

Contractors Develop Green Thumb to Satisfy Growing LEED Demands

BY MARK LARSON

With an increasing demand for private and public sector construction of green buildings, contractors are responding.

They're training their crews to be certified for LEED, or Leadership in Energy and Environmental Design, standards established by the U.S. Green Building Council.

The reasons are simple: Contractors able to do green building are in a position to plug into a growing market as its popularity continues. And they get a feel-good bonus — the satisfaction of working toward the greater good of the environment.

Redwood City-based DPR Construction Inc., a national builder with an office in San Diego, is training increasing numbers of staffers to become LEED-certified. DPR helps project managers and engineers prepare for LEED accreditation tests through an in-house study course.

LEED-certified building projects started to dot the landscape in San Diego about five years ago, says Jay Leopold, DPR's regional manager. The company's annual revenue is about \$1.3 billion. It has 1,400 employees and, so far, 535 of them are LEED-certified. Of its 115 employees in San Diego, 35 are LEED-certified.

And its attention to the LEED building market is paying off.

In 2006, LEED projects accounted for 40 percent of the company's projects. Since 2006, the company's LEED-project awards have increased by 300 percent, with \$1.7 billion in LEED projects, according to Zach Pannier, DPR Construction's green building expert. They involve work that will stretch out for another two or three years.

In San Diego this year, DPR received a huge boost in its LEED reputation by landing the contract to build the \$550 million Palomar Medical Center West Hospital in Escondido, which was commissioned by Palomar Pomerado Health system. That spiked its local LEED project award total this year to \$650 million, up from \$75 million last year.

"We see it as an intelligent approach to design and construction," says Leopold. Right from the start, he says, "You could just tell it had traction and just wasn't going to be a fad. It just kept picking up in exponential fashion."

Public Vs. Private Contracts

San Diego-based design/build general contractor T.B. Penick & Sons Inc. has primarily built LEED-certified buildings for the public sector. The company last year did \$130 million in revenue and is on track to do \$150 million this year. The 50-employee company has three LEED-certified staff consisting of two engineers and an architect, says Chief Executive Officer Marc Penick.

Among local LEED projects are the George L. Stevens Senior Center near Skyline Drive in Encanto and the Northwest Area Police Substation in Carmel Valley.

While half of T.B. Penick's work is done for the private sector, it doesn't get as much LEED work from it.

Penick says he thinks private LEED work will increase as local planning agencies build in more LEED-like requirements for projects proposed by private builders.

But other contractors like DPR cite the private building sector as the main driver of LEED-certified building projects. They say private builders see not only the long-term financial paybacks of installing green systems in a building, but also the ability to attract tenants who want energy efficient and environmentally friendly features.

LEED Training

Eric Gradyan, LEED program manager at **Reno Contracting**, a San Diego commercial build-to-suit contractor, says his company trains its project managers and engineers to be LEED-certified. Of 70 engineers, 10 have been LEED-certified in the past year, he says. Another five will take the certification test by year's end.

Reno, which does \$200 million in annual revenue, now has five LEED building projects, making up about one-third of its total.

"We're seeing a lot of developers and build-to-suit guys asking for it," says Gradyan. "It's a good selling point."

LEED buildings can command higher rents and occupancy rates, he says, and they include ventilation/heating, water and electrical systems that, in the long run, are less expensive to operate than traditional ones.

But upfront costs are higher than they are for traditionally built projects. The cost of installing LEED-approved systems is estimated to be from 1 percent to 6 percent more than traditional construction, depending on the level of LEED rating.

"I'm not sure if it will ever be 100 percent," Gradyan says of the outlook for LEED-certified construction. "But I imagine in two to three years it could be about 70 percent."

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