

Defining the site boundary is complicated for shopping centers that have multiple buildings within a complex. Generally, project teams should use the entire site area that is affected by construction but exclude any buildings that are not controlled by the developer (e.g., ground leases or lot sales). The defined site boundary must be used consistently for all LEED credits.

For a shopping center development, any building under the control of the developer may be included in one LEED certification. However, documentation for all of the buildings must be submitted at one time, even if they are being built in phases. Because of the costs of project certification, it is typically not feasible to certify small sections of a project independently.

The developer should have a master plan for the site to meet LEED requirements in the most economical and efficient way. The majority of the Sustainable Sites criteria can be depicted in a master plan, including stormwater management, open space, site lighting, landscaping, and irrigation. The LEED-compliant performance conditions that earn the corresponding credits need be documented only once, at the master plan scale. When the whole site is considered, LEED requirements can be incorporated into the design and the construction documents. Under LEED for Retail, any retailers who are locating in the development but constructing and certifying their own buildings under LEED-NC can take advantage of the site's master plan approach in their certification as well.

Tenant Guidelines and Leases

A landlord who wants tenants to further their green building efforts can develop tenant guidelines with information on meeting LEED requirements or help them pursue LEED for Retail: Commercial Interiors. In doing so, the developer would likely qualify for LEED-CS SS Credit 9, Tenant Design and Construction Guidelines. A retail developer who is pursuing LEED certification can also earn LEED credits in areas outside of the developer's scope of work by incorporating LEED credit requirements in the tenant lease or sales agreement. To use this approach, the LEED requirements must be incorporated into a legally binding document.

Shopping center developers often have insufficient scope to certify their "cold, dark shells" because they are not responsible for mechanical equipment, lighting, or plumbing fixtures. With binding tenant lease or sales agreement language that addresses water use reduction and energy performance, however, certification becomes possible. For example, the developer could specify a lower lighting power density level in the tenant lease and take credit for the associated energy use

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reduction in his pursuit of LEED certification for the center. Compliance with these four standards could be part of tenants' leases:

- WE Prerequisite 1, Water Use Reduction
- WE Credit 3, Water Use Reduction
- EA Prerequisite 2, Minimum Energy Performance
- EA Credit 1, Optimize Energy Performance

There are also LEED credits for which the core and shell developer must document that the whole building is in compliance:

- SS Credit 4.2, Alternative Transportation, Bicycle Storage and Changing Rooms
- EA Prerequisite 3, Fundamental Refrigerant Management
- EA Credit 4, Low-Emitting Materials
- IEQ Prerequisite 1, Minimum Indoor Air Quality Performance
- IEQ Credit 1, Outdoor Air Delivery Monitoring
- IEQ Prerequisite 2, Environmental Tobacco Smoke Control
- IEQ Credit 2, Increased Ventilation
- IEQ Credit 5, Indoor Chemical and Pollutant Source Control
- IEQ Credit 6, Controllability of Systems

Incorporating requirements into tenant lease or sales agreements might make a developer appear less competitive and seem difficult to work with. The developer may need to educate potential tenants about green building and show the energy and water savings that may be realized as a result of the requirements. For instance, the landlord could quantify the prospective energy cost savings and associated carbon reduction, help identify high-performance lighting resources, and explain that this is a performance-based requirement that gives the tenant flexibility in how the lighting design achieves the standard.

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Transferable Credits

Tenants who are seeking LEED for Retail: Commercial Interiors certification can take advantage of the developer's efforts to earn points toward their own certification. The credit is essentially transferred from the developer to the tenant(s). This ability to transfer credits can be used to attract tenants who are interested in LEED certification and encourage other tenants to consider LEED certification. The green attributes used to achieve certification for the developer must be installed in, or apply to, the entire structure; please refer to the LEED for Retail: Commercial Interiors rating system for the full requirements. The transferable credits are as follows:



- **SS Credit 1 Site Selection (5 points):** Certify the building under LEED for Core & Shell.
- **SS Credit 1 Site Selection (1–5 points):** If the building is not LEED certified, locate on a brownfield, practice stormwater management, use hardscape materials that are light-colored or high-albedo, install a green roof or roof that meets SRI requirements, install water-efficient landscaping or landscape that does not require irrigation, reduce sewage conveyance or treat wastewater onsite, install plumbing fixtures to reduce potable water use, install on-site renewable energy systems, and institute a green cleaning program.
- **SS Credit 2, Development Density and Community Connectivity (6 points):** Locate the building in a dense community or in an area with access to basic services.
- **SS Credit 3, Alternative Transportation, Option A, Public Transportation Access (6 points):** Locate the building with easy access to public transportation.
- **SS Credit 3, Alternative Transportation, Option B, Bicycle Storage and Changing Rooms (1 point):** Provide bicycle parking based on the square footage of the building.
- **SS Credit 3, Alternative Transportation, Option C, Low-Emitting and Fuel-Efficient Vehicles (1 point):** Provide preferred parking for 5% of the total employees and 5% of the total customer parking.
- **SS Credit 3, Alternative Transportation, Option D, Parking Availability (3 points):** Do not exceed minimum zoning for parking and provide preferred parking for 5% of tenant employees.
- **EA Credit 1.5, Optimize Energy Performance, Envelope (1 point):** Provide a building envelope that reduces heat loss and heat gain by 15% compared with ANSI/ASHRAE/IESNA Standard 90.1–2007.
- **EA Credit 3, Measurement and Verification (2–3 points):** Install submetering equipment for the tenant space and negotiate a lease where energy costs are paid by the tenant.
- **MR Credit 1.1, Tenant Space, Long-Term Commitment (1 point):** Engage in a lease with the tenant for an initial term of at least 10 years.
- **IEQ Prerequisite 2, Environmental Tobacco Smoke Control (required):** Prohibit smoking in the building and within 25 feet of entries, operable windows, and air intakes.

For the tenant to take advantage of these credits, the developer must provide documentation to support the claims made. The required documentation can be put into a packet for interested tenants. Even if the developer is not pursuing LEED for their core and shell development, the 27 possible points are a significant contribution toward the 40-point threshold for basic certification under LEED for Retail: Commercial Interiors.

The developer can help the tenant achieve two other credits, although the ultimate responsibility lies with the tenant:

- **MR Prerequisite 1 (required):** Provide storage and collection areas for recyclable materials and ensure that waste removal includes recycling for recyclable materials generated by the retail tenant.

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- **MR Credit 2, Construction Waste Management (1–2 points):** Provide areas for tenants to collect construction waste management for recycling and salvage (the tenant is responsible for implementation).

Summary

Many retail developers are interested in LEED for Core & Shell certification for their scope of work in building a shopping center. Their efforts toward LEED certification can benefit tenants, and vice versa. The landlord can provide transferable credits to tenants interested in LEED certification, and tenants can also assist the landlord in their own certification by agreeing to LEED credit provisions in tenant guidelines or lease language.

7 OPERATIONS AND MAINTENANCE

For tenants, achieving environmental goals while leasing space in buildings that are not LEED-certified may be challenging. This section addresses tenants' greening of existing leased space—overcoming barriers to sustainable strategies and encouraging the landlord to implement environmental standards that align with the LEED for Existing Buildings: Operations & Maintenance rating system. Most tenants cannot certify under this rating system because it is designed for whole-building certification.



Implementing Environmental Strategies Under Existing Leases

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The public sector and large multinational corporations were early adopters of green real estate. As owner-occupants, they were able to fully benefit from the long-term savings of their investment in high-performance green buildings yielding reduced operating costs, improved employee productivity, enhanced public image, and more efficient, longer-lasting building systems.

Landlords of multitenant retail or mixed-use properties, however, often face competing priorities when evaluating the costs and benefits of green buildings. Landlords want to provide building services that satisfy tenants and lead to renewal at lease expiration while also competitively pricing their real estate to retain existing tenants and attract new occupants. A tenant approaching a landlord about green operations and maintenance should keep this in mind and be prepared to explain the shared benefits.

The cost of implementing green strategies and certifying buildings under LEED may initially increase building operating costs for tenants because of pass-through expenses. Landlords are sometimes concerned that such increases could make the building less competitive in the short term if tenants do not value a LEED-certified building or are unaware of the related long-term operating savings.

Some green maintenance practices may look, feel, and smell different from traditional practices. Green cleaning products, for example, lack the strong odors of harsh chemical cleaners; green products and finishes can look exactly the same as conventional materials or have a more “natural” appearance. Landlords may worry that tenants may not understand or appreciate the changes.

Green practices often require tenant cooperation. Landlords do not want to burden tenants and may doubt that tenants are willing to invest in green building practices within their control. For instance, a comprehensive energy efficiency program requires that the landlord, tenants, and

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staff participate in efforts that will help reduce energy use within each tenant space and in the building overall.

Tenants should use the Greening the Retail Operation Checklist and the Sample Environmentally Preferable Purchasing Policy for Tenant Operations, both in Section 9, to focus on environmentally preferred purchasing within their operations. These efforts will not only green tenant operations but also help the landlord work toward LEED for Existing Buildings: Operations & Maintenance certification.



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Greening Building Operations and Maintenance

Many low- and no-cost environmental strategies can be implemented by building managers just by making standard building operational practices, such as cleaning, more environmentally responsible. This can be challenging in some markets because of a limited availability of qualified and experienced building service providers. However, the barriers can be overcome through education, training, and demand. Vendors and suppliers will not begin to truly green their practices unless the market demands it, and tenants and landlords have the power to transform the market.

Changing operations and maintenance practices may cost more initially; however, study after study shows reduced operating costs and improved productivity and sales in green buildings. For example, implementing indoor air quality protocols for operations may increase the cost for air filtration and air quality testing, but the health and productivity benefits to occupants, as well as the longevity benefits to building equipment, typically outweigh any initial additional cost. Improved lighting and integration of daylighting have first-cost implications but pay back quickly with increased sales, new customers, and more satisfied employees.

The tenant may have to demonstrate to the landlord that sustainability gains can be realized at little or no cost, or perhaps even be less expensive, and that tenants are willing to help pay for any extra up-front or ongoing operating costs. A small increase in costs for the tenant is quickly offset by increased morale and productivity of employees.

The Greening the Retail Operation Checklist, in Section 9, lists ways that retailers can incorporate sustainable operations and maintenance practices under an existing lease. One retailer that has integrated LEED into its operations is Best Buy, which recycles 40% of its total waste stream, including the collection and recycling of 95% of batteries and fluorescent light bulbs. Customers can also recycle their batteries by taking them to a receptacle conveniently provided in the front of each store.

Approaching the Landlord

After the tenant has implemented the environmental strategies within his control, it may be time to make the business case to the landlord. Some retail developers and property managers are much more receptive to tenant green practices, while others may need additional information before they recognize the benefits and value. Here are suggested approaches:

- Determine the interest of other tenants. Ask the large-square-footage tenants in the building whether they will support green operations and maintenance practices.
- Form a “green team” with other retailers and include the landlord.
- Compare your environmental standards with the current policies of the landlord. Prioritize environmental standards that are important to you that are not currently being met.
- Ask the landlord to help meet the tenants’ environmental standards. Meet with the decision maker or her representative and present a written list of the tenants’ environmental standards that are not being met. Describe the interest level of large tenants and explain the benefits to the landlord.
- Give the landlord educational materials about the desired environmental standards. Landlords often respond positively when tenants present exciting, creative, and well-planned ideas.

The more square footage leased, the closer the lease is to expiration, and the longer the lease term, the more amenable the landlord is likely to be.

Case Study #4: Chipotle

Chipotle Mexican Grill has shown how a great idea and enthusiasm can win landlords’ cooperation. Chipotle partnered with Standard Renewable Energy (SRE) to install solar panels on approximately 75 Chipotle restaurants by July 2010. The chain restaurateur took advantage of an opportunity to purchase 500-kilowatt solar panels, buying directly and in volume to save money. Because of the incentives and refunds available in different locations, payback on the systems will be achieved within three to five years.

Chipotle needed to work with the landlords of its existing restaurants to gain approval to place panels on the roofs of their buildings. Most were willing to participate in this ambitious project, perhaps because of the public relations and marketing benefits. Two landlords even agreed to allow Chipotle to cover the roof of the entire building, not just the Chipotle portion. Some landlords, however, refused the request for aesthetic reasons or a lack of commitment, or requested that Chipotle lease back the roof for the solar panel installation, which the company does not view as a viable option.

Chipotle attributes the overall success to its enthusiasm for the project and its decision to inform landlords fully. The company worked with SRE in providing assurances that there would be no damage to the roofs during third-party roof inspections and that SRE would bear the responsibility for any roof damage. Chipotle is now working to include language in both new and existing leases that will allow installation of solar panels at more of its franchises.

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Many green building operations and maintenance practices can be implemented at little or no extra cost. Some landlords are uncertain about the tenant's interest in and commitment to implementing environmental strategies and are still in the process of educating themselves about green building practices. Tenants should therefore make the landlord aware of their interest in, and commitment to, green building practices to help drive adoption. Through increased communication and collaboration, tenants and landlords have the power to transform traditional building practices into green practices.

8 TELLING THE GREEN RETAIL STORY

Consumers know the harmful consequences of waste, toxic chemicals, and excessive energy and water use and are developing sustainability-oriented values that guide their purchasing behavior and brand loyalty. With the retail sector at the whim of consumers, investors, and shareholders, it should come as no surprise therefore that retailers are quickly working to understand what sustainability means for their company and how it affects their own corporate values and communication and marketing efforts. As a result, green storytelling has become a hot topic throughout the retail industry.

Each year, a typical retailer or brand allocates 2% to 20% of revenue to marketing and communications. For the large national and regional companies, this translates into millions of dollars and considerable staff time. Each in its own way, retailers are trying to enhance brand perception, create value, ward off competition, and grow market share. As consumer values change and the green consumer segment grows, the retail sector has a great opportunity to use green building and operations programs to engage with the consumer, enhance brand equity, and keep ahead of trends while satisfying governmental requirements and shareholders' expectations.

Before the Story is Shared

Transparency and Validity

As discussed in Section 1, one of the best ways of getting stakeholders and customers engaged with a retailer's corporate environmental commitments is at the store level. Some retailers have enhanced their sustainability credentials by offering a greener product mix. For example, Whole Foods, Office Depot, Nike, Aveda, Chipotle, Pottery Barn, and Apple have all begun offering more products with eco-labels and products that have stringent supply chain standards. Other retailers, especially those with diverse product offerings, have pursued LEED certification and real estate greening strategies for their retail and corporate spaces. The public wants to know that retailers are practicing responsibly in all aspects of their business, from sourcing and manufacturing to construction and operation of the retail space. Transparency demands authentic and validated storytelling of sustainable accomplishments.

As a reader of this guide, you are exploring the value that green building practices bring to your role within the company. As you better understand the benefits of such practices, consider the value your efforts add to your company's corporate and marketing and communication teams. Work with marketing and communications professionals and senior executives so that they understand the implications of green building strategies and LEED commitments. Because LEED is a highly regarded and internationally recognized performance benchmark, a retailer may rush

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to share the goal of certification with the press and investors but would be better off running a pilot or experimental certification project first. This enables the retailer to thoroughly understand the implications of the certification process on all vendors, suppliers, and partners involved in planning, building, and operating a retail store. It also provides an opportunity to test out new store design, materials, and technologies, absorb any associated first costs, and realize the return on investment.

Many retailer communication teams have prematurely announced LEED certification for all new stores without assessing the probability of achievement, when in fact the stores are only registered. Registration signals the intention to implement sustainable building practices, whereas certification confirms that the design, construction, and performance have been validated through the U.S. Green Building Council's third-party verification process.



Announcement strategies should be coordinated. Consider the following when communicating about LEED:

- LEED registration is not a guarantee of certification; save large communication announcements for LEED certification.
- Achievement of LEED certification in one region or city may create an expectation for LEED certification throughout the company's outlets.
- Even though LEED is widely recognized in the construction industry, the majority of customers will not know what it represents. Customer education programs, such as signage highlighting sustainable attributes, should be part of the project.
- A retailer with hundreds or thousands of locations should consider a multisite rollout program (see information on USGBC's Volume Certification program, in Section 2).
- Include green materials and operational programs, which are visible and easily understood, in communications programs for customers.

A retail project team considering making an announcement about LEED can get insight and feedback by contacting marketing@usgbc.org.

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Telling the Story Communications Options

A retailer who realizes the benefits of improved environmental performance from green building naturally wants to share the good news with stakeholders and customers. There are several ways to communicate with these audiences.

Store Signage

Signage and point-of-purchase displays are great ways to call out the sustainable attributes of the project. For example, if waterless or low-flow urinals are used in public restrooms, use signage in the restroom to tell customers how many gallons of water the fixtures are expected to save each year; the numbers will astound them. Waste diversion, special renewable or reused materials, and innovative technologies are other categories that customers will find interesting.

Media

Give the communications team facts about the improved performance of the project for press releases, social media, and Web sites. Although the building industry is familiar with LEED, consumers and shareholders may know less about certification. Provide metrics about improved performance and interesting facts about the site and the company's use of sustainable materials, rather than just announcing that the project is certified. Hannaford, a grocery chain in Maine, has done a tremendous job of communicating the attributes of its LEED Platinum store in Augusta to the public.

Corporate Communications

Many retailers—Wal-Mart, Nike, Starbucks, JCPenney, Office Depot, Ben & Jerry's—now release annual corporate sustainability reports. The content of these reports differs but often includes ecolabels and standards to validate environmental commitments. Many cite LEED as the standard for future store planning, construction, and maintenance; some have committed to certification for

Two companies with strong corporate sustainability reports are Starbucks
(<http://www.starbucks.com/aboutus/csrreport/csr.htm>) and Nike (<http://www.nikebiz.com/crreport/>).

all future stores. Regardless of scope, green achievements can be part of an annual report—to raise awareness of efforts, but also to get buy-in for continued exploration of green building practices.

Many nongovernmental organizations, nonprofits, and universities are actively seeking corporate partners. These relationships provide not only positive press opportunities but also access to new resources.

Employee Advocates

Retail associates who know how the space was designed and can talk to the public about its green features can be on-site green advocates for the company. Make sure the human resources

The USGBC offers a two-hour on-line *Green Building Basics & LEED* course that can supplement standard training. See www.usgbc.org/leedcurriculum for more information.

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department includes green building education into its employee orientation for specific sites or portfolio-wide programs. Because behavioral changes can often yield dramatic changes in performance, institute green reward and incentive programs for associates.

L.L. Bean and REI, outdoor apparel retailers, each earned an Innovation in Design credit for instituting green education programs in their LEED-certified stores. To educate both employees and customers about the green building strategies, both retailers created signage highlighting the green building strategies that helped them achieve LEED for Retail certification. L.L.Bean developed a brochure with case study information about the project, and REI developed a walking tour of the store with an accompanying brochure.

Summary

Clear, authentic green communications that are not overstated will earn the respect of customers. Because LEED is a third-party certification tool, consumers, and stakeholders can trust that the green attributes of a certified store have been validated by a recognized, ISO-compliant rating system.

9 TOOLS AND RESOURCES

This section offers a sample questionnaire that retailers can use when looking at spaces to lease, draft contractual language for both tenants and landlords seeking to green their operations, criteria that will help in selecting qualified professionals for a tenant build-out, a checklist of low- and no-cost actions for greening a retail operation, a sample environmentally preferable purchasing policy, and a list of organizations offer further information.

Site and Building Due Diligence Questionnaire

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This questionnaire can be used as part of a retailer's site due diligence process. It identifies any LEED points that the site and base building can contribute toward the tenant's LEED certification of the leased premises, and it reveals the sustainability features of the location under investigation. The questions here are best integrated into a standard due diligence form rather than used as a stand-alone survey.

Please complete all questions below

Certification and Rating – Please complete all questions below

LEED Certification Achieved ☐ NC ☐ CS ☐ EBOM ☐ Not Certified

LEED Certification Level ☐ Certified ☐ Silver ☐ Gold ☐ Platinum

Year Certification Achieved: _____

If the building has achieved LEED certification, please provide the final scorecard showing approved credits.

Registered for LEED Certification ☐ NC ☐ CS ☐ EBOM ☐ Not Registered

LEED Certification Goal ☐ Certified ☐ Silver ☐ Gold ☐ Platinum

Date Registered: _____

Anticipated Date of Certification: _____

ENERGY STAR Labeled ☐ Yes ☐ No

Date Statement of Energy Performance Stamped by Professional Engineer: _____

Current ENERGY STAR Rating: _____

Date Rating Achieved: _____

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Location and Transportation

- | | | |
|---------------------------|--------------------------|---|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The property is located either ...</p> <p>In an established, walkable community with a minimum density of 60,000 square feet per acre net (square feet of building or site acres);</p> <p>OR</p> <p>Within one-half mile of a residential zone or neighborhood, and the property has pedestrian access to at least 10 basic services within 1/2 mile. Basic services are banks, restaurants, cleaners, hair salons, etc. For mixed-use projects, no more than one service within the project boundary may be counted as one of the 10 basic services, provided it is open to the public.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building is located within either ...</p> <p>A 1/2-mile walking distance from an existing or planned and funded commuter light rail or subway station;</p> <p>OR</p> <p>A 1/4-mile walking distance from one or more stops for two or more public or private or campus bus lines.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>Based on the building size (or the size of the tenant's space*), secure bicycle storage spaces are provided as follows:</p> <p>5,000 sf or less, two or more bicycle storage spaces;</p> <p>5,001–20,000 sf, three or more bicycle storage spaces;</p> <p>20,001–50,000 sf, six or more bicycle storage spaces; or</p> <p>50,001 sf or more, 10 or more bicycle storage spaces.</p> <p>* If based on the size of the tenant's space, the minimum number of bicycle storage spaces must be reserved solely for the tenant's use.</p> |

Site Information

- | | | |
|---------------------------|--------------------------|--|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building was developed on a site either ...</p> <p>Documented by an ASTM E1903–97 Phase II Environmental Site Assessment;</p> <p>OR</p> <p>Classified as a brownfield by a local, state, or federal government agency, with a letter stating such status.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building site ...</p> <p>Had less than or equal to 50% imperviousness before development and has implemented a stormwater management plan that is equal to or is less than the predevelopment 1½-year, 24-hour rate and quantity discharge;</p> <p>OR</p> <p>Had more than 50% imperviousness before development and has implemented a stormwater management plan that reduces predevelopment 1½-year, 24-hour rate and quantity discharge by 25% of the annual on-site stormwater. This mitigation can be achieved through such measures as , stormwater retention ponds, and harvesting of rainwater for reuse.</p> <p>Stormwater values are based on actual local rainfall unless the actual exceeds the 10-year annual average local rainfall, in which case the 10-year annual average should be used.</p> |

Site Information (continued)

- | | | |
|---------------------------|--------------------------|---|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building has in place site stormwater treatment systems designed to remove at least 80% of the average annual site area's total suspended solids and 40% of the average annual site area total phosphorus.</p> <p>These values are based on the average annual loadings from all storms less than or equal to the two-year, 24-hour storm. The building must implement and maintain best management practices (BMPs) outlined in Chapter 4, Part 2, Urban Runoff, of the EPA Guidance Specifying Management Measures for Sources of Nonpoint Pollution in Coastal Waters, January 1993 (EPA 840B92002), or the local government's BMP document, whichever is more stringent.</p> |
|---------------------------|--------------------------|---|

Paved Areas and Parking

- | | | |
|---------------------------|--------------------------|--|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>Individually or in aggregate, at least 30% or more of the site's total parking area, walkways, plazas, fire lanes and similar areas (i.e., nonroof impervious surfaces) ...</p> <p>Is shaded (or will be within five years of landscape installation);</p> <p>AND/OR</p> <p>Uses light-colored or high-albedo materials with a solar reflectance index (SRI) of at least 30;</p> <p>AND/OR</p> <p>Is open-grid pavement that is at least 50% permeable.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | 50% of the total building parking spaces are underground or covered via structured parking. |
| <input type="radio"/> Yes | <input type="radio"/> No | At least 50% of the site's total parking area is covered with open-grid pavement that is at least 50% permeable. |
| <input type="radio"/> Yes | <input type="radio"/> No | The parking spaces provided do not exceed the minimum number per local code. |
| <input type="radio"/> Yes | <input type="radio"/> No | Priority parking is provided for car pools or van pools for 5% or more of tenant employees (excluding customers). |

Roof Elements

- | | | |
|---------------------------|--------------------------|---|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>Based on the slope of the roof, a total of 75% of the building roof surface has an SRI value as follows:</p> <p>Low sloped roof ($\leq 2:12$), SRI of 78;</p> <p>OR</p> <p>Steep sloped roof ($> 2:12$), SRI of 29.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | At least 50% of the building's total roof area is vegetated (green). |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building has a combination of high-SRI roof area and vegetated roof area that satisfies the following calculation:</p> <p>Total roof area \leq [(area of SRI roof x 1.33) + (area of vegetated roof x 2)]</p> |

SECTION 9.1

Light Pollution Reduction

- | | | |
|---------------------------|--------------------------|--|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building reduces nighttime light pollution as follows:</p> <p>The building's nonemergency interior luminaires with a direct line of sight to any openings in the envelope (translucent or transparent) have their input power reduced (by automatic device) by at least 50% during nonbusiness hours, and any after-hours override, whether provided by a manual or an occupant-sensing device, lasts no more than 60 minutes;</p> <p>OR</p> <p>The building's openings in the envelope (translucent or transparent) with a direct line of sight to any nonemergency luminaires have shielding (with transmittance of less than 10%) that is controlled or closed by automatic device during nonbusiness hours.</p> |
|---------------------------|--------------------------|--|

Water Efficiency

- | | | |
|---------------------------|--------------------------|---|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building's plumbing fixtures reduce water consumption by at least 30% compared with the Energy Policy Act of 1992 for the entire building, and the building has an ongoing plan that requires future occupants to comply with this standard.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building has reduced potable water consumption by 50% compared with conventional means of irrigation, either by using high-efficiency irrigation technology or by using captured rain or recycled site water.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building either ...</p> <p>Has eliminated all potable water use for site irrigation (except for initial watering to establish plants) and uses only captured rain or recycled site water for irrigation;</p> <p>OR</p> <p>Does not have any permanent landscaping irrigation systems, and planters or garden space covers at least 5% of the building site area.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>The building either ...</p> <p>Reduces the use of municipally provided potable water for building sewage conveyance by a minimum of 50% compared with the Energy Policy Act of 1992;</p> <p>OR</p> <p>Treats 100% of wastewater on-site to tertiary standards.</p> |

Renewable Energy

- | | | |
|---------------------------|--------------------------|--|
| <input type="radio"/> Yes | <input type="radio"/> No | <p>A total of 2.5% of the building's total energy use (expressed as a fraction of annual energy cost) is supplied through the use of on-site renewable energy systems.</p> |
| <input type="radio"/> Yes | <input type="radio"/> No | <p>A total of 5% of the building's total energy use (expressed as a fraction of annual energy cost) is supplied through the use of on-site renewable energy systems.</p> |

Renewable Energy (continued)

Please indicate the type(s) of renewable energy system used:

- ☐ Solar panels ☐ Building integrated PVs ☐ Wind
☐ Geothermal plant ☐ Low-impact hydro ☐ Biomass ☐ Bio gas
☐ Other _____

☐ Yes ☐ No

The landlord will permit the tenant to add on-site renewable energy systems to the roof or exterior space.

Construction Waste

☐ Yes ☐ No

The building has adequate space on-site to facilitate construction waste sorting for recycling.

Ventilation and Air Filtration

☐ Yes ☐ No

The building systems are capable of providing 100% outside air for flush-out of the space prior to occupancy.

☐ Yes ☐ No

The building HVAC systems are capable of operating with MERV 13 filtration media.

Building System Refrigerant

☐ Yes ☐ No

The building HVAC&R systems use no chlorofluorocarbon-based refrigerants.

Thank you very much for completing this questionnaire.

BUILDING

Address: _____

Printed Name: _____

Title: _____

Company: _____

Phone: _____ Fax: _____

Email Address: _____ Date: _____, 20____

SECTION 9.2

Sample Lease Provisions

The following sample lease provisions provide drafting guidance for tenants and landlords attempting to minimize the environmental consequences of their real estate transactions. Tenants should use only the provisions that are applicable to their specific circumstances and revise the applicable provisions as necessary.

A landlord or tenant may not readily accept the sample provisions. When negotiating these provisions, keep in mind that the optimal green lease provides incentives to both the landlord and tenant and requires cooperation and collaboration from both parties. As with any lease negotiation, a tenant's success in negotiation typically depends on leverage over the landlord.

The sample lease provisions are not a substitute for legal counsel; consult an attorney with experience handling leasing matters related to green buildings. Experienced legal counsel may be especially critical when negotiating green leases because of their novelty.

Notes: Brackets around terms or phrases indicate that more than one option may be appropriate. The provisions may apply to single or multiple buildings or a shopping center or other types of retail structures.

Definitions

LEED — the LEED® Green Building Rating System™ developed by the U.S. Green Building Council (USGBC).

LEED-CS — LEED for Core & Shell, version [___].

LEED-EB: O&M — LEED for Existing Buildings: Operations & Maintenance, version [___].

LEED-NC — LEED for New Construction, version [___].

LEED for Retail-CI — LEED for Retail: Commercial Interiors, version [___].

Leased Premises

Sample language. The Premises shall include only the appurtenances specifically granted in this Lease, Landlord specifically excepting and reserving for itself the roof and the air space above the roof, and the right to install pipes, ducts, conduits, wire, and other mechanical equipment serving other portions, tenants, and occupants of the Building under or above the Premises, without the same constituting an actual or constructive eviction of Tenant. However, Tenant reserves the right to use the portion of the roof immediately above its Leased Premise for the installation of solar panels. Specific terms and conditions governing the installation and operation of solar panels will be agreed to in a separate License Agreement.

Environmental Standards

Drafting notes. Environmental standards may be imposed by either party and could apply to the leased premises or the common areas. Typical policies included in the environmental standards may include LEED certification, solid waste management policy, green cleaning policy, and purchasing policy, each of which should be comprehensively defined. Environmental standards may be addressed in the Use and Occupancy section of the lease or may have its own section.

Sample language. Tenant / Landlord, and its contractors and service providers, shall comply with all Environmental Standards included in this Lease, as such policies and practices may be reasonably amended by Tenant / Landlord from time to time. Such amendments shall be deemed unreasonable if they [materially] deprive Tenant / Landlord of its rights and benefits under this Lease or [materially] increase Tenant's / landlord's obligations under this Lease. Without limiting the foregoing, Tenant / Landlord shall comply with and participate in the policies, plans, and programs set forth in the Environmental Standards.

Operating Expenses

Drafting notes. It's important to include a provision defining who is responsible for any costs associated with maintaining sustainable features, including commissioning, retrocommissioning, and the cost of LEED certification itself. Which party is responsible typically depends on who derives the financial benefits that accrue from any related operations savings. In a triple net lease, the landlord will want to include these expenses in the definition of *operating expenses*. This should be acceptable to the tenant in most cases, assuming the expenses support measures in accordance with the agreed-upon environmental standards.

Sample language. Operating Expenses shall include costs associated with obtaining and maintaining [silver, gold, etc.] LEED certification, including, without limitation, the costs of maintaining and operating building systems in accordance with the Environmental Standards, recording and reporting energy use and other relevant data, commissioning and recommissioning building systems, together with reasonable third-party consulting costs associated with these tasks.

Building Certification

Drafting notes. Lease language addressing LEED certification of the building depends on whether the building is seeking certification or has already obtained certification. In either instance, a tenant requiring a LEED-certified building must include an express provision to that effect in its lease.



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A tenant considering linking their obligation to occupy the leased space to the date that the building obtains LEED certification should be aware that such a requirement may be unduly onerous for the landlord and could delay their own occupancy. Because LEED certification requires a comprehensive review of a completed project's design and construction documentation, final certification may come several months after the building is ready for occupancy. Instead of waiting for LEED certification, a tenant should set a deadline for obtaining certification but also allow for reasonable extension rights for the landlord, especially for situations that the landlord cannot control.

Sample language if the building is seeking LEED certification. Landlord shall, at its sole cost and expense, obtain for the Building a LEED[-CS, -EBOM, -NC] [Certified, Silver, Gold, Platinum] rating within [one (1) year] of [the lease commencement date / the rent commencement date / other time frame], and following such certification, Landlord shall provide Tenant with proof of final certification. Landlord shall be entitled to reasonable extensions of the LEED certification deadline if delays in obtaining certification are caused by third parties not controlled by Landlord, provided that Landlord shall endeavor to complete the LEED certification process as promptly as reasonably possible thereafter.

Sample language if the building has achieved LEED certification. Landlord represents and warrants that the Landlord's Building achieved a rating of LEED [-CS, -EBOM, -NC] [Certified, Silver, Gold, Platinum] on [date of certification].

Tenant Space Certification

Drafting notes. Lease language requiring LEED certification for leased space depends on whether the tenant or the landlord is driving the requirement. In many instances, if a landlord has designed and constructed a building that is or will be LEED certified, she will ask or require that the tenants obtain LEED certification for their leasehold improvements. If, however, a landlord is responsible for the design and construction of leased space, a tenant may require that the completed space obtain LEED for Retail: Commercial Interiors certification.

Sample language. Within [one (1) year] of [substantial completion of Landlord's Work / the lease commencement date / the rent commencement date / other time frame], Tenant shall, at Tenant's sole cost and expense, subject to the application of any improvement allowance, obtain a LEED for Retail: Commercial Interiors certification for the Premises. Landlord shall, at no cost or expense to Landlord, provide to Tenant an electronic copy of such documentation that Tenant reasonably requests to support such certification of the Premises.

Building Recertification

Drafting notes. Leases requiring building recertification should obligate the tenant to cooperate with the landlord's recertification efforts, including a requirement to provide the landlord with any materials or information required for recertification. In addition, tenants including a requirement for recertification in their lease should expect the landlord to include the administrative expenses

of recertification, including consultant fees and the actual cost of registering the structure for LEED recertification, as reimbursable operating expenses.

Sample language. Landlord shall recertify the Building under LEED for Existing Buildings: Operations & Maintenance within [five (5) years] of [the lease commencement date / the rent commencement date / the date on which the Premises is awarded the required LEED certification / other time frame]. Tenant shall cooperate with Landlord's efforts to achieve such certification. Landlord's noncapital costs, including the reasonable administrative expenses arising from the recertification of the Building under LEED EB:O&M, shall be included as an Operating Expense.

Relocation

Drafting notes. Leases often give landlords the right to relocate tenants to other parts of a project. In leases where a landlord has this right, the tenant should include a provision requiring the landlord to relocate the tenant to a space that meets the same standards as its existing space. This should include, if applicable, obtaining the same level of LEED for Retail: Commercial Interiors rating for the relocated space and the costs associated with doing so.

Sample language. Landlord shall provide, at its sole cost and expense, leasehold improvements in the Relocated Premises that are of a quality and standard equal to the Leasehold Improvements completed by or required to be completed by the Landlord in the original Premises, including, without limitation, obtaining LEED certification for the Relocated Premises that meets or exceeds the certification level of the original Premises.

Common Area Costs

Drafting notes. This language assumes that the tenant wishes to exclude a landlord's capital expenditures from operating expenses. Such a general exclusion may work to a tenant's detriment if such capital expenditures would result in net savings to the tenant by reducing overall operating expenses. For example, if a landlord installs a more efficient lighting system for the common areas of the building, tenants will benefit from reduced electricity costs. Rather than an outright exclusion of capital expenditures from operating expenses, tenants should allow landlords to pass through the amortized capital expenditures, but only to the extent that the resulting savings to the tenant exceed such amortized costs. The problem with this approach is that it can be very difficult to demonstrate an absolute savings value for certain capital improvements, so it may be preferable to instead permit capital improvements that align with green building parameters specified in the lease.



Although many retail leases permit certain capital expenditures to be included as an operating expense so long as they are amortized, it may still be useful to have this language, since it calls

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attention to those expenses and their related green building impacts. Tenants should request that annual operating expense reconciliation statements delineate all expenses related to these capital improvements and to other green building practices.

Sample language. “Common Area Costs” means all costs that are reasonable and appropriate and in the best interests of the Building in connection with the management, operation, maintenance, replacement, and repair of the Common Areas. Common Area Costs include any costs incurred by Landlord in making capital improvements or other modifications to the Building but only to the extent that such improvements or modifications reduce the overall Operating Expenses. These costs will be amortized over the useful life of such improvement or modification on a straight-line basis; however, in no event shall this charge for yearly amortization exceed the actual reduction in Common Area Costs resulting from the capital expense.



Parking

Drafting notes. Either party may want the right to reserve preferred parking spaces for low-emitting and fuel-efficient vehicles. It is best to insert this language in the section of the lease that stipulates other parking requirements or restrictions. Some leases may address parking in a separate section; others may include parking provisions with those regulating the use of common areas.

Sample language. Landlord / Tenant reserves the right to reserve X% [Y number of spaces] of the overall Building parking stalls for low-emitting and fuel-efficient vehicles. As used in this paragraph, “low-emitting vehicles” and “fuel-efficient vehicles” are defined as vehicles that either (1) are classified as Zero Emission Vehicles (ZEV) by the California Air Resources Board or (2) have achieved a minimum green score of 40 on the American Council for an Energy Efficient Economy (ACEEE) annual vehicle rating guide. Reserved parking stalls must be closest to the main entrance(s) of the Building [Premises.]

Maintenance and Repair

Drafting notes. It is not customary for tenants to control how a landlord goes about maintaining the common areas, except for requiring that they be maintained in good condition. However, if both parties have a shared interest in sustainability practices and green buildings, then it may be possible to include mutually agreeable environmental standards that are applicable to both the common areas and the premises.

Sample language. Landlord shall maintain and operate the Common Areas in accordance with the Environmental Standards attached hereto and shall use reasonable efforts to cause other tenants to operate in conformity with the Environmental Standards..

Bicycle Storage

Drafting notes. The tenant may want to specify that the landlord is required to provide bicycle racks within a certain distance of the building entrance. Alternatively, a tenant may simply want to request permission to install them at his own expense but within the common areas.

Sample language. In addition to, and not in lieu of, automobile parking, Landlord shall provide secure on-site bicycle racks and/or storage within two hundred (200) yards of the primary entrance to the Premises, based on total Building size in square feet (sf), as follows:

- 5,000 sf or less, two (2) or more bicycle storage spaces;
- 5,001–20,000 sf, three (3) or more bicycle storage spaces;
- 20,001–50,000 sf, six (6) or more bicycle storage spaces; or
- 50,001 sf or more, ten (10) or more bicycle storage spaces.

Tenant, its employees, and customers may, on a first-come, first-served basis, store bicycles in the areas designated by Landlord.

Electric Power

Drafting notes. Some tenants may want to purchase green power through the utility or buy third-party renewable energy certificates. Doing so should have no negative impacts on the landlord as long as other customary lease provisions apply. A landlord may also elect to use green power or generate on-site electricity for use in the common area. Tenants may agree to this, but because alternative energy is usually more expensive than carbon-based electric power, they may want to stipulate that any passed-through utility expenses for landlord-initiated green power be no higher than if the electricity had come from the grid.

Sample language. Tenant reserves the right to purchase green power or renewable energy certificates, or chose the source of energy provided, as long as the Landlord shall not be liable for any interruption or failure whatsoever in utility services. Tenant shall be billed directly by the service provider and shall pay all charges attributable to the Premises pursuant to such contract directly to the service provider.

Utility Metering

Drafting notes. It is customary practice in most retail buildings for tenants to have separate utility meters for gas and electricity. This is advantageous to the tenant in that it gives them a direct incentive to implement measures to conserve energy. However, it may be important for the landlord to have access to the utility consumption information to track whole-building energy performance, which may be necessary for LEED-EB certification, building labeling policies, or ENERGY STAR Portfolio Manager. A provision can be drafted so that such information is provided upon the landlord's



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request, or the landlord may prefer to require tenants to supply utility use information on a regular basis. If the leased space is not separately metered, it is in both parties' interest that submeters be installed.

Sample language. Upon written request from Landlord, Tenant will provide Landlord with copies of all gas, electric, and water utility bills.

Solid Waste Management

Drafting note. Depending on the retail waste stream, the tenant could also include provisions that require the landlord to provide facilities for the recycling of food waste, plastic film, or other items. Vice versa, the landlord could include additional items to be recycled in the solid waste management policy. A tenant should carefully review any proposed solid waste management policy or any other environmental management plan, be confident in their ability to comply, and be sure that the landlord cannot unilaterally amend the policy or plan to her detriment.

Sample language. Landlord shall provide a centrally located collection and storage facility that is readily accessible from the premises for recycling paper, corrugated cardboard, glass, plastics, and metals.

Tenant shall comply with Landlord's Solid Waste Management Policy as stipulated in the Rules and Regulations Exhibit, and at a minimum shall recycle the following items generated from the Premises: ongoing consumables such as paper, cardboard, metals, plastics, and glass. Tenant may utilize the Building's recycling program or, if Tenant recycles directly with a third-party recycler providing specialized recycling services, such as for electronic waste or paper-shredding services, then Tenant shall provide Landlord with waste recycling manifests upon request.

Allocation of Environmental Incentives

Drafting notes. Utility providers and governmental agencies increasingly are providing incentives to induce individuals and organizations to operate sustainably. Regardless of their form, incentive programs typically focus on energy efficiency, use of renewable energy, water efficiency, and emissions reductions.

Market mechanisms allow organizations to further capitalize on energy efficiency improvements and renewable energy sources by turning them into tradable commodities. Markets exist for both renewable energy certificates or credits (RECs), also known as tradable renewable certificates (TRCs) or Green Tags™, and White Tags™, also known as energy savings certificates. Each REC represents one megawatt-hour (MWh) of electricity generated from a renewable resource. A White Tag certificate represents 1 MWh of electricity savings. The markets for RECs and White Tags are in their infancy and are likely the precursors of a comprehensive federal regime that creates a compliance market for the trade of carbon credits.

For more information on available energy efficiency and renewable energy incentives, visit <http://www.dsireusa.org>. USGBC also catalogs green building policies nationwide. Learn more about public policy via the searchable database at www.usgbc.org/publicpolicies.

The lease should ensure that tenants receive the full benefit of any existing and future incentives arising from their sustainability efforts. The major considerations include how the landlord and tenant will share the value of any environmental incentives and how these incentives are valued. The sample provision uses the fair market value of the environmental incentives as the basis for a credit due to the tenant against his share of operating expenses. Provisions stipulating fair market value should include the determination method, which can take any number of standard forms.

Sample language. “Environmental Incentives” include all credits (including tax credits), rebates, benefits (including incentive payments offered by any utility, governmental agency, or any other Person), reductions, offsets and allowances, and entitlements of any kind, including without limitation renewable energy credits (RECs) and White Tags™, howsoever entitled, resulting from the activities undertaken by either Landlord or Tenant in the Building or the Premises that result in decreased consumption of natural resources or the avoidance of environmental impacts on air, soil or water, such as the emission of any oxides of nitrogen or sulfur, carbon, mercury, other gas or chemical, soot, particulate matter, or other substances.

Tenant shall be the exclusive owner of all environmental incentives resulting from or attributable to the Premises (“Tenant’s Environmental Incentives”). Without limiting the generality of the foregoing, Landlord expressly acknowledges and agrees that Tenant (or any of its affiliates or transferees) shall be solely entitled to (1) any and all tax credits relating to the Premises under the Internal Revenue Code, and (2) any and all incentive payments or rebates with respect to the Premises under [applicable incentive program]. Notwithstanding the foregoing, Landlord shall be the exclusive owner of all Environmental Incentives, excepting Tenant’s Environmental Incentives, resulting from operation of the Building (“Landlord’s Environmental Incentives”). To the extent Landlord’s Environmental Incentives result from Landlord’s repairs, maintenance, or operation of the common areas of the Building during the Term of this Lease, and the costs and expenses of such repairs, maintenance, or operation are passed through to Tenant as Operating Expenses (“Landlord’s Shared Environmental Incentives”), Landlord shall credit [Tenant’s Proportionate Share of the fair market value of Landlord’s Shared Environmental Incentives] against the Common Area Costs payable by Tenant; provided, however, in calculating the credit due Tenant, Landlord may subtract from the value for Landlord’s Shared Environmental Incentives the reasonable costs and expenses arising from the issuance, registration, and/or sale of Landlord’s Shared Environmental Incentives.



Work Agreement or Work Letter

Drafting notes. Tenants seeking certification for their tenant build-out using the LEED for Retail: Commercial Interiors rating system should note that base building compliance with certain

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sections of ASHRAE 62.1–2007 is required for certification. Compliance may be difficult for older buildings to achieve.

Sample language. Landlord shall complete the Leasehold Improvements in accordance with the Construction Rules and Regulations and the Environmental Standards.

Lighting

Landlord shall design and construct the Premises to comply with [or exceed by x%] ASHRAE 90.1–2007.

HVAC System

Landlord shall design and construct the Building heating, ventilation, and air-conditioning (HVAC) system to meet or exceed the following American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standards: (1) Standard 62.1–2007, “Ventilation for Acceptable Air Quality”; and (2) Standard 90.1–2007, “Energy Standard for Buildings.”

Plumbing

Plumbing fixtures must meet the following requirements:

- Lavatory and pantry faucets, [0.5] gallons per minute (gpm) at 60 psi;
- Water closets, [1.6] or less gallons per flush (gpf);
- Urinals, [0.5] or less gpf;
- Kitchen faucets, [2.2] or less gpm; and
- Showerheads, [2.5] or less gpm.

Cooperation Between Tenant and Landlord

Tenant and Landlord agree to coordinate with each other, and to cause Tenant’s architect and Landlord’s architect to coordinate with one other, to facilitate the design of the Leasehold Improvements in such manner as to enable the Premises to achieve a [certified, silver, gold, platinum] LEED for Retail: Commercial Interiors rating.

Architects, Engineers, and Contractors

The Leasehold Improvements shall be performed by architects, engineers, and contractors or other certified professionals with demonstrable knowledge and experience in the design and/or construction, as applicable, of LEED for Retail: Commercial Interiors projects.

Construction Rules and Regulations

Sample language. All alterations, construction, or demolition performed on, to, or in the Building or the Premises must be performed in accordance with the Environmental Standards and the following rules and regulations.

Construction Indoor Air Quality Management

Contractor shall develop and implement an indoor air quality management plan for the construction and preoccupancy phases of the Building and the Premises (the “Construction Indoor Air Quality Management Plan”). All alterations, construction, and demolition to be completed with respect to the Building and the Premises shall meet or exceed the requirements set forth in the Construction Indoor Air Quality Management Plan.

During construction, the Contractor shall, at a minimum, (1) meet the standards outlined by the Sheet Metal and Air Conditioning National Contractors’ National Association (SMACNA), “Indoor Air Quality Guidelines for Occupied Buildings under Construction, 2nd Edition, 2007, ANSI/SMACNA 008-2008,” Chapter 3; (2) in the event air handlers must be used during construction, use MERV 8 filtration media at each return air grille as determined by ASHRAE 52.2-1999; (3) replace all filtration media prior to occupancy; and (4) protect stored on-site and installed absorptive materials from moisture damage.

Construction Waste Management

Contractor shall develop and implement a construction waste management plan that identifies materials to be diverted from disposal and indicates whether the materials will be sorted on-site or commingled. Such construction waste management plan must require, at a minimum, that Contractor recycle and/or salvage at least [75%], by volume, of construction, demolition, and packing debris.

Low-Emissions, Recycled, and Recyclable Materials

Contractor shall use products meeting the following criteria:

- Adhesives, sealants, and sealant primers do not exceed VOC content limits of South Coast Air Quality Management District Rule 1168. Aerosol adhesives do not exceed VOC content limits of Green Seal Standard GC-36.
- Interior topcoat paints meet Green Seal Standard GS-11, Paints. Anticorrosive and antirust paints meet Green Seal Standard GS-03, Anti-Corrosive Paints. All other architectural coatings, primers, and undercoats meet South Coast Air Quality Management District Rule 1113, Architectural Coatings.
- Noncarpet finished flooring is FloorScore certified
- Carpet (1) meets the CRI Green Label Plus testing program, (2) is 100% recyclable, and (3) contains [__%] recycled content.
- Carpet padding (1) meets the CRI Green Label testing and product requirements, (2) is 100% recyclable [preferably], and (3) contains [__%] recycled content [preferably].
- Carpet adhesive has less than 50g/L VOC.
- Composite wood and agrifiber products, including core materials, contain no added urea-formaldehyde resins.

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- Laminate adhesives used to fabricate on-site and shop-applied assemblies contain no added urea-formaldehyde resins.

Standards

Sample language

Green Cleaning Policy

Landlord and Tenant shall use green cleaning materials, products, equipment, janitorial paper products, and trash bags (including microfiber tools and wipes) that, at minimum, comply with the Green Cleaning Standards (hereinafter defined), and any contracts with janitorial service providers must require that the contractor comply with all applicable elements of the Environmental Standards, including the Green Cleaning Standards.

The “Green Cleaning Standards” are as follows:

- Cleaning products must meet or exceed Green Seal Standard GS-37 or equivalent standards.
- Disinfectants, metal polish, floor finishes, strippers, or other products not addressed by the above standard must meet or exceed Green Seal Standard GS-40 or equivalent standards.
- Disposable janitorial paper products and trash bags must meet or exceed the minimum requirements of U.S. EPA Comprehensive Procurement Guidelines for Janitorial Paper and Plastic Trash Can Liners, Green Seal Standard GS-09, Green Seal Standard GS-01, or equivalent standards.
- Hand soaps must meet or exceed Green Seal Standard GS-41 or equivalent standards.

Integrated Pest Management

Landlord and Tenant shall use integrated pest management techniques, which emphasize preventive measures to minimize the use of chemicals and toxic pesticides.

Environmentally Preferable Purchasing

Landlord and Tenant shall comply with the Environmentally Preferable Purchasing Policy when procuring furniture, fixtures, materials, supplies, appliances, and equipment to be brought into the Building and Premises. The Environmentally Preferable Purchasing Policy encourages the selection of the following product types:

- ENERGY STAR-qualified office equipment (computers, printers, monitors, fax machines, copiers, water coolers, etc.), electronics (TVs, DVD players, etc.), and appliances (refrigerators, dishwashers, washers, icemakers, etc.);
- WaterSense-labeled plumbing fixtures and fixture fittings;
- Products containing preconsumer and postconsumer materials;
- Products containing rapidly renewable material;
- Products containing Forest Stewardship Council (FSC)-certified wood;
- Products harvested and processed or extracted and processed within 500 miles of the Building;
- High-efficiency, low-mercury-content lamps that maintain an overall average of less than 90 picograms of mercury per lumen hour of light output;

- CFLs that comply with NEMA standards;
- Low- or no-VOC furniture, furnishings, or composite wood products that contain no urea-formaldehyde; and
- Salvaged, refurbished, or reused materials, furniture, fixtures, and equipment.

Environmental Assessment and Reporting

Tenant shall provide to Landlord such data and documentation relating to the Premises and the Premises' occupants as Landlord may reasonably request to determine optimal Building operations, compliance with the Environmental Standards, and for completion of an annual Environmental Performance Report. Landlord shall provide an annual Environmental Performance Report to Tenant, which shall include the following information:

- ENERGY STAR energy performance rating;
- Consumption of water, gas, electricity (with a breakdown by source if any is generated from renewable sources), and any other fuels, including total gross consumption, consumption per gross square foot, and consumption per building occupant; and
- Total gross waste generated by the Building, total gross waste sent to landfills or incineration facilities, and total gross waste diverted from landfills or incineration facilities.



Compliance

Nothing set forth in the Environmental Standards shall be construed as requiring Landlord or Tenant to take any action that conflicts with laws, codes, rules, orders, ordinances, regulations, and requirements of federal, state, county, or municipal authorities pertaining to the Building or the Premises.

Building Rules and Regulations

Sample language

No Smoking

Smoking is prohibited in the Building, in the Premises, and within twenty-five (25) feet of any entries, outdoor air intakes, and operable windows.

No Chlorofluorocarbons (CFCs)

The use of CFC-based refrigerants is prohibited in the Building and in the Premises.

Energy Conservation

Before closing and leaving its Premises at any time, Tenant shall use reasonable efforts to turn off all lights, electrical appliances, and mechanical equipment that are not otherwise required to remain on. The use of space heaters is prohibited.

SECTION 9.3

LEED for Retail: Commercial Interiors Checklist

| Sustainable Sites | | | | Possible Points: | 21 |
|--|------------|---|--|------------------|---------|
| Y | ? | N | | | |
| <div><div></div><div></div><div></div></div> | Credit 1 | Site Selection | | | 1 to 5 |
| <div><div></div><div></div><div></div></div> | Credit 2 | Development Density & Community Connectivity | | | 6 |
| <div><div></div><div></div><div></div></div> | Credit 3 | Alternative Transportation | | | 1 to 10 |
| Water Efficiency | | | | Possible Points: | 11 |
| Y | Prereq 1 | Water Use Reduction—20% Reduction | | | |
| <div><div></div><div></div><div></div></div> | Credit 1 | Water Use Reduction | | | 6 to 11 |
| Energy and Atmosphere | | | | Possible Points: | 37 |
| Y | Prereq 1 | Fundamental Commissioning of Building Energy Systems | | | |
| Y | Prereq 2 | Minimum Energy Performance | | | |
| Y | Prereq 3 | Fundamental Refrigerant Management | | | |
| <div><div></div><div></div><div></div></div> | Credit 1.1 | Optimize Energy Performance—Lighting Power | | | 1 to 5 |
| <div><div></div><div></div><div></div></div> | Credit 1.2 | Optimize Energy Performance—Lighting Controls | | | 1 to 3 |
| <div><div></div><div></div><div></div></div> | Credit 1.3 | Optimize Energy Performance —HVAC | | | 5 to 10 |
| <div><div></div><div></div><div></div></div> | Credit 1.4 | Optimize Energy Performance—Equipment & Appliances | | | 1 to 4 |
| <div><div></div><div></div><div></div></div> | Credit 1.5 | Optimize Energy Performance—Building Envelope | | | 1 |
| <div><div></div><div></div><div></div></div> | Credit 2 | Enhanced Commissioning | | | 5 |
| <div><div></div><div></div><div></div></div> | Credit 3 | Measurement & Verification | | | 2 to 5 |
| <div><div></div><div></div><div></div></div> | Credit 4 | Green Power | | | 2 |
| <div><div></div><div></div><div></div></div> | Credit 5 | On-Site Renewable Energy | | | 1 to 2 |
| Materials and Resources | | | | Possible Points: | 14 |
| Y | Prereq 1 | Storage and Collection of Recyclables | | | |
| <div><div></div><div></div><div></div></div> | Credit 1.1 | Tenant Space—Long-Term Commitment | | | 1 |
| <div><div></div><div></div><div></div></div> | Credit 1.2 | Building Reuse—Maintain Interior Nonstructural Components | | | 1 to 2 |
| <div><div></div><div></div><div></div></div> | Credit 2 | Construction Waste Management | | | 1 to 2 |
| <div><div></div><div></div><div></div></div> | Credit 3.1 | Materials Reuse | | | 1 to 2 |
| <div><div></div><div></div><div></div></div> | Credit 3.2 | Materials Reuse—Furniture and Furnishings | | | 1 |
| <div><div></div><div></div><div></div></div> | Credit 4 | Recycled Content | | | 1 to 2 |
| <div><div></div><div></div><div></div></div> | Credit 5 | Regional Materials | | | 1 to 2 |
| <div><div></div><div></div><div></div></div> | Credit 6 | Rapidly Renewable Materials | | | 1 |
| <div><div></div><div></div><div></div></div> | Credit 7 | Certified Wood | | | 1 |

SECTION 9.3

| Indoor Environmental Quality | | | Possible Points: | 17 |
|-------------------------------|------------|--|------------------|--------|
| Y | Prereq 1 | Minimum IAQ Performance | | |
| Y | Prereq 2 | Environmental Tobacco Smoke (ETS) Control | | |
| | Credit 1 | Outdoor Air Delivery Monitoring | | 1 |
| | Credit 2 | Increased Ventilation | | 1 |
| | Credit 3.1 | Construction IAQ Management Plan—During Construction | | 1 |
| | Credit 3.2 | Construction IAQ Management Plan—Before Occupancy | | 1 |
| | Credit 4.1 | Low-Emitting Materials—Adhesives and Sealants | | 1 |
| | Credit 4.2 | Low-Emitting Materials—Paints and Coatings | | 1 |
| | Credit 4.3 | Low-Emitting Materials—Flooring Systems | | 1 |
| | Credit 4.4 | Low-Emitting Materials—Composite Wood and Agrifiber Products | | 1 |
| | Credit 4.5 | Low-Emitting Materials—Furniture | | 1 |
| | Credit 4.6 | Low-Emitting Materials—Ceiling and Wall Systems | | 1 |
| | Credit 5 | Indoor Chemical & Pollutant Source Control | | 1 |
| | Credit 6 | Controllability of Systems—Lighting and Thermal Comfort | | 1 |
| | Credit 7.1 | Thermal Comfort—Design | | 1 |
| | Credit 7.2 | Thermal Comfort—Employee Verification | | 1 |
| | Credit 8.1 | Daylight and Views—Daylight | | 1 to 2 |
| | Credit 8.2 | Daylight and Views—Views | | 1 |
| Innovation and Design Process | | | Possible Points: | 6 |
| | Credit 1.1 | Innovation in Design: Specific Title | | 1 |
| | Credit 1.2 | Innovation in Design: Specific Title | | 1 |
| | Credit 1.3 | Innovation in Design: Specific Title | | 1 |
| | Credit 1.4 | Innovation in Design: Specific Title | | 1 |
| | Credit 1.5 | Innovation in Design: Specific Title | | 1 |
| | Credit 2 | LEED Accredited Professional | | 1 |
| Regional Priority Credits | | | Possible Points: | 4 |
| | Credit 1.1 | Regional Priority: Specific Credit | | 1 |
| | Credit 1.2 | Regional Priority: Specific Credit | | 1 |
| | Credit 1.3 | Regional Priority: Specific Credit | | 1 |
| | Credit 1.4 | Regional Priority: Specific Credit | | 1 |
| Total | | | Possible Points: | 110 |

Certified 40 to 49 points • Silver 50 to 59 points • Gold 60 to 79 points • Platinum 80+ points

SECTION
9.4

Sample Criteria for Qualifying Project Team Professionals

The criteria below can be used to qualify potential real estate and project team members and assess their ability to assist in the development and implementation of environmental strategies. These criteria can apply to both the landlord’s and the tenant’s project teams. Questions can be tailored to the specific project scope and the specific consultant types.

| Real Estate Broker and Attorney |
|---|
| Do you have experience counseling tenants in green building selection and negotiation of green lease provisions? Please describe. |
| Have you represented tenants who obtained LEED for Commercial Interiors or LEED for Retail: Commercial Interiors certification of the leased space? Please describe the extent of your involvement in the LEED process. |
| What are your LEED credentials? Please describe. |
| LEED Consultant and Project Administrator |
| List registered and certified projects you have managed, noting the LEED rating system used and the level of certification achieved, where applicable. |

LEED Consultant and Project Administrator (continued)

Describe your overall experience managing green building projects, and provide examples of your work.

What are your LEED credentials? Please describe.

Architecture and Interior Design Consultant

Is your firm a USGBC member? Is your firm involved with USGBC in other ways?

List any LEED projects you have worked on, the LEED rating system used, and the scope of work for which you were responsible.

How many LEED-credentialed professionals are in your company? What are the LEED credentials of the project contact?

Does the primary project contact have experience using LEED Online and completing the LEED documentation forms typically associated with your discipline? If so, please list the projects.

SECTION 9.4

Architecture and Interior Design Consultant (continued)

Have you facilitated a multidisciplinary, integrated team process? If so, please describe the experience.

Have you developed specifications for recycled, regional, rapidly renewable, low-VOC, and certified wood materials?

Have you developed specifications for green furnishings? If so, please provide examples.

How do you integrate LEED requirements into your drawings?

Do you have experience using or developing green procurement guidelines? If so, please describe.

Describe your strategies in promoting occupants' thermal comfort and outdoor views through your design.

Architecture and Interior Design Consultant (continued)

Have you developed specifications for construction waste management and indoor air quality management?

Describe your overall experience developing sustainable design solutions, and provide examples of your work, such as materials matrices or specifications and drawings specifically demonstrating green building practices.

Lighting Consultant

Is your firm a USGBC member?

List any LEED projects you have worked on, the LEED rating system used, and the scope of work for which you were responsible.

How many LEED-credentialed professionals are in your company? What are the LEED credentials of the primary project contact?

Does the primary project contact have experience using LEED Online and completing the LEED documentation forms typically associated with your discipline? If so, please list the projects and prerequisites and credits.

SECTION 9.4

Lighting Consultant (continued)

Do you have experience designing and using daylighting strategies, high-efficiency fixtures, automatic timers, and lighting controls? Please describe.

Do you have experience with ANSI/ASHRAE/IESNA Standard 90.1 lighting compliance documentation? Please describe.

Do you have the capability to perform daylighting simulations and light meter readings, if needed?

Do you have experience designing lighting and plug load systems that are submetered for measurement and verification, as would be required for separate tenant utility payments?

Do you have experience specifying ENERGY STAR equipment?

Do you have experience developing lamp purchasing programs as specified by the LEED for Existing Buildings: Operations & Maintenance rating system?

Lighting Consultant (continued)

Describe your overall experience developing sustainable design solutions, and provide examples of your work, such as energy models and measurement and verification plans.

Mechanical, Electrical, and Plumbing Engineering Consultants

Is your firm a USGBC member?

List any LEED projects you have worked on, the LEED rating system used, and the scope of work for which you were responsible.

How many LEED-credentialed professionals are in your company? What are the LEED credentials of the primary project contact?

Does the project contact have experience using LEED Online and completing the LEED documentation forms typically associated with your discipline? If so, please list the projects and prerequisites and credits. How many licensed professional engineers are in your company? Will the project contact be a professional engineer?

Do you have experience working in ENERGY STAR Portfolio Manager?

SECTION 9.4

Mechanical, Electrical, and Plumbing Engineering Consultants (continued)

Do you have experience in LEED for Existing Buildings: Operations & Maintenance? Describe the work performed and the prerequisites and credits you have completed.

Do you have previous experience conducting energy audits? If so, please list examples of projects and scopes of work.

Are you knowledgeable about ASHRAE Standards 62.1 and 55? Please describe your experience.

Describe your approach to balancing energy efficiency goals and the environmental impact of fuels and refrigerants.

Do you have the capabilities in-house to generate an hourly energy analysis model of a tenant space compared with a baseline energy analysis? Do you have experience doing this?

Do you have experience optimizing water efficiency and specifying water-efficient fixtures, including ultra-low-flow and waterless fixtures?

Mechanical, Electrical, and Plumbing Engineering Consultants (continued)

Have you developed a LEED-compliant measurement and verification plan?

Describe your overall experience developing sustainable design solutions, and provide examples of your work, such as energy models and measurement and verification plans.

Commissioning Agent

Is your firm a USGBC member?

Are you a certified commissioning provider? If yes, which organization are you certified by?

List LEED projects you have worked on, the LEED rating system used, and the scope of work for which you were responsible.

How many LEED-credentialed professionals are in your company? What are the LEED credentials of the primary project contact?

SECTION 9.4

Commissioning Agent (continued)

Does the project contact have experience using LEED Online and completing the LEED documentation forms typically associated with your discipline? If so, please list the projects and prerequisites and credits.

Have you provided commissioning on at least two projects, whether LEED or non-LEED? If so, please detail your scope of work, a project summary, and the final outcome.

Have you worked with building owners, design consultants, and contractors to assemble comprehensive operations and maintenance manuals?

Have you done ongoing monitoring (measurement and verification) of projects? If so, please provide examples of documentation.

Describe your overall experience developing sustainable design solutions, and provide examples of your work, such as commissioning plans, commissioning specifications, site reports, and the owner project requirements and basis of design documents used in your work.

Do you have experience in LEED for Existing Buildings: Operations & Maintenance? If so, describe the work performed and the prerequisites and credits you have completed.

Contractor or Construction Manager

Is your firm a USGBC member?

List the LEED projects you have worked on, the LEED rating system used, and the certification level achieved.

How many LEED-credentialed professionals are in your company? What are the LEED credentials of the primary project contact?

Does the project contact have experience using LEED Online and completing the LEED documentation forms typically associated with your discipline?

How many practitioners within your company have received green building education or certification specific to the construction industry? Which certifications have they achieved, how many of the practitioners will be working on this project, and what are their roles?

How do you train your subcontractors? Do your subcontractors have LEED project experience? How many working on this project are Green Advantage-certified?

SECTION 9.4

Contractor or Construction Manager (continued)

Do you have experience developing cost estimates for alternative materials and systems?

Describe your overall experience managing and constructing LEED projects, and provide examples of your work, such as construction waste management plans and indoor air quality management plans.

Equipment Vendor or Supplier

Have you provided equipment for a LEED project before?

Equipment Vendor or Supplier (continued)

How can you help in supplying the following kinds of materials and equipment:

- Product with recycled content;
- Product from rapidly renewable materials;
- Refurbished products;
- Furniture or furnishings with low or no VOC emissions; and
- ENERGY STAR equipment.

If so, can you document these claims with cut sheets or MSDS from the manufacturer?

Greening the Retail Operation Checklist

SECTION 9.5

This checklist addresses both the building operations and the product and service operations and can serve as either a starting point or a benchmark to evaluate current operational practices. Some of the items the retailer can initiate on its own; others require the landlord's support.

| Yes/No | Category | Building Operations | Product or Service | Resource |
|---|--------------------------------------|--|--|--|
| <input type="radio"/> Yes <input type="radio"/> No | Carbon emissions from transportation | Perform alternative transit survey for building occupants, employees, and retail customers based on existing use; use results to identify areas of improvement and opportunity | Reuse packaging for shipments; offer customers option to ship in used boxes | USGBC Carbon Webinar: www.usgbc.org/Courses |
| <input type="radio"/> Yes <input type="radio"/> No | | Institute carpool, transit, and bicycle incentive programs for employees | Provide alternative transportation education options and bicycle route assistance for employees and customers; post information in store and on Web site about using public transportation to get to store | www.driveclean.ca.gov www.greencars.org |
| <input type="radio"/> Yes <input type="radio"/> No | | Offer preferred parking for carpools, vanpools, and fuel-efficient and zero-emissions vehicles | | http://smartcommute.org |
| <input type="radio"/> Yes <input type="radio"/> No | | Provide secure bicycle storage and shower and changing facilities for bicycle commuters; offer bicycle maintenance program | | http://www.self-propelled-city.com/index.php |
| <input type="radio"/> Yes <input type="radio"/> No | Light pollution | Light areas only as necessary to enhance safety, security, comfort, and economic activity; avoid unnecessary uplighting and overlighting; conduct photometric analysis to evaluate light trespass at site boundary and uniformity ratio; address any problem areas before purchasing and installing fixtures | | www.darksky.org |

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| Yes/No | Category | Building Operations | Product or Service | Resource |
|---|-------------------|--|--------------------|---|
| <input type="radio"/> Yes <input type="radio"/> No | | Use downlighting to illuminate retail signage, or as a second choice, internally illuminated translucent signage; avoid all uplighting; turn off exterior signage lighting after hours (to indicate that retailer is closed, potentially reducing customers' transportation impacts, and to reduce energy use) | | |
| <input type="radio"/> Yes <input type="radio"/> No | | Control display lighting separate from general store lighting; consider automatic controls to turn display lighting off when retailer is closed or shoppers have left; design display windows to avoid specialized lighting (such as color contrast between merchandise and background) | | "Reducing lighting energy use in retail display windows", Lighting Research Center http://www.lrc.rpi.edu/programs/solidstate/pdf/Freyssinier-SPIE6337-51.pdf |
| <input type="radio"/> Yes <input type="radio"/> No | | Turn off display lighting after hours; adjust automatic controls and task lighting to meet needs of users over course of day | | |
| <input type="radio"/> Yes <input type="radio"/> No | Energy efficiency | Institute energy awareness program for employees | | www.energystar.gov |
| <input type="radio"/> Yes <input type="radio"/> No | | Use Portfolio Manager or ASHRAE Design Guide for Small Retail Buildings to guide selection of new appliances | | http://www.energystar.gov/index.cfm?c=products.pr_find_es_products https://www.energystar.gov/istar/pmpam/ http://www.ashrae.org/publications/page/1604 |
| <input type="radio"/> Yes <input type="radio"/> No | | Submeter and benchmark energy performance | | http://www.energystar.gov/ |

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| Yes/No | Category | Building Operations | Product or Service | Resource |
|---|------------------------|---|---|---|
| <input type="radio"/> Yes <input type="radio"/> No | | Provide HVAC only by request after hours | | |
| <input type="radio"/> Yes <input type="radio"/> No | | Implement daytime janitorial cleaning to reduce after-hours energy usage | | |
| <input type="radio"/> Yes <input type="radio"/> No | Water efficiency | Inventory all installed water-using fixtures and equipment and associated efficiencies | | http://www.epa.gov/OWOW/nps/chap3.html |
| <input type="radio"/> Yes <input type="radio"/> No | | Explore inexpensive retrofits to plumbing fixtures | | http://www.epa.gov/watersense |
| <input type="radio"/> Yes <input type="radio"/> No | | Consider all building water use: water closets, urinals, lavatory faucets, showers, kitchen sink faucets, and prerinse spray valves | Consider all commercial process water use: clothes washers, dishwashers, ice machines, food steamers, combination ovens | |
| <input type="radio"/> Yes <input type="radio"/> No | Responsible purchasing | Reduce waste; consider disposal at time of purchasing; develop and implement environmentally preferable purchasing policy for ongoing consumables, electric-powered equipment, furniture, food, lamps, and other materials and products used in build-out | Eliminate unnecessary packaging and plastic bags | http://www.epa.gov/epp/ |
| <input type="radio"/> Yes <input type="radio"/> No | Waste reduction | Perform waste stream audit | Perform life-cycle assessment of products | http://www.usgbc.org/projecttools |
| <input type="radio"/> Yes <input type="radio"/> No | | Maintain clearly identified recycling areas for employees and customers | Label products clearly for customer awareness and ease of recycling | http://www.ciwmb.ca.gov |
| <input type="radio"/> Yes <input type="radio"/> No | | Reuse or donate seasonal displays and marketing materials | Institute program that provides customer incentive to return products at end of useful life | |

SECTION 9.5

| Yes/No | Category | Building Operations | Product or Service | Resource |
|--|------------------------------|---|--|---|
| <input type="radio"/> Yes <input type="radio"/> No | | Educate employees about supply chain issues | Survey suppliers about environmental issues as criteria for making supply chain decisions | |
| <input type="radio"/> Yes <input type="radio"/> No | | | Establish environmental issues as criteria for making supply chain decisions | |
| <input type="radio"/> Yes <input type="radio"/> No | Administration | Institute paperless operations with online scheduling and management programs | Offer online shopping, ordering, menus, etc. | |
| <input type="radio"/> Yes <input type="radio"/> No | Indoor environmental quality | Employ green cleaning practices using Green Seal products; ensure effectiveness by following APPA auditing and staffing guidelines | Perform air quality testing on continuous basis to identify potential products that may off-gas and degrade indoor air quality | http://www.greenseal.org/findaproduct/index.cfm www.appa.org |
| <input type="radio"/> Yes <input type="radio"/> No | | Employ least-toxic integrated pest management | | http://www.sfgov.org/ http://ipminstitute.org |
| <input type="radio"/> Yes <input type="radio"/> No | | Use low-VOC paints and finishes where possible | | www.aqmd.gov/rules/reg/reg11/r1168.pdf http://greenseal.org |
| <input type="radio"/> Yes <input type="radio"/> No | | Ensure that HVAC system brings in and circulates enough fresh air (meet or exceed ASHRAE Standard 62.1) while avoiding decrease in energy performance | | |
| <input type="radio"/> Yes <input type="radio"/> No | | Prohibit smoking within 25 feet of entrances, outdoor air intakes, and operable windows | | |
| Additional items to address in conjunction with landlord: | | | | |
| <input type="radio"/> Yes <input type="radio"/> No | Heat island effect | Negotiate for replacement of black roofs and asphalt parking lots with light-colored roofs and white concrete parking lots | | http://eetd.lbl.gov/HeatIsland/ |

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| Yes/No | Category | Building Operations | Product or Service | Resource |
|---|----------|--|--------------------|---|
| <input type="radio"/> Yes <input type="radio"/> No | | Investigate whether vegetated surface area can be enlarged | | |
| <input type="radio"/> Yes <input type="radio"/> No | | Determine whether landscape irrigation can be reduced or eliminated through use of efficient irrigation equipment or drought-tolerant native or adapted vegetation | | http://www.epa.gov/watersense/docs/water-efficient-landscaping_508.pdf |
| <input type="radio"/> Yes <input type="radio"/> No | Ozone | When HVAC&R equipment is replaced, request efficient equipment that does not use refrigerants or uses refrigerants with lowest possible ozone-depleting potential and lowest global-warming potential, such as HFC-134a or other hydrofluorocarbon-based refrigerant | | http://www.epa.gov/ozone/snap |

SECTION 9.6

Sample Environmentally Preferable Purchasing Policy for Tenant Operations

Both tenants and landlords may wish to specify the purchase of environmentally preferable ongoing consumables and durable goods. The categories, sustainability criteria, and reporting requirements below follow the requirements of the LEED for Existing Buildings: Operations & Maintenance rating systems, taking into consideration retail practices. The performance goals noted are based on LEED credits. Not all the categories listed may apply to a particular retail business.



Within the LEED for Existing Buildings: Operations & Maintenance rating system, each purchase can receive credit for each environmentally preferable criterion met. For example, a \$100 purchase that contains both 10% postconsumer recycled content and 50% content harvested within 500 miles of the project counts twice in the calculation, for a total of \$200 in environmentally preferable purchasing; this applies to consumables, durables, food and beverages, and construction purchases.

Sample language. The tenant is committed to reducing the environmental impact of materials it acquires and has put into practice the following Environmentally Preferable Purchasing Policy for its operations.

Purchasing Categories

The Environmentally Preferable Purchasing Policy covers the following purchasing categories:

- Ongoing consumables;
- Durable goods—electric-powered equipment and retail fixtures and furniture;
- Facility alterations and additions;
- Lamps;
- Food and beverages; and
- Supply chain purchases.

Performance Metric

The performance metric is the percentage of purchases for each purchasing category that meets the sustainability criteria below. To substantiate the performance metric, the following information must be collected and tracked:

- Total monthly purchases (by cost);

- Monthly purchases of items meeting environmentally preferable criteria (by cost);
- Information for each purchase: date of purchase, purchasing entity or organization, item purchased, cost per item, and quantity purchased;
- Degree of compliance for each item purchased (e.g., 50% postconsumer recycled content and FSC-certified);
- Documentation of the environmentally preferable criteria (such as the manufacturer's product information); and
- All dry-cell types of portable battery purchases (by count).

Performance Goals

The environmentally preferable criteria (below) must be met for the following:

- At least 40% (and preferably 60%) of ongoing consumables purchases (by cost);
- At least 40% of electric-powered equipment purchases (by cost);
- At least 40% of furniture purchases (by cost);
- At least 50% of total purchases of materials used for facility alterations and additions (by cost); and
- At least 25% of all combined food and beverage purchases (by cost).

In addition, all screw-based compact fluorescent lamps (CFLs) must comply with National Electrical Manufacturers Association (NEMA) standards. Lamps purchased shall target an average of 90 (and preferably 70) or fewer picograms per lumen hour.

Every effort should be made to purchase goods with the highest level of postconsumer recycled content.

Criteria for Ongoing Consumables

Ongoing consumables have a low cost per unit and are regularly used and replaced in the course of business (such as paper, toner cartridges, binders, batteries and desk accessories). Consumables must meet one or more of the following criteria:

- Contains at least 10% postconsumer or 20% preconsumer material;
- Contains at least 50% rapidly renewable material;
- Contains at least 50% materials harvested and processed or extracted and processed within 500 miles of the project;
- Contains at least 50% Forest Stewardship Council (FSC)–certified paper products; and
- Uses rechargeable batteries.

Criteria for Durable Goods

Electric-powered equipment is ENERGY STAR–labeled for every product category available, including appliances, electronics, computers, and printers (www.energystar.gov).

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Computers, notebooks, and monitors are rated by the Electronic Product Environmental Assessment Tool (EPEAT) (www.epeat.net).

In addition, electric-powered equipment (either corded or battery operated) replaces conventional gas-powered equipment.

Fixtures and furniture meet one or more of the following criteria:

- Contains at least 10% postconsumer and/or 20% postindustrial material;
- Contains at least 70% material salvaged off-site or outside the organization;
- Contains at least 70% material salvaged on-site through an internal organization materials and reuse program;
- Contains at least 50% rapidly renewable material;
- Contains at least 50% material harvested and processed or extracted and processed within 500 miles of the building; and
- Contains at least 50% Forest Stewardship Council (FSC)–certified wood.

Criteria for Facility Alterations and Additions

Building products and materials used during construction meet one or more of the following criteria:

- Contains at least 10% postconsumer and/or 20% postindustrial material;
- Contains at least 70% material salvaged off-site or outside the organization;
- Contains at least 70% material salvaged on-site, through an internal organization materials and reuse program;
- Contains at least 50% rapidly renewable material;
- Contains at least 50% material harvested and processed or extracted and processed within 500 miles of the project;
- Contains at least 50% Forest Stewardship Council (FSC)–certified wood;

In addition, adhesives and sealants have a VOC content less than the current VOC content limits of South Coast Air Quality Management District (SCAQMD) Rule 1168, and sealants used as fillers meet or exceed the requirements of the Bay Area Air Quality Management District Regulation 8, Rule 51.

Paints and coatings meet Green Seal's Standard GS-11 requirement for low VOC content.

Noncarpet finished flooring is FloorScore certified.

Carpet meets the Carpet and Rug Institute (CRI) Green Label Plus testing program requirements. Preferably, the carpet contains recycled content and consist of loop construction, broadloom or carpet tile that can be recycled. Carpet cushion meets the CRI Green Label Plus testing program requirements. Preferably, the carpet cushion is 100% recyclable.



Composite panels and agrifiber products, such as particleboard, oriented-strand board (OSB), medium-density fiberboard (MDF), and door cores, contain no added urea-formaldehyde resins.

Criteria for Lamps

Screw-based compact fluorescent lamps (CFLs) comply with the National Electrical Manufacturers Association (NEMA) standards. The NEMA standards can be downloaded from www.nema.org; search on “Limits on Mercury Content in Self-Ballasted Compact Fluorescent Lamps.”

Lamps target an average of 90 (and preferably 70) or fewer picograms of mercury per lumen hour. Lighting manufacturers that have made a commitment to reducing mercury in fluorescent lamps are listed at www.cfl-mercury.org.

Criteria for Food and Beverages

Food and beverages meet one or more of the following criteria:

- USDA Organic certified;
- Food Alliance certified;
- Rainforest Alliance certified;
- Protected Harvest certified;
- Fair Trade;
- Marine Stewardship Council’s Blue Eco-Label; and
- Distance from production site to facility is 100 miles or less.

Criteria for Supply Chain Purchases

Project teams meet one or more of the following criteria to promote awareness on supply chain purchases:

- Institute an educational program for employees about supply chain issues;
- Survey suppliers about environmental and social justice practices; and
- Establish environmental issues as criteria for making supply chain decisions.

For Further Information

Buy Local, www.glynwood.org/publications-multimedia/reports-and-guides/.

California Materials Exchange, www.ciwmb.ca.gov/CalMax.

Carpet and Rug Institute, www.carpet-rug.com.

Electronic Product Environmental Assessment Tool (EPEAT), www.epeat.net.

ENERGY STAR, www.energystar.gov.

Fairtrade Labeling Organizations International, www.fairtrade.net.

FloorScore, www.scscertified.com/gbc/floorscore.php.

Food Alliance, www.foodalliance.org.

Forest Stewardship Council, www.fsc.org.

Green Building Certification Institute, www.gbci.org.

Green Seal, www.greenseal.org.

GreenSpec®, www.buildinggreen.com/menus/index.cfm.

Industrial Materials Exchange, www.govlink.org/hazwaste/business/imex/.

Marine Stewardship Council, www.msc.org.

Protected Harvest, www.protectedharvest.org.

Recycled-Content Product Directory, www.ciwmb.ca.gov/rcp.

Recycler's Exchange Index, www.recycle.net/exchange.

Reuse Development Organization, www.redo.org.

Salvaged Building Materials Exchange, www.greenguide.com/exchange/search.html.

U.S. EPA Comprehensive Procurement Guidelines, www.epa.gov/cpg/.

U.S. EPA Environmentally Preferable Purchasing, www.epa.gov/epp/.

U.S. Green Building Council, www.usgbc.org.

USDA National Organic Program, www.ams.usda.gov/nop.

Endnotes

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- 23 See www.ghgprotocol.org.
- 24 See <http://www.wholefoodsmarket.com/values/>.
- 25 See www.epa.gov/waste/nonhaz/industrial/cd/basic.htm.
- 26 Cadmus Group, LEED Charrette http://www.cadmusgroup.com/leed_charrette.
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