

**STATEMENT OF DOUG GATLIN OF
OF THE U.S. GREEN BUILDING COUNCIL**

**BEFORE
THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
ON
GSA: OPPORTUNITIES TO CUT COSTS, IMPROVE ENERGY
PERFORMANCE AND ELIMINATE WASTE**

Wednesday, March 30 2011

On behalf of the U.S. Green Building Council's (USGBC) nearly 16,000 organizational members and nearly 80 local chapters, I would like to thank Chairwoman Boxer, Chairman Whitehouse and Ranking Members Inhofe and Johanns for the opportunity to testify about opportunities to reduce waste, increase efficiency, and cut costs at the General Services Administration (GSA). My name is Doug Gatlin and I am the Vice President of LEED at the U.S. Green Building Council (USGBC).

Green buildings are an essential element of any business management strategy: they reduce energy, water, waste, reduce owners' utility bills, and have a positive impact on occupant health and productivity.

With an inventory of more than 7,000 government-leased and 1,500 government-owned buildings – representing more than 354 million square feet of space nationwide – GSA has an extraordinary capacity to reduce the environmental impact of our nation's buildings and save taxpayer dollars. GSA has already taken several significant steps to this end, implementing a number of far-reaching energy efficiency and green building initiatives. The Committee must also be commended for its leadership in convening this hearing today to explore additional opportunities to improve energy efficiency and environmental performance in GSA facilities.

I would like to focus on three particular areas for Congressional and agency cooperation today to ensure that these efforts taken by GSA are continued and enhanced. These are, first, maintaining a robust budget for the Federal Buildings Fund at GSA; second, focusing on existing buildings as a principal opportunity to reduce waste; and, third, examining financial mechanisms that can boost efficiency in the public and private sectors and support GSA's goal to achieve a "zero-environmental footprint."

1. Sustained Investment in the Federal Buildings Fund Significantly Reduces Long-Term Costs to the Federal Government

The Government Accountability Office (GAO) has identified aging and deteriorating federal facilities as a growing and costly problem for property-holding agencies: According to recent estimates, tens of billions of dollars are needed to repair or restore these assets so that they may function properly.¹ A failure to update these buildings forces taxpayers to unnecessarily subsidize poor utility bills in the short-term, while leaving them exposed to additional long term expenses as restoring and upgrading facilities becomes more costly over time. The cost of retrofitting these buildings is small when compared to the dramatic cost savings achieved in the long-term.

The federal government is achieving significant long-term costs savings by requiring GSA to deliver buildings that use substantially less energy, cost less to operate and maintain, and lead to greater occupant satisfaction. In 2010, GSA testified that a study of the Agency's 12 earliest sustainable federal buildings shows energy use is down 26% compared to commercial office benchmark data². More importantly, it found that the top third of studied buildings deliver

¹ The GAO Report can be accessed here: www.gao.gov/new.items/d09801t.pdf page 16

² Statement of Kevin Kampschroer, Director Office of Federal High Performance Green Buildings before the Subcommittee on Government Management Organization and Procurement

significantly better results with 45 percent less energy consumption, fifty three percent lower maintenance costs, and 39 percent less water use³. The current retrofitting of the Byron Rogers Federal Building in Denver is expected to result in 70 percent energy reduction from existing energy use from efficiency alone⁴.

Yet the significant cost savings associated with sustainable federal building properties are in jeopardy should the GSA's Federal Buildings Fund be cut as proposed under H.R. 1, the Full Year Continuing Resolution Appropriations Act of 2011. That is why in February USGBC joined nearly 30 real estate, business, trade and environmental organizations in a letter to the House and Senate leadership, submitted along with my testimony, to express serious concern about proposed cuts and underscore the need to maintain adequate levels for this program. While we understand the enormous budget constraints facing the federal government and acknowledge the need to realize savings by postponing new construction projects, cutting the Federal Buildings Fund by the amount proposed in H.R. 1 ignores the fact that sustained investment in the Fund decreases the federal government's operating expenses in the long-term and reduces the deficit.

With these reasons in mind, we strongly urge the Committee to work with your colleagues to ensure that funding for the Federal Buildings Fund continues to be stable and consistent in 2011 and in future years.

2. Focus on Existing Buildings

To tap into the building sector's full potential for saving costs, energy, resources, it is essential to update both public and private existing building stock. A focus on existing building operations leverages taxpayer dollars through investment in cost-saving, energy and water efficient measures, generating a return on investment over time. Tools like USGBC's LEED for Existing Buildings: Operations and Maintenance are particularly important to GSA and other federal agencies in this task as they work to meet the energy and environmental requirements of the 2005 Energy Policy Act (EPAct), the 2007 Energy and Independence and Security Act (EISA), and the President's Executive Order on Federal Leadership in Environmental, Energy, and Economic Performance.

➤ LEED for Existing Buildings: Operations and Maintenance (O&M)

LEED for Existing Buildings: Operations and Maintenance (O&M) uses performance data to track the efficiency of building systems and effectiveness of environmental measures. It requires whole-building energy metering and reporting via ENERGY STAR for at least 1-year prior to certification and points are awarded to incentivize improved performance. Buildings using this rating system have demonstrated on average use 35 percent less energy versus their peers, use 17

Committee on Oversight and Government Reform (July 21, 2010) *available at:*

<http://www.gsa.gov/portal/content/159125>

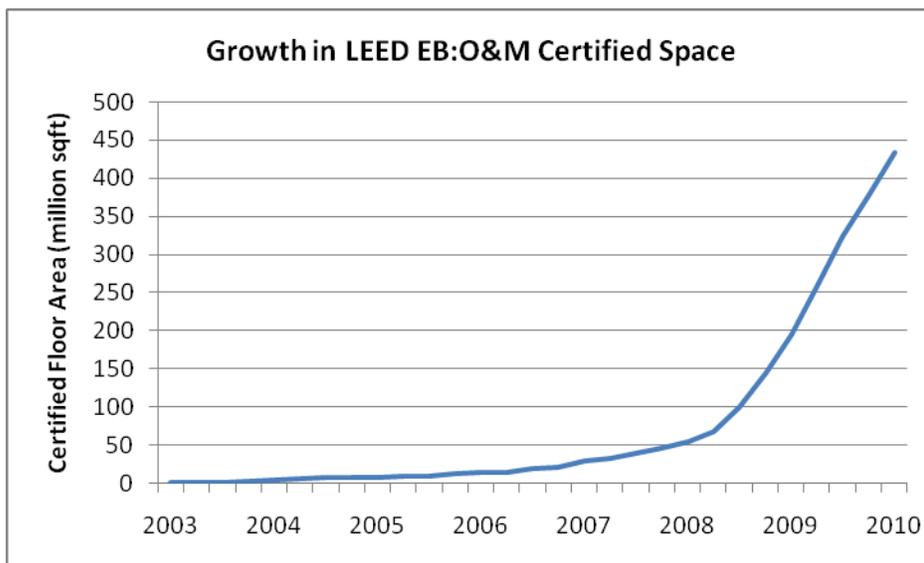
³ Id

⁴ Project Case Study: Byron Rogers. Rocky Mountain Institute, Snowmass, CO. 2010. Available at:

<http://www.retrofitdepot.org/Content/Files/ByronRogersCaseStudy.pdf>

percent less in potable water consumption from plumbing fixtures and reduce waste by nearly 60 percent through recycling and other efforts.⁵

LEED for Existing Buildings: O&M has seen explosive growth since 2008, with more certifications awarded under this rating system by square foot than any other LEED rating system. As a result of this growth, LEED projects are becoming predominantly existing buildings that have demonstrated their high performance. The federal government has also been part of this explosive growth: To date, more than 219 federal projects are pursuing LEED for Existing Buildings: O&M, including 40 GSA projects. The agency is also utilizing leased facilities that have achieved LEED O&M certification.



➤ Expanded Education and Training

Reaching the full potential of a building during operations, as I have described, also requires the training of building operators and other key personnel. A recent study by the International Facilities Management Association shows that for every \$1 spent on facility management training, organizations reported receiving an average of \$3.95 in return⁶. In 2009, the GAO reached a similar conclusion, and identified a lack of proper expertise and training as a major challenge for the federal government in reaching its energy reduction goals.⁷ In light of this finding, Congress passed the Federal Buildings Personnel Training Act of 2010, which allows GSA to identify competencies and ensures that the workforce performing operations and maintenance on federal buildings perform this task as completely and effectively as possible.

⁵ USGBC LEED project data.

⁶ from the International Facility Management Associations, "Facility Management Staffing Report, Research Report #33," (<http://www.ifma.org/resources/reports/pages/33.htm>)

⁷ Ungar, Bernard & Wells, James. Statement to the House, Committee on Government Reform by the Government Accountability Office. *Federal Energy Management: Facility and Vehicle Energy Efficiency Issues*, Hearing March 12, 2003. Available at: <http://www.gao.gov/new.items/d03545t.pdf>.

We commend this Committee for its passage of this legislation and are pleased to update that USGBC has already begun work with the GSA, additional agencies, and private stakeholders to support the implementation of the Federal Buildings Personnel Training Act.

➤ **Ongoing Commissioning**

During the 111th Congress, Senator Carper introduced a comprehensive package of common-sense reforms to increase energy efficiency and renewable energy use by the federal agencies including GSA. Among other provisions, the bill – entitled Improving Federal Use of Renewable Energy and Energy Efficiency Act of 2010 – would have required commissioning for all federal properties above \$10 million in value, greater than 50,000 square feet, or with a greater than \$2 per square foot energy intensity. Such commissioning would serve to identify “tune-ups” for buildings and equipment that would lead to operational savings. According to the latest research by Lawrence Berkeley National Lab, commissioning costs, on average, \$0.30/ft² and generates between \$0.25-\$0.30/ft² in whole building energy savings for a payback time of 1.1 years, and a 91% return on investment (ROI)⁸. This type of commissioning is arguably the single most cost effective strategy for reducing utility costs in buildings today and is an important part of GSA’s current efforts toward greening the federal buildings stock.

USGBC encourages the Committee and Congress to enact changes such as those proposed in Senator Carper’s legislation to further enhance the performance of the federal government’s existing building stock.

3. **Financing for New Green Construction and Retrofits**

➤ **Improving Tax Incentives for Commercial Buildings**

The Commercial Buildings Tax Deduction (CBTD), Section 179D of the Internal Revenue Code, was signed into law by President George W. Bush as part of EPAct 2005. The CBTD currently provides up to \$1.80 per square foot to commercial building owners that install certain energy efficient systems as part of a plan to reduce energy consumption of the whole building by 50 percent below the thresholds set in ASHRAE 90.1-2001, a standard building code. These systems include energy efficient interior lighting, HVAC, hot water systems, and building envelopes improvements. The CBTD also allows for a partial deduction of up to \$.60 per square foot for the energy savings within building subsystems and provides prescriptive guidance for how interior lighting systems can meet this requirement. The deduction is also “assignable,” meaning that non-profit organizations and government agencies can allot the deduction to the entity contracted for work on a building, to offset the building costs incurred by the project.

While some buildings owners have had success in utilizing the deduction more needs to be done so that it can be utilized for all building stock. Reaching the targeted performance level of 50% savings relative to ASHRAE 90.1-2001 is achievable for new construction design, however such a target is very challenging for existing buildings, where a corresponding building upgrade is in

⁸ Mills, E., Friedman, Building Commissioning: *A Golden Opportunity for Reducing Energy Costs and Greenhouse Gas Emissions* (July 21 2009), available at <http://cx.lbl.gov/documents/2009-assessment/LBNL-Cx-Cost-Benefit.pdf>

many instances not practical. USGBC, along with real estate organizations including Real Estate Roundtable (RER) and environmental organizations including the Natural Resources Defense Council (NRDC), support the inclusion of modest revisions that could make deduction more effective in the existing building market.

Specifically USGBC recommends that the following changes be made:

- ***Measure energy savings compared to the existing building performance.*** Rather than comparing to code, energy savings within an individual building are a much more appropriate point of comparison for existing buildings. Present tools such as the Environmental Protection Agency (EPA) Portfolio Manager allows projects to readily document the total energy use of the building. This information, commonly used by building owners today, can serve as the starting point for implementing and documenting energy saving measures within a building.
- ***The deduction should not support an all or nothing approach.*** As already detailed, the deduction currently only provides incentives for projects that achieve an aggressive 50 percent below ASHRAE 90.1-2001. As a result, a project that reaches a 49 percent energy reduction would not be eligible for the deduction. USGBC supports changes that provide benchmarks to incentivize smaller energy savings, while maintaining maximum incentives at highest-level energy savings. This change would still reward ambitious projects while also encouraging projects that achieve more moderate levels of energy savings.
- ***Remove barriers for owners of certain building types.*** Commercial office buildings are owned by a variety of entities and organizations, some of which that cannot utilize traditional tax deductions. USGBC supports provisions that would allow building owners to allocate the incentive to other parties related to the transaction, such as a contractor, tenant, or financier. Furthermore, the incentive should be available for a Real Estate Investment Trusts (REITs) to immediately reduce earnings and profits.

Such changes would have positive effects for those commercial owners who lease property to the federal government and would strengthen financing mechanisms for modernizing federally owned property. Some of these ideas have been reflected in the Obama Administration's Better Buildings Initiative (BBI) announced earlier this year. We look forward to working with Congress and the Administration in advancing these common-sense solutions.

Government and Green Building

Governments at all levels have been highly influential in the growth of green building, both by requiring LEED for their own buildings and by creating incentives for LEED for the private sector. Currently, [14] federal agencies or departments, [34] states, [200+] local governments, [17] public school jurisdictions and [41] higher education institutions have made various policy commitments to use or encourage LEED. Indeed, Government-owned or occupied LEED buildings make up 29% of all LEED projects. The federal government has 398 certified projects and another 3713 pursuing certification. State governments have 589 certified projects and 1982 pursuing certification. Local governments have 877 certified projects and 3221 pursuing certification.

In 2006, the U.S. General Services Administration (GSA)--the nation's largest civilian landlord--submitted a report to Congress evaluating the applicability, stability, objectivity, and availability of five different sustainable building rating systems.⁹ Based on this study, GSA concluded that LEED "continues to be the most appropriate and credible sustainable building rating system available for evaluation of GSA projects."¹⁰ In particular, GSA noted that LEED "[i]s applicable to all GSA project types; [t]racks the quantifiable aspects of sustainable design and building performance; [i]s verified by trained professionals; [h]as a well-defined system for incorporating updates; and [i]s the most widely used rating system in the U.S. market."¹¹ GSA currently requires its new construction projects and substantial renovations to achieve at least a LEED Gold certification level¹².

USGBC and LEED

The U.S. Green Building Council (USGBC) is a non-profit organization committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings. To achieve this goal, we work closely with key industries and research organizations and federal, state and local government agencies.

USGBC includes more than 16,000 member companies and organizations, including nearly 200 Fortune 500 companies, as well as architecture and engineering firms, developers, builders, home owners, contractors and manufacturers, students, and teachers.

⁹ Pacific Northwest National Laboratory (operated for the U.S. Department of Energy by Battelle), *Sustainable Building Rating Systems Summary* (July 2006), completed for General Services Administration under Contract DE-AC05-76RL061830, available at <https://www.usgbc.org/ShowFile.aspx?DocumentID=1915>.

¹⁰ Letter dated Sept. 15, 2006 from GSA Administrator Lurita Doan to Sen. Christopher Bond, Chairman, Subcommittee on Transportation, Treasury, the Judiciary, HUD, and Related Agencies, Committee on Appropriations (accompanying report), available at <https://www.usgbc.org/ShowFile.aspx?DocumentID=1916>; see also Pacific Northwest National Laboratory (operated for the U.S. Department of Energy by Battelle), *Sustainable Building Rating Systems Summary* (July 2006), completed for General Services Administration under Contract DE-AC05-76RL061830, available at <https://www.usgbc.org/ShowFile.aspx?DocumentID=1915>.

¹¹ Letter dated Sept. 15, 2006 from GSA Administrator Lurita Doan to Sen. Christopher Bond, Chairman, Subcommittee on Transportation, Treasury, the Judiciary, HUD, and Related Agencies, Committee on Appropriations (accompanying report), available at <https://www.usgbc.org/ShowFile.aspx?DocumentID=1916>.

¹² GSA's Sustainable Design Program available at: www.gsa.gov/sustainabledesign

Through the LEED (Leadership in Energy & Environmental Design) Green Building Rating System™, the preeminent program for rating the design, construction and operation of green buildings and other tools, USGBC works toward its mission of market transformation. It also promotes green building through robust educational offerings, a nationwide network of 80 chapters and affiliates, the annual Greenbuild International Conference & Expo, and advocacy in support of public policy that encourages and enables green buildings and communities.

Doug Gatlin

Vice-President, LEED

As the Vice President for LEED at the U.S. Green Building Council, Doug Gatlin has oversight for deploying the family of LEED rating systems in all the major commercial market segments and for managing overall customer relations for LEED and the Council's Portfolio Program.

Doug has 16 years experience in energy and environmental policy and has worked on climate change response strategies and voluntary pollution prevention programs for most of his career. He has authored publications on climate change mitigation strategies, energy efficiency program design, and energy efficiency project financing.

Prior to joining USGBC, Doug worked at the US EPA for nearly 10 years. For most of his tenure there, he served as Team Leader for the ENERGY STAR Commercial Buildings program, spearheading numerous activities including the launch of the first vertical sector marketing strategy, a new public sector program for governments, K-12 schools and universities, an energy efficiency financing initiative, and the launch of new partnership program with utilities. From 1992-1996, Doug served as a project manager at the Washington, DC based Climate Institute, where he managed the Energy Smart Cities campaign and helped the U.S. Department of Energy launch the Rebuild America program.

Doug holds a Bachelor's in political science from Duke University and a Master's in public policy from Georgetown University. He lives with his wife and two children in Silver Spring, MD.

February 17, 2011

The Honorable John Boehner
Speaker of the U.S. House of Representatives
H-232 The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader of the House of Representatives
235 Cannon House Office Building
Washington, DC 20515

Dear Speaker Boehner and Minority Leader Pelosi:

We, the undersigned organizations and companies, write to voice our strong opposition to provisions in H.R. 1, the Full Year Continuing Appropriations Act of 2011, which would decrease the General Services Administration's (GSA) Federal Buildings Fund by \$1.6 billion. We encourage you to reject this proposal and work with the Senate and the Administration to produce a plan that does not hinder common-sense efforts to reduce federal operating costs while sustaining and fostering private sector employment in the building industry.

As the owner or lessee of space in 8,600 buildings across the nation, GSA initiates and manages a diverse range of facility design, construction, rehabilitation, restoration, renovation, and operations projects in communities throughout the country. The GSA Federal Buildings Fund is an important program that helps reduce the federal government's operating expenses through high performance facility upgrades, operations maintenance and new construction. GAO has identified that addressing the needs of aging and deteriorating federal facilities remains a problem for real property-holding agencies, and that according to recent estimates, tens of billions of dollars are needed to repair or restore these assets so that they are fully functional.¹³ Failure to update these buildings would force taxpayers to unnecessarily subsidize poor utility bills in the short term while leaving them exposed to additional long term expenses as restoring and upgrading facilities becomes more costly over time.

The GSA Federal Buildings Fund also provides a critical role in sustaining and fostering private sector employment in the building industry. At a time when unemployment in the construction sector still exceeds 22%, reducing funding for the Fund would exacerbate an already dire situation for the industry.

Again, we urge you to reject the dramatic cuts to the GSA's Federal Buildings Fund that are proposed in H.R. 1. We appreciate your consideration of this serious request and your ongoing support of a cost efficient federal government that promotes, not hinders, private sector employment.

Sincerely,

¹³ The GAO Report can be accessed here: www.gao.gov/new.items/d09801t.pdf page 16

AEC Science and Technology, LLC
American Institute of Architects
American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
American Society of Landscape Architects
American Supply Association
American Rivers
Bentley Systems, Inc.
Building Owners and Managers Association International
National Insulation Association
Polyisocyanurate Insulation Manufacturers Association (PIMA)
Institute for Market Transformation
Ecobuild America
Energy Future Coalition
Environment America
EIFS Industry Members Association (EIMA)
GREENGUARD Environmental Institute
HOK
Illuminating Engineering Society (IES)
International Association of Heat and Frost Insulators and Allied Workers
Johnson Controls Inc.
LonMark International
Mechanical Contractors Association of America
The Real Estate Roundtable
Service Employees International Union
Service Employees International Union Local 32BJ
Sheet Metal and Air Conditioning Contractors National Association
The Stella Group, Ltd.
U.S. Green Building Council
United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada

CC:

Senate Majority Leader Harry Reid
Senate Minority Leader Mitch McConnell
Representative Hal Rogers, Chairman, House
Appropriations
Representative Norm Dicks, Rnk. Member, House
Appropriations
Senator Daniel Inouye, Chairman, Senate
Appropriations
Senator Thad Cochran, Rnk. Member, Senate
Appropriations
Representative Paul Ryan, Chairman, House Budget
Representative Chris Van Hollen, Rnk. Member,
House Budget
Senator Kent Conrad, Chairman, Senate Budget
Senator Jeff Sessions, Rnk. Member, Senate Budget
Representative Jeff Denham, Chairman, Subcommittee
on Economic Development, Public Buildings, and

Emergency Management, House Committee on
Transportation and Infrastructure
Representative Eleanor Holmes Norton, Rnk. Member,
Subcommittee on Economic Development, Public
Buildings, and Emergency Management, House
Committee on Transportation and Infrastructure

