

# PROPERTY MANAGEMENT Quarterly



## Tips for staffing your maintenance team

With a booming real estate market and many senior engineers nearing retirement, there's high demand for building engineers but fewer qualified individual to fill these positions.

by Michelle Z. Askeland

Property managers are struggling to keep property engineers and facility maintenance teams staffed with qualified, enthusiastic employees.

"It is definitely hard to find building engineers," said Kim Lewis, the Building Operators Association of Colorado state chair and executive vice president with Hot/Shot Infra-red Inspections. "It has been difficult for, at least, the last five years and seems to be increasingly more difficult because there's been a lot of growth in Denver and a lot of retirement – so there's a lot of positions – and not as many young people to take the jobs."

With increasing job position availability, there seems to be an apparent lack of interest in the trades as well as a lack of general awareness in the line of work.

"I think it's a big problem because a lot of the kids are not focused on the vocations or introduced to the vocations," said Jackie Herbst, a Denver Engineers and Facilities Conversation member and an account manager with Team K Services.

Bryan Wilske has seen the problem firsthand – spending the past two years significantly understaffed with technical people – as a director of property operations with Doubletree Hilton. Finally fully staffed, Wilske stresses the importance

of investing in the staff you have. If you find a good individual and you've captured his attention, invest time and effort into his education in order to make him an even more valuable asset to the company, he said.

It's imperative that the engineer staff and the management staff work together. Property managers understand the value in maintaining their buildings to avoid costly, last-minute repairs when something goes wrong. The same approach should be taken with staffing.

If there isn't someone within the staff who can be trained and promoted, there are limited options. Lewis believes relocations are on the

rise, thanks to the state's desirability. Aside from that, it requires some creativity.

"You have to do a little of this and a little of that," she said. "You have to put your hands into a lot of pots until you find the person you're looking for."

Reaching out to your vendors can be a powerful tool. Vendors tend to know if somebody is unhappy with his job or if somebody is moving, making them a great source for finding engineers who are looking for positions, Lewis said.

She regularly receives emails from property managers who are looking

Please see Page 24

## INSIDE

PAGES 12



### Portfolio Manager

Energy Star is too important of a program to be on the federal funding chopping block.

PAGE 20



### Construction costs

The costs associated with meeting tenant demands for raw spaces surprise many.

PAGE 22



### Watts to Water

BOMA celebrates achievements in energy and water conservation management.

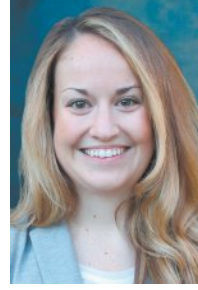
## CONTENTS

- Assignments vs. subleases: Know the differences* **4**  
Steven S. Sessions and Amanda H. Halstead
- No-pet policies don't apply to service animals* **6**  
Donald "Corky" Eby and Tucker Allen
- Reminders for dealing with hailstorm damages* **8**  
Chris Rockers
- New IECC codes stress sustainability, safety* **10**  
Tia Jenkins
- We must continue to support, fund EPA's Energy Star* **12**  
Amanda Timmons
- Arc flashes pose danger for maintenance teams* **14**  
Dennis Moyer
- The best alternatives to plant in place of ash trees* **16**  
Tony Hahn
- 5 steps to evoke customer service excellence* **18**  
Linda Kaboth
- The unexpected cost of constructing empty space* **20**  
Bob Bergeson and Ashley Combs
- Popular office trends allow for flexibility, versatility* **21**  
Kristen Terjesen
- Watts to Water celebrates energy management* **22**  
BOMA

## Letter from the Editor

# Call for tech information

There's no way to avoid the intermingling of our lives with technology. From our smartphones to our smart homes, most of us spend our first waking moments and last minutes before bed connected to our devices.



In our workplaces, the programs and uses are even more ubiquitous. In property management, technological advances saturate every sphere of responsibility. The goal of most of these programs is to make work easier, more efficient and better connected. We want technologies to streamline systems and enhance reliability. The problem is, with so many options out there, how do you know what programs are worth your time?

This is no easy task as programs run the spectrum from single-purpose applications, such as tracking maintenance requests, to colossal systems that require major infrastructure overhaul, such as the new parking management systems.

There also is a balancing act of not being left behind, but not investing too much time as a guinea pig to the latest-and-greatest, untested programs – not to mention, balancing your client's expectations and acceptance of something new. As a whole, people often require a little bit of coaxing to accept something new. Case

in point: a new parking system that deploys technology to aid and assist, but comes with the trade off of new costs. In the long run, these systems typically are embraced but, in the short term, the complaints and negative publicity that comes with the adjustment period is not fun to manage.

When customer service is a key component to the job, technology can hinder as much as it helps. For example, the importance of in-person interactions with tenants can go a long way in tenant retention. On the other hand, tenants may enjoy greater flexibility and operational efficiencies, such as automated locker systems for deliveries.

I'm using this column as a call of information. In the next issue I plan to highlight some of property managers' favorite technologies to learn what lives up to expectation and what falls short.

Please share your favorite applications and programs that make managing your buildings easier. I'm interested to learn about any program that you implemented that you now could not live without. I'd also like to hear about the programs you tried that didn't work as intended. And finally, I'd like to hear about the problems and tasks you're still waiting to see new technology address. I look forward to receiving your input.

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# Assignments vs. subleases: Know the differences

Owners should have reasonable expectations that their tenants will follow and adhere to the lease provisions regarding lease assignments and subleases. Unfortunately, that is not always the case. Often, the first notice a property manager receives from a tenant is a request for new signage or new access cards. That is a red flag that there is a potential change occurring in the leasehold estate that must be addressed by the property manager and reported to ownership. Another red flag: Rent is paid by a different entity than the actual tenant.

As each lease template is different, a thorough review of the applicable lease provisions by the property manager with owner's legal counsel is the absolute starting point. The following are questions and answers that may improve our understanding when an assignment or sublease is being considered.

**• Sessions:** What is the difference between an assignment and sublease?

**• Halstead:** A sublease is a lease of a tenant's space from the tenant. A sublease can be for all or part of the premises and for all or part of the balance of a lease term. In contrast to an assignment, where a tenant assigns all of its rights and obligations under a lease, under a sublease the tenant assigns certain rights and obligations while retaining others. Unlike a sublease, which is approved by a landlord, an assignment usually is accomplished through an agreement between the tenant, the assignee and the landlord.



**Steven S. Sessions**  
CEO, Sessions Group LLC, Denver

This distinction is important as the assignment creates privity of contract with the landlord and assignee, giving the landlord rights against an assignee it may not have against a sublessee.

**• Sessions:** Why should an owner care to have proper documentation?

**• Halstead:** It is important that a sublease or assignment be properly documented for a variety of reasons. A landlord should, at all times, be aware of who is occupying and operating from the leased premises. By way of example, a landlord will want to confirm that the party or parties occupying the leased premises are carrying the requisite insurance and that the landlord has been named as an additional insured. Moreover, in the event of a default, the landlord will want to know who to provide notice to and, should it become necessary, who to evict and/or sue for damages.

**• Sessions:** What can possibly go wrong?

**• Halstead:** How long do you have, Steve? But seriously, it's not uncommon for tenants to assign or sublease spaces without providing a landlord with notice. This can create a host of issues, particularly if there is a casualty at the property and insurance carriers become involved. An unauthorized occupant may not carry the proper insurance,



**Amanda H. Halstead**  
Member, Mills, Schmitz, Halstead, Zaloudek LLC, Denver

name the landlord as an additional insured or have included a waiver of subrogation in its policy.

Moreover, with no contract between the sublessee or assignee, the landlord may not be afforded the protections set forth in the lease. The original tenant would have a duty to indemnify

the landlord from claims arising in connection with an unauthorized assignment or sublease, but the duty to indemnify is only as strong as the original tenant's financial condition.

**• Sessions:** What due diligence is required for an owner to approve an assignment or sublease?

**• Halstead:** An owner should evaluate a proposed assignee or sublessee in a manner consistent with its evaluation of the original tenant.

By way of example, a landlord should request a few years' worth of tax returns, a sworn financial statement and bank statements. If the proposed assignee or sublessee is an entity, the landlord should also review the governing documents for the entity and financials for the principals of the entity. A landlord also may want to consider the business experience of the proposed assignee or sublessee. The financial strength of a proposed assignee or sublessee and any additional guarantors may carry more or

less weight depending on the financial strength of the original tenant and guarantors, and whether the original tenant and guarantors will remain liable for the lease obligations.

**• Sessions:** Who is liable for payment of rent?

**• Halstead:** I'll give you the classic attorney response, "It depends." It depends on how the assignment and/or sublease are drafted. Generally, in the case of a sublease, the sublessee pays the tenant and the tenant pays the landlord. In a typical sublease, there is no privity of contract between the sublessee and landlord. Consequently, the landlord's right of recovery is limited to the original tenant. This can create issues if the tenant accepts money from the subtenant but doesn't tender the money to the landlord.

Almost always, in the case of an assignment, the assignee pays the landlord directly. A typical assignment will require that the original tenant and guarantors remain liable for some period of time after the assignment and that the original tenant and the assignee shall be jointly and severally liable for the lease obligations. In such case, the landlord could recover from both the original tenant and assignee.

**• Sessions:** Have you seen any favorable outcomes?

**• Halstead:** An assignment or sublease could provide the landlord with more pockets to collect from in the event of a default. In some cases, the landlord ends up with a stronger tenant for a longer period of time.

Please see 'Sessions,' Page 27

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## Legal

# No-pet policies don't apply to service animals

For property managers, emotional support animals are a big deal. Not only can property managers expose themselves to fair housing discrimination claims for wrongfully refusing to allow emotional support animals, but also because of a lack of accreditation requirements for these animals under the Americans with Disabilities Act, they face the problem of tenants fraudulently claiming pets as service animals to circumvent no-pet policies and pet-related costs. These deceptive practices have been so prevalent in recent years that the General Assembly enacted Colo. Rev. Stat. § 18-13-107.3, which imposes fines up to \$500 on those who intentionally misrepresent a pet as a service or emotional support animal for the purpose of obtaining rights reserved for people with disabilities.

People with physical disabilities use service animals, which have been rigorously trained to perform tasks specific to a person's disability. People suffering from psychological disabilities use emotional support animals, which provide comfort and companionship for those suffering from illnesses like depression, anxiety and post-traumatic stress disorder, but have not been specifically trained to perform tasks related to a person's mental illness.

Both types of animals are protected under the Fair Housing Act because they are considered assistive aides to those with disabilities rather than pets. Accordingly, because they are not "pets," the FHA



**Donald "Corky" Eby**  
Attorney, Robinson and Henry PC, Castle Rock

generally requires property managers make exceptions to pet-related restrictions or costs as "reasonable accommodations" in rules and policies to afford a disabled person an equal opportunity to use and enjoy a dwelling.

Spotting a legitimate need for these types of

service animals is not easy, which means animals sporting official looking vests, patches or harnesses can be easily regarded as genuine emotional support animals, even if they are not. Even more troublesome, it is not required that certified animals wear any identifiable garment. So, it is important to know the other methods by which property managers can ensure they are not falling victim to fraudulent fair housing claims by pet-owning tenants.

For an individual to obtain the right to an emotional support animal, he must request a reasonable accommodation because of a disability and show the animal aides the individual by relieving the impairments caused by the disability. To have a disability one must have, or be regarded as having, a physical or mental impairment that substantially limits one or more major life activities. Major life activities are defined as, but are not limited to, caring for oneself, perform-



**Tucker Allen**  
Law Clerk, Robinson and Henry PC, Castle Rock

ing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating and working.

If the tenant has a disability that substantially limits his or her major life activities and

the disability is relieved by an emotional support animal (or other means), the tenant should request a reasonable accommodation. A property manager who receives a proper reasonable accommodation request should approve it, unless doing so would create an undue financial or administrative burden on the property manager or alter the nature of the housing.

The key here is that just because a tenant asserts he has this type of animal does not automatically trigger the protections. The tenant carries the burden of proving the animal is a bona fide emotional support or service dog. But, when there is a bona fide reasonable accommodation request for a service dog or emotional service animal, the property manager must forego a no-pet policy, pet deposit or fees, and "pet rent."

Furthermore, a property manager may not refuse a canine service animal because of its specific breed, size or weight; however, if they

conclude the animal poses a "direct threat to the health and safety of others" based on an individualized evaluation of its conduct, that may be sufficient to revoke or deny the accommodation. The tenant owner of the animal is responsible for the animal's conduct and any damages it may cause even though the property manager may not demand a pet deposit or additional pet-related charges.

When evaluating the reasonable accommodation request the Department of Housing and Urban Development recommends a property manager ask only two questions: Does the person seeking to use and live with the animal have a disability, and does the person making the request have a disability-related need for an assistance animal? If the answer to both questions is yes, the request should be granted.

HUD also states an "unreasonable delay" in making the decision of whether to grant the accommodation can amount to a violation, but does not indicate a specific time period in which a request must be granted. Yet, in an 11th Circuit case in 2014, a condominium association's repeated requests for a tenant's medical history over many months amounted to a "constructive denial" of the disability accommodation.

Emotional support animals are a big deal for property managers and being well educated on the requirements can mean the difference in protecting against fraudulent service animal claims and being sued for fair housing violations. ▲



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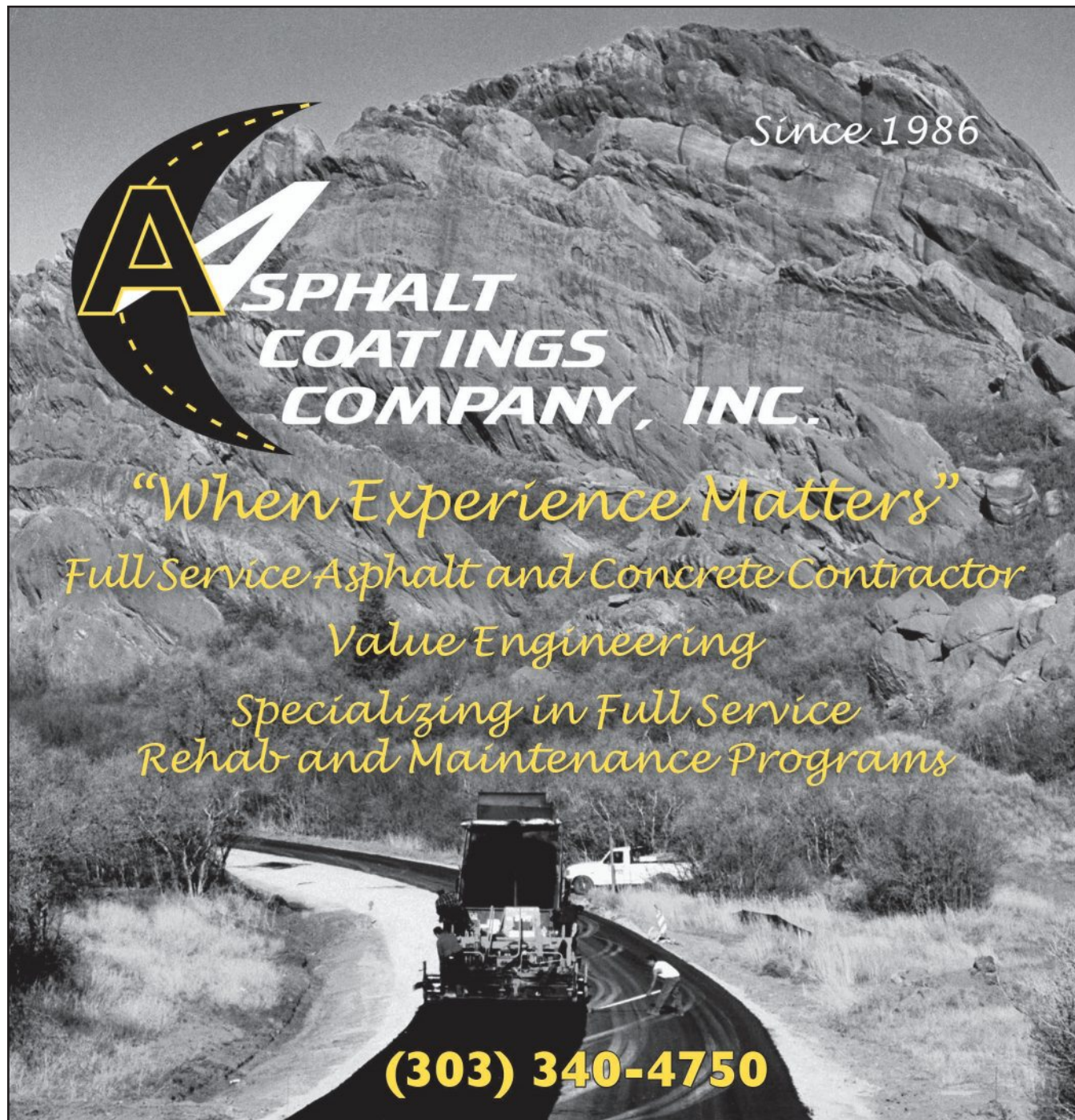
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# Reminders for dealing with hailstorm damages

**D**enver has been a temporary home to many out-of-state insurance adjusters the past few months due to the May 8 hailstorm in the metro area. Insurance companies sent members of catastrophe teams to quickly evaluate damages and prepare estimates upon which insurance companies issue initial payments – and then they are gone. Property owners are cautioned to be leery of all unethical opportunists after significant weather events – a warning to question incomplete or inaccurate reports and estimates prepared on behalf of insurance companies also is appropriate.

An accurate, defensible assessment is needed on every property claim. If within the path of the storm, whether damage to your property is evident and significant – or if damages are not apparent – a thorough assessment of your property should be conducted.

Take steps to protect your property. Address the needs of your tenants, be proactive in the claims process, and consider seeking assistance from reputable consultants as part of your team to address issues with consultants retained as part of the insurance company's team. Addressing permanent repairs should not begin until an agreement is reached on the required repairs and costs associated with completing the repairs.

If you filed a claim for damage, a representative of your insurance company should have inspected the property by now. This individual



**Chris Rockers**  
Partner, The Claims Group, Northglenn

may have limited experience and limited authority on the claim; and may have taken more time informing you of damages that aren't covered as opposed to those that are covered. While this individual prepared and submitted for approval an

estimate of damages to the insurance company, this individual may not address required repairs to your property.

Even if an experienced, local, in-house claims adjuster prepared the estimate, your insurance company must be open to input from you and your team to address reasonable and customary repairs and expenses as part of the claim.

Until you have a reputable general contractor or roofing contractor – who tells you that the damage is limited to the roof, assesses the damages and prepares an estimate – you may not know if the estimate from the company adjuster is relatively accurate or lacking in scope and costs.

If the parties are unable to agree that the roof was damaged by the hailstorm, it may be necessary for samples of your roofing membrane or shingles to be cut for testing. There are costs associated with such testing and chain-of-custody procedures to follow to ensure that the parties adequately preserve the

integrity of the sample(s). Agreement as to how these costs are captured and paid as part of the claim should be reached prior to taking the samples. There are reliable testing facilities, including those typically used by insurance companies, but you should have a voice in selecting the designated testing facility.

Property owners should be mindful that not all roofing contractors, general contractors, engineers, construction consultants, public adjusters, insurance adjusters, and others within the property and casualty insurance industry adhere to proper and ethical adjustment practices. You and representatives of your insurance company are to carefully assess damages as you seek to obtain the indemnification provided within the policy covering your property. Suggestions by insurance company representatives as to expenses that are not covered should be met with a bit of skepticism if not specifically noted in your policy.

Whether you wait for your insurance company's repair estimate or you have an estimate of damages prepared and submitted, you will want repairs addressed by a professional contractor who will stand by his estimate and work product. The parties are to work cooperatively together to reach agreement on damages – not to minimize and ignore, nor fabricate and embellish, damages.

The National Roofing Contractors Association and the Colorado Roof-

ing Association websites provide useful information regarding the selection of a professional roofer. On the CRA website is a publication from the Denver District Attorney's Office – with an admonition: "Don't always choose the lowest bidder – almost all complaints to the DA's office are contractors with very low bids. You get what you pay for."

Insurance company representatives are aware that low, inaccurate and incomplete estimates do not provide a true measure of damages to your property. Assertions from insurance company representatives who profess to have secured a "comparative" estimate from a contractor for repairs in a low, lump-sum bid without necessary details should be challenged. This is especially true of contractors who often work with representatives of your insurance company – and are aware you already have a contractor. Knowing they won't be retained, estimates are prepared with a wink and a nod at costs significantly less than your contractor's estimate with assurances the work will be completed for the lower price. This is inappropriate.

Take responsibility for your claim and insist on cooperation from your carrier. Request a local representative with whom you can address claims-related matters and schedule necessary inspections of the property be designated on your claim. Question the motive of insurance company representatives who insist you do not need outside assistance.▲

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Codes

# New IECC codes stress sustainability, safety

**T**here are new commercial lighting code requirements for office buildings in metro Denver. The International Energy Conservation Code is a set of regulations enacted to create or enhance energy-efficient office building systems, including mechanical, lighting and power.

“This comprehensive energy conservation code establishes minimum regulations for energy-efficient buildings using prescriptive and performance-related provisions,” states the International Code Council’s website.

That’s a pretty sweeping declaration, the intent of which can lead to significant confusion for the non-technical minded. Fortunately, the ICC boasts that navigating the code is relatively easy for those users who do embrace technology, like engineers and building owners. The gist here is that the code is the latest and best version of the ICC’s push for sustainability and public safety.

The IECC rolls out a revision of the code every three years, the adoption of which is solely at the discretion of any given municipality. The city of Denver adopted the 2015 version of the code late last year, one of only a handful of municipalities metrowide to step up to the revision.

With any new building code revision, there is inevitable confusion and at least some consternation among the parties responsible for interpreting it, adopting it and enforcing it. The commercial lighting portion of the 2015 IECC is no exception. To understand its impact, let’s start with the broad strokes of what



**Tia Jenkins**  
President, Kieding,  
Denver

it requires for office buildings.

• **Power density.**

Existing and new buildings in Denver are required to reduce total watts per square foot. Lighting power density reduction is a way to instantly lower consumption across the board.

• **Controls.** New time clock controls and occupancy sensors are required as part of the performance-based provision of the code. That is, a number of new controls and sensors will mitigate “over fitting” of office spaces by regulating natural light levels in any given area.

Self-described daylight controls are dimming fixtures installed near windows and skylights adjacent to work areas, which automatically decrease manufactured overhead light when natural light becomes adequate for typical workplace tasks.

The seemingly omnipresent open-plan office requires more stringent lighting restrictions. Although there has been significant pushback on fully open office spaces in favor of hybrid styles, lighting options must adhere to either fully manual controls for open areas, or a mix of half automatic and half “manual on.”

Night lighting will not be permitted under the new code. Nonadjustable occupancy switches, more commonly referred to as motion sensors, are required for typical office suites. The only way for overhead lighting



Brad Nicol Photography

One example of required lighting under the 2015 IECC code is LED indirect 2- by 4-foot fixtures in a typical grid ceiling as pictured here.

to switch on, in this case, is when a person triggers the sensors.

• **Mechanical.** The new code requires that upgraded mechanical equipment be offset by a reduction in lighting power consumption. This applies primarily to remodeled office spaces. If this type of space requires a significant electrical service for new mechanical equipment, the standard electrical loads for power in any given suite must be decreased to compensate for the addition mechanical load.

• **Commissioning.** Although it has many meanings to those in the design and construction industry, “commissioning” as it relates to

lighting power generally is a quality-control process in which a third party reviews and approves the electrical design before a new building is delivered to its owner, or a remodeled space is ready for occupancy. Under the 2015 IECC, commissioning is required for all commercial projects.

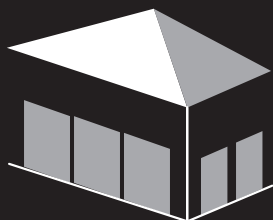
**Altruism Comes at a Cost**

Building owners and property managers know that a safe and healthy workplace is at the core of tenant retention. Without delving too deeply into workplace trends or

Please see 'Jenkins,' Page 28



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Sustainability

# We must continue to support, fund EPA's Energy Star

**B**y now most of you have heard the expression “what you measure, you manage.” If we take away the measuring tool, how do we assess performance? This is the exact situation we are facing if the Energy Star Portfolio Manager tool is scrapped.

To put it in perspective, imagine if you were going to the car dealership to buy a new truck (for hauling) and there is no information about horsepower, safety, fuel efficiency, towing capacity or how it rates against other trucks; how do you make an informed decision?

Energy Star Portfolio Manager from the Environmental Protection Agency is the most widely used tool in the property management industry to assess energy performance of a wide variety of building types. The CliffsNotes version for those of you who are not familiar with the tool and how it works, Portfolio Manager needs a few details to get started – building type, occupied/vacant square footage, number of occupants and computers, operating hours, energy use for at least one full year and the building location. Now, the magic happens. Portfolio Manager takes the building details and weather-normalizes the data to compare similar building types across the country.

This results in a relative score from 1 to 100; a score of 50 would be right in the middle, or the performance of an average building. The average performance information comes from the Commercial



**Amanda Timmons, LEED AP O+M**  
President, Ampajen Solutions LLC, Denver

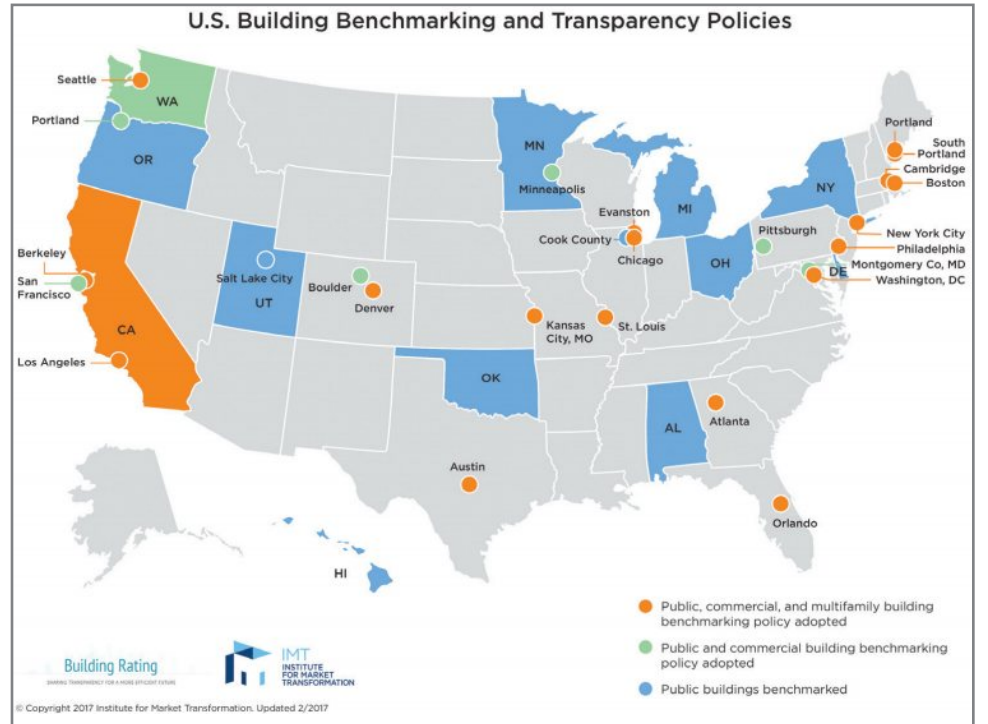
Building Energy Consumption Survey data, which is the basis for the Energy Star energy performance scale (1-100 rating).

To further dial it down, let's get technical for a moment on site energy use intensity, or EUI. Portfolio Manager first breaks EUI down by dividing 12 months of energy

use by the building gross square footage. The EPA then is able to obtain the source EUI based on the power plant, which is determined by the building location. This number is the amount of energy “burned” at the power plant per square foot.

For example, Building A uses 10 million kBtu of energy per year, and is 100,000 square feet. This is a site EUI of 100 kBtu per sf. Typically, we generate almost three times as much power at the power plant to deliver that electricity to the building (that much electricity is lost over the power-grid distribution system). So, Xcel Energy is likely generating about 28 million kBtu at the power plant to deliver that electricity to the building. This translates to a source EUI of 280 kBtu per sf. So, I now know my source EUI is 280 kBtu per sf ... but I don't know if that is good, bad or average performance.

The last CBECS survey was com-



Energy Star's Portfolio Manager is being used for mandatory benchmarking in many cities and states across the nation.

pleted in 2012 and included over 16 billion sf of office property data. The EPA is in the process of updating the Portfolio Manager tool to revise “average” building source EUI and set a new benchmark for relative performance, showing how today's buildings are performing against peer buildings. However, the new administration has the entire Energy Star program on the chopping block in the 2018 proposed budget – along with more than 50 other programs, which would cut the EPA's overall funding by 31 percent.

### Why This Matters

In the information age, this is a definite step backward. Tenants will pay a premium in buildings with strong, measurable performance. A July 2014 study of the L.A. real estate market released by CoStar showed that average rent for 1,975 nongreen buildings was \$2.16 per sf, while average rent for 296 Energy Star certified buildings was \$2.69 per sf.

Owners profit off of strong performance in another way. The same report found the average sales price of nongreen buildings was \$244 per

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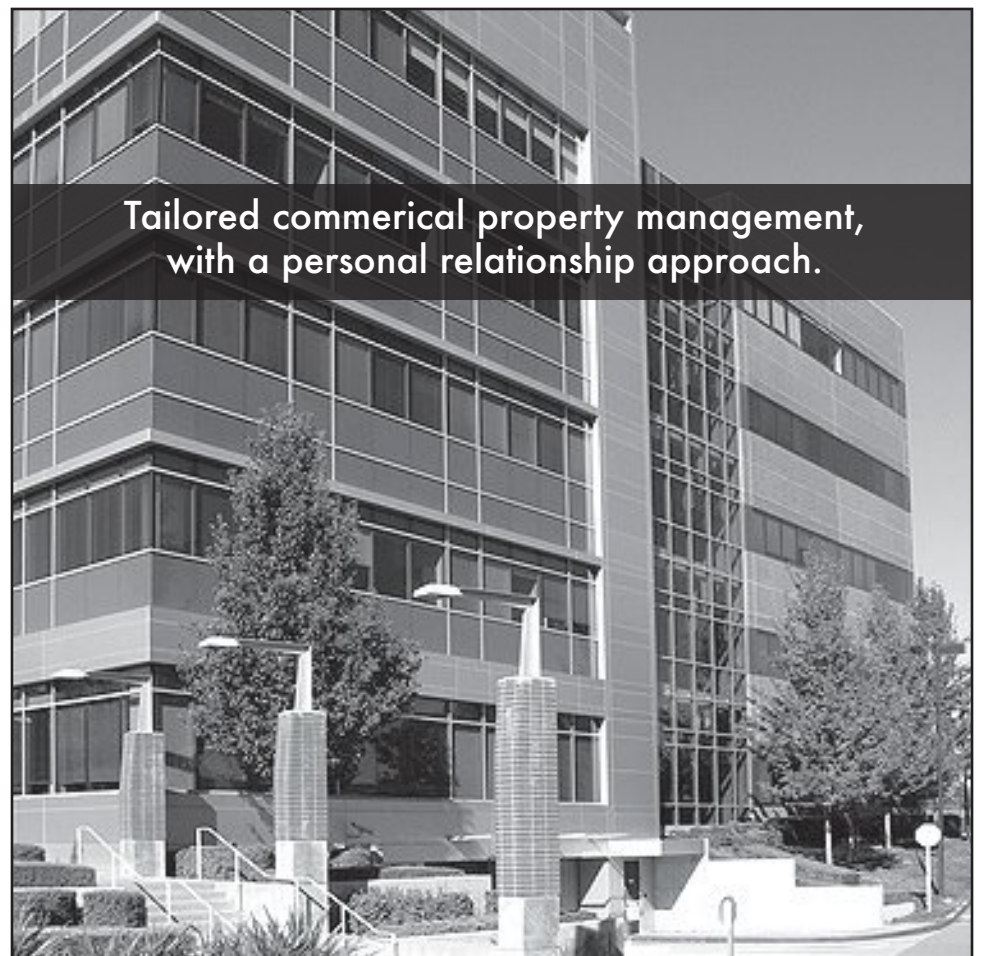
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# Sustainability

| Energy Consumption and Energy Use Intensity (EUI) |                              |                   |   |
|---|------------------------------|-------------------|---|
| <b>Site EUI</b><br>59.6 kBtu/ft <sup>2</sup>      | <b>Annual Energy by Fuel</b> |                   | <b>National Median Comparison</b>                             |
|   | Electric - Grid (kBtu)       | 13,689,601 (100%) |   |
| <b>Source EUI</b><br>187.1 kBtu/ft <sup>2</sup>   |                              |                   | National Median Source EUI (kBtu/ft <sup>2</sup> )            |
|   |                              |                   | % Diff from National Median Source EUI                        |
|   |                              |                   | <b>Annual Emissions</b>                                       |
|   |                              |                   | Greenhouse Gas Emissions (Metric Tons CO <sub>2</sub> e/year) |
|   |                              |                   | 1,707   |

Ampajen Solutions

Portfolio Manager provides carbon emissions information, which can help owners calculate the carbon footprint of their portfolio.

sf, while Energy Star-certified buildings sold for \$337 per sf. These are not whimsical expenditures, but investments by firms that understand demand for this premium office stock. Additionally, this information is being used for mandatory benchmarking. With the same idea as pro-

viding consumers with a nutrition label, cities (and now entire states) are adopting mandatory energy disclosure. Cities/states that have implemented the mandatory energy disclosure have seen savings of 2 to 3 percent each year, according to the Energize Denver website, again giv-

ing credence to what we measure, we manage.

Energy Star's Portfolio Manager tool is easy to understand and provides building occupants with information that many have never had. Subsequently, while larger, Class A buildings often have used Energy Star to understand performance, smaller buildings and many Class B buildings have never benchmarked. These buildings are "flying blind" when it comes to performance. Once the owners and managers see the energy performance scores of these buildings, perhaps decisions will be made to address energy efficiency, which can enhance profitability, save utility costs, reduce emissions and reduce demand on our power plants.

Next, Energy Star is a mandatory component of LEED certification. Any building applying for LEED v4 has to have an energy performance score of 75 or higher, a prerequisite to becoming LEED certified. Without Portfolio Manager, how are buildings going to apply for LEED?

There also are several easy-to-use features available for free in the program. Buildings can benchmark against past performance – again, because the tool factors occupancy into the score instead of just looking at usage, a building management

team can analyze how they achieved a score of 84 in the past when they are now at a 78, or tout the fact that they had a score of 65 when they took over management eight years ago and now have improved performance to 86 (among the top 14 percent of similar building types in the country).

Portfolio Manager also provides carbon emissions information. For owners looking at calculating the carbon footprint of their portfolio, this is a free tool that can be used to gather that information.

Finally, occupants in buildings are using more and more energy as they provide staff with multiple monitors, set up more digital displays or TVs in conference and break rooms, and install multiple kitchens and break areas in their suites. Without a different aspect of Energy Star, which rates computers, monitors, printers, dishwashers, refrigerators, etc., tenants cannot make informed decisions about their purchases, which have a significant impact on the building plug load/energy use.

But what about that other important resource – water? Locally, there is a metrowide recognition program called Watts to Water. Watts to Water provides awards and PR opportunities for building management teams who are operating buildings efficiently and those who are achieving significant improvements. Because the Portfolio Manager tool figures occupancy, operating hours and weather normalization into the score, it's the best available way to compare performance of similar building types. It's also a tool that can be used to easily share this data for analysis.

For now, these cuts are only proposed. Until then, all eyes will be on Washington, D.C.▲

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|--|---|---|---|--|
| Your source for energy efficient product information   |   |   |   |  |
| All Certified Products   | Appliances  | Lighting  | Office Equipment  | Electronics  |
| <ul style="list-style-type: none"> <li>Air Purifiers (Cleaners)</li> <li>Clothes Dryers</li> <li>Clothes Washers</li> <li>Commercial Clothes Washers</li> <li>Dehumidifiers</li> <li>Dishwashers</li> <li>Freezers</li> <li>Refrigerators</li> </ul>   | <ul style="list-style-type: none"> <li>Audio/Video</li> <li>Digital Media Player</li> <li>Professional Displays</li> <li>Set-top Boxes</li> <li>Slates and Tablets</li> <li>Telephones</li> <li>Televisions</li> </ul>  | <ul style="list-style-type: none"> <li>Ceiling Fans</li> <li>Commercial Light Fixtures</li> <li>Decorative Light Strings</li> <li>Light Bulbs</li> <li>Light Fixtures</li> </ul>  | <ul style="list-style-type: none"> <li>Computers</li> <li>Data Center Storage</li> <li>Enterprise Servers</li> <li>Imaging Equipment</li> <li>Large Network Equipment</li> <li>Monitors</li> <li>Small Network Equipment</li> <li>Uninterruptible Power Supplies</li> <li>Voice over Internet Protocol (VoIP) Phones</li> </ul> | <ul style="list-style-type: none"> <li>Electric Vehicle Supply Equipment (EVSE)</li> <li>Laboratory Grade Refrigerators and Freezers</li> <li>Pool Pumps</li> <li>Vending Machines</li> <li>Water Coolers</li> </ul> |
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| <ul style="list-style-type: none"> <li>Commercial Dishwashers</li> <li>Commercial Fryers</li> <li>Commercial Griddles</li> <li>Commercial Hot Food Holding Cabinets</li> <li>Commercial Ice Makers</li> <li>Commercial Ovens</li> <li>Commercial Refrigerators &amp; Freezers</li> <li>Commercial Steam Cookers</li> </ul> |   |   |   |  |

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A list of certified products can help tenants make informed decisions about their purchases, which have a significant impact on a building's plug load and energy use.

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Maintenance

# Arc flashes pose danger for maintenance teams

History tells us that in 1752 Ben Franklin flew a kite in a lightning storm, putting himself and his son, William, at grave risk of electrical shock and death. And yet, Franklin's approach to this important 18th century experiment may have been practiced with more safety and caution than the safety practices implemented at modern day buildings, in regards to their high-energy electrical panels.

Unfortunately, a vast majority of property managers and owners are foregoing a simple and relatively inexpensive study to ensure that their maintenance team is protected from what would be the equivalent of a lighting blast. The study, which is often referred to as an "arc flash hazard analysis" is only used by 1 percent of property owners throughout the Denver metro area. And while the chances of a killer arc flash occurring is perhaps as minute as being struck by lightning, the risk exists. And, if left unchecked, it could be a very costly one.

Scientifically speaking, an electric arc is a strong discharge of current that jumps a gap in a circuit or between two electrodes. Electric arc flashes produce some of the highest temperatures known to occur on Earth (some can be up to 35,000 degrees Fahrenheit, or 3.5 times the temperature of the surface of the sun).

The intense heat from the arc causes the sudden expansion of air, resulting in a blast with very strong air pressure. All known materials are vaporized at this temperature, and the air blast can spread molten metal to great distances with force.



**Dennis Moyer, PE**  
Electrical quality control, MEP Engineering Inc., Centennial

The "fuses" that can cause arcs aren't terribly uncommon. Personnel protective equipment should be used while working on energized equipment to help eliminate arcs.

Many things can cause these arc flashes. For example, dust and impurities can provide a path to allow the current to flashover

and create arc discharge across the surface. Fumes or vapors can reduce the breakdown voltage of air and cause a dangerous flash. Corrosion of equipment can provide impurities on insulating surfaces, also causing a deadly flash.

Accidental contact with energized-exposed parts can initiate catastrophic arc faults, and accidental dropping of tools may cause momentary short circuit, producing sparks and deadly arcs. And finally, failure of insulating materials can cause equipment to arc and flash.

The cost of having an arc flash hazard analysis performed far outweighs the consequences of a possible tragedy. A professional analysis will provide a property owner and manager with a critical labeling system for each and every part of their electrical system.

The labels will define the energy level for every piece of equipment and the level of personnel protection equipment required to work with or on the specified equipment. It also

| WARNING  |   |
|--|---|
| Arc Flash and Shock Hazard<br>Appropriate PPE Required   |   |
| 2' - 8"  | Flash Hazard Boundary                                     |
| 2.9  | cal/cm <sup>2</sup> Flash Hazard at 18 Inches             |
| #1   | PPE Category  |
|  | Arc-rated shirt and arc-rated pants or arc-rated coverall |
| 0.48   | kV Shock Hazard when cover is removed                     |
| 3' - 6"  | Limited Approach  |
| 1' - 0"  | Restricted Approach - Class 00 Voltage Gloves             |
| **   | Prohibited Approach - Class 00 Voltage Gloves             |
| Equipment Name: 02 MDC-1 (Fed by: 4000/3 IN MDP-1)   |   |
| If < 1.2 cal/cm <sup>2</sup> - Natural fiber long sleeve shirt and long pants (No synthetic materials) |   |
| Prepared by MEP Engineering, Inc. May 15, 2017   |   |

Arc flash hazard studies often result in a labeling system, which state warnings for dangerous conditions for different pieces of electrical equipment.

provides techniques for reducing energy levels and putting in necessary protection devices.

A thorough analysis will make it very clear to a maintenance team where dangerous conditions exist, and when they should consult a professional electrician before opening the cover of a high-voltage electrical panel.

For example, the labeling system will define the following:

- **Flash hazard boundaries.** The distance from exposed live parts in which a person could receive a second-degree burn if an arc flash were to occur.
- **Flash hazard at a certain distance.** Danger levels at certain distances.
- **System voltage warning.** Information that describes when there is a

potential risk of a shock hazard.

• **Limited approach boundary.** Unless advised of the possible hazards and escorted by a qualified person, no unqualified person shall be permitted to approach nearer than the limited approach boundary.

• **Restricted approach boundary.** No qualified person shall approach or take a conductive object closer to exposed energized electrical conductors or circuit parts unless the person is insulated or guarded.

In the era of Benjamin Franklin, safety measures such as an arc flash hazard analysis didn't exist. Fortunately, modern day property owners have this type of analysis at their disposal and can implement it to create a much safer working environment for their maintenance team.▲

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\*Colorado Department of Agriculture (CDA) - June 2016



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## Maintenance

## The best alternatives to plant in place of ash trees

Some of you may have noticed that ash trees are no longer for sale at many nurseries throughout Colorado. The reason is no bigger than a penny, but has killed over 50 million ash trees across 29 states.

It is known as emerald ash borer, which currently is threatening ash trees in two Colorado communities – Boulder and Longmont. It is not necessarily a matter of if, but rather when, it will spread to neighboring cities and beyond.

For property managers, EAB can be cause for alarm on many levels. First and foremost, your job is to maintain the overall beauty and appearance of the property. EAB does not make that an easy task once it has infested ash trees because the canopies die off quickly as the nutrient and water supplies are cut off from the trunk of the tree.

Additionally, trees that are evaluated and ultimately identified for removal pose a safety risk to patrons and tenants. Having those trees removed and replanted is costly, and the process of finding a new tree species to replace a beloved ash trees can be daunting.

I'm often asked what are suitable and desirable tree to take their place. Ash trees, (*fraxinus pennsylvanica* and *fraxinus americana*) green and white ash, respectively, were once a popular tree choice because they were easy to establish in our dense Colorado soil, grew quickly and provided beautiful fall colors.

Because of these characteristics, they were overutilized in our landscapes. Reaching almost 40 to 60 feet high, ash trees also made the perfect shade tree in backyards, parks and commercial properties.



**Tony Hahn**  
Landscape care  
consultant, Swingle  
Lawn, Tree &  
Landscape Care,  
Denver

Since the discovery of EAB in Boulder County, requests for recommended alternatives are increasing. This is not an altogether easy question to answer.

There are a few factors to consider when deciding on a tree, including:

- How long does it take for the tree to grow large enough to start providing shade?
- Does the prospective tree have any obvious insect or disease problems?
- Are there frustrating characteristics like messy fruit to clean up?
- What are the desirable features of the tree?

Since there is no such thing as the "perfect tree," we then have to weigh the advantages versus the disadvantages of each. Here is what I think.

I do not want a tree that grows fast. Faster-growing trees are softer-wooded trees, which are prone to snow damage. We live in an area that is subject to heavy, wet snowstorms early in the fall and late in the spring. I want a tree that will be resilient to snowstorms, yet grow reasonably quick so it won't take a generation to enjoy some shade.

I want a tree that has few, if any, insect or disease problems to avoid having to pour money into maintaining it. I want a tree that does not have messy or unpleasant smelling fruit that would add to my maintenance chores. I want a tree that adds value to my landscape and one that has visual appeal. And I want it to be able to survive Colorado's weather extremes.



*Red maples need protection from intense heat, making them ideal for east- or north-facing exposures.*

Luckily, there are trees that meet all of these demands. However, the exposure – what side of the building it will be located on – is something we need to determine before planning.

Since well over 90 percent of landscape plantings are not native to Colorado, doing some research into where the tree is indigenous is helpful. Trees that optimally grow in Colorado must be from a location that is cold hardy.

Most trees that are "pleasing to the eye" are delicate. Trees with attractive and unique flowers, such as eastern redbud or magnolia, need protection from the intense heat, which occurs on a typical south- or west-facing exposure. Many of the trees with attractive red or orange fall colors cannot tolerate a south- or west-facing exposure as well.

The best trees for this brutal south- or west-facing exposure are notoriously not fancy. They include:

- Hackberry
  - Honeylocust
  - Linden
  - Buckeye
  - Horsechestnut
  - Coffeetree
  - Elm
  - Silver maple
  - Catalpa
  - Hawthorn
  - Sycamore
  - Planetree
  - Ornamental pear
  - Members of the white oak family
- For less brutal locations, such as an east- or north-facing exposure, possibilities include:
- Whitespire birch
  - Purple and tri-color beech
  - Sugar maple, red maple, wasatch maple and Norway maple
  - Red oak, scarlet oak and "Texas red" oak
  - Serviceberry
  - Redbud
  - Yellowwood
  - Tulip poplar
  - Japanese pagoda tree
  - Hornbeam
  - Ginkgo
  - Alder
- And finally, there are some trees I would not place into consideration ... ever! These include any species of:
- Willow
  - Cottonwood
  - Russian olive
  - Tree-of-heaven
  - Sumac
  - Buckthorn
  - Chokecherry
  - Siberian elm
  - Boxelder
  - Mulberry▲

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## Management

## 5 steps to evoke customer service excellence

Disney, Nordstrom, Ritz Carlton, Southwest Airlines, Zappos, Chic-fil-A – all names that evoke customer service excellence. In property management, there doesn't seem to be a champion, a pioneer or a clear leader.

Fundamentally, property managers sell service (or, at least, they should). We believe that customer service is an often overlooked component of the property management industry. There is a lot of talk about the subject, but not much action.

Large national and international firms dominate the commercial property management industry. Yet, not one company has separated itself from the field in terms of customer service excellence and innovation. Many are leaders in brokerage services, marketing and brand awareness but, for a number of reasons, they are not leaders in customer service.

First, the size of these firms has the potential to stand in the way of taking a leadership role when it comes to customer service. In a large, diverse, geographically expansive organization it can be hard to communicate and get buy-in on a clear, concise message of purpose. Just think how difficult it can be to create a comprehensive and effectual customer service strategy across an organization of substantial size and geographic expanse.

Second, a laser focus on monetary benchmarks can stand in the way of excellence in customer service. Today's workforce, more than ever before, wants to be engaged in a meaningful pursuit – they want more than just an opportunity to collect a paycheck. Employees want more



**Linda Kaboth**  
Vice president,  
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Englewood

than to show up to work in order to meet next quarter's Wall Street earnings targets. Zappos, Nordstrom and Southwest Airlines have found a way to succeed in engaging their employees and customers under a common purpose – yet so many other firms have fallen short.

Finally, a lack of passion becomes an impediment to

customer service excellence. In order to be great at customer service, you need to be motivated by it. It needs to drive you to be better. Think about the liberal return policy at Nordstrom. Years ago, upon hearing of this idea, I can only imagine a significant number of employees likely would have said, "We can't do that, people will take advantage of us; what if the clothes have been worn or damaged; how can we accept a return without a receipt; what if ... what if ... what if ..." However, the leaders at Nordstrom did not let these "what ifs" stand in the way of committing to a strategy of being passionate about its customers and doing what was best to serve its customers' needs.

Many of the large real estate firms don't suffer from a lack of resources – they invest heavily in money, people and technology. These firms are led by very smart people who understand the importance of tenant relations (i.e., customer service) to occupancy and net operating income.

Remember, customers are not just tenants. Customers in property management extend to listing brokers, vendors and owners.

Property management firms should be asking themselves what they should be doing in order to be a customer service leader. The answer: Take action!

• **Make it mission critical.** The importance of customer service cannot be diminished or overlooked. It needs to be the driving force in your company, and the reason to show up for work. Remember, customers are not just tenants. Customers in property management extend to listing brokers, vendors and owners. Design and fiercely implement specific programs that deliver the best tenant, owner, vendor and broker experience at your properties.

• **Empower employees.** Property managers should be empowered to break away from the traditional "business as usual" mindset and behavior. Even if there are "what ifs," don't make the mistake of limiting actions that might improve customer service for the majority.

• **Communicate the mission.** There is no such thing as overcommunicating to your employees and the market

that you value customer service. It should be reinforced on a daily basis through emails, personal notes, gifts and advertising in which excellence is celebrated and rewarded.

• **Train, train, train.** Continual training on basic customer service approaches should become commonplace. There are thousands of basic customer service programs that deal with the best proactive and reactive approaches. Continual reinforcement of these concepts is important.

• **Be passionate.** You cannot fake passion for customer service, because your customers will see right through it. Stop dumbing down the property management profession, and hire and train property managers like the professional real estate consultants that they are. Find those who are passionate about the business, the properties and the customers, and let them lead with passion.

With these five action items, your firm could be the next name that evokes customer service excellence in property management.▲

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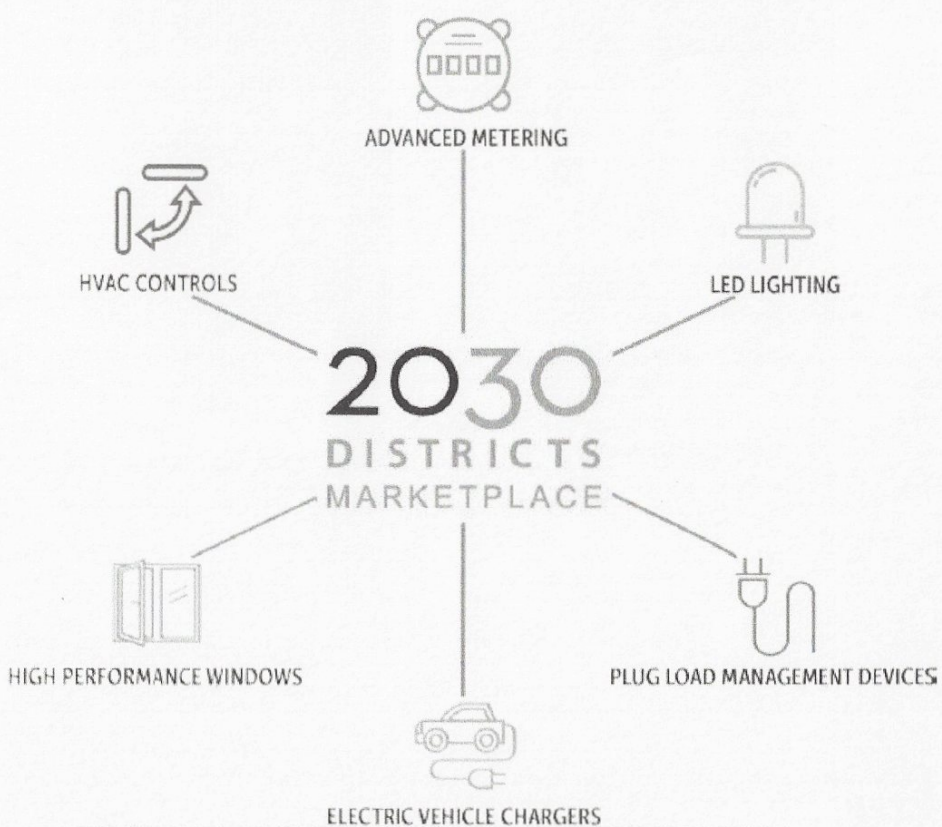
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## Construction Trends

## The unexpected cost of constructing empty space

**W**hat in the world is going on with office space? What does “traditional office” even mean anymore? In the last decade, we’ve experienced significant changes to the construction style of office space, and the emergence of alternative workspaces look like the changes have just begun.

As a tenant improvement general contractor, we’ve had front row seats to watch this transformation. We saw the traditional office environment trend toward open concept. We then watched office buildings experiment with open ceilings, raw floors and exposed walls. Now



**Bob Bergeson**  
Executive vice president of tenant improvement, The Vertex Cos. Inc., Denver

the collaborative work environment seems to be incorporating these features and adding even more twists.

The exposed concept, often referred to as industrial, began in the 1960s with the repurposing of old factories for residential lofts and apartments. Rather than focus on the concealment of the bones of a building, this new trend focused on the inherent



**Ashley Combs**  
Business development associate, The Vertex Cos. Inc., Denver

functionality over form of factory buildings, presenting a new aesthetic that transcended residential and became quite common in commercial design. Retail was first to join the trend. I remember when restaurants started moving toward this design and thinking cynically to myself,

“Well, that’s one way to cut remodel costs.” However, after years of estimating and constructing industrial-designed spaces, it is very apparent this style often costs significantly more.

The inevitable question is: How much more? This is difficult to quantify as each project has many different factors at play – ever heard a contractor say that? – but since we all want numbers, I’ll reluctantly oblige.

Let’s first set a benchmark of \$30 to \$40 per square foot to remodel a traditional space staying within the same style. To convert this same space to an exposed concept could increase construction costs by \$10 to \$30 per sf. Many wonder why getting rid of walls and ceilings would cost more.

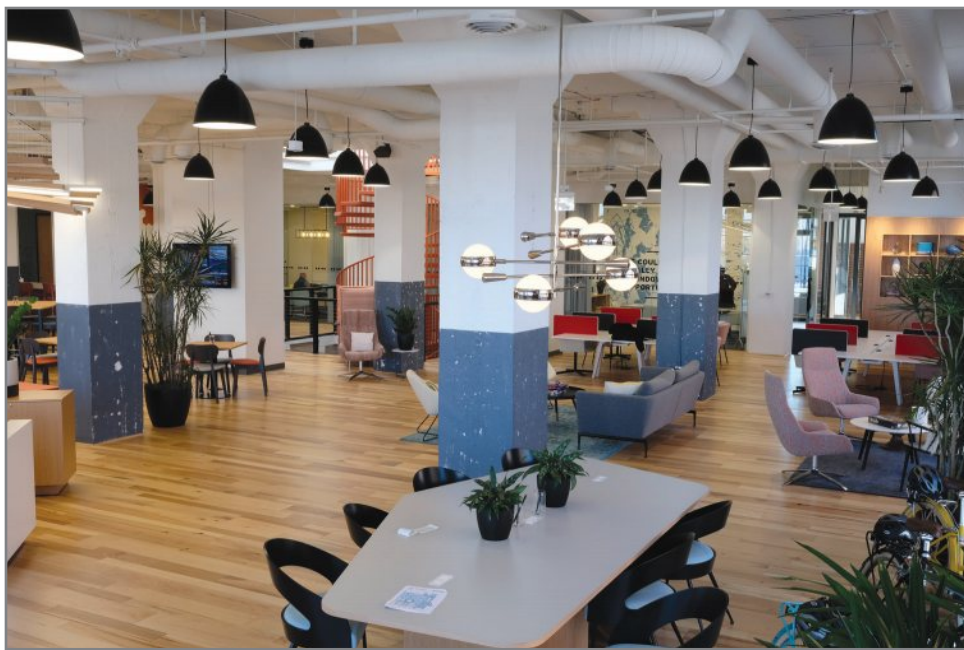
Construction of raw space isn’t as simple as gutting the walls and ceilings. What ends up being exposed needs to be clean, safe and visually pleasing. Since the ceiling is completely exposed, abandoned pipes

and wires must be removed back to their source. Duct work often will be upgraded to spiral ducting. Lighting fixtures can no longer lay into ceiling grid, so new fixtures are needed throughout. Sprinkler heads need to be turned up to cover the ceiling. Often, the newly exposed ceiling elements are fully painted.

Exposing the concrete floors isn’t easy either. Carpet glue, tile mortar and mastic must be ground down and rough surfaces smoothed over. The surface now needs to be stained, polished or sealed. If exposing exterior walls is desired, the electrical needs to be ran through conduit. The rooms that do remain or will be built most likely need privacy. Soundproofing for conference rooms, huddle rooms and IT will need walls to deck or insulation and sound boots.

After this process is complete and the raw space is, well, finished, there are still more elements that need to be built into this new environment to be considered collaborative. Kitchens and break rooms are no longer hidden but instead are open with islands and bars for employees to gather. Game rooms, lounges and huddle rooms are all deliberately designed within it. Collaborative workspace isn’t just a cavernous, empty room; it’s purposeful in its design elements to encourage natural interaction. The exclusion of physical barriers like walls and cubicles plays a big part in collaborative design.

Alternative workspaces will continue to evolve, as we have seen



Ryan Mele, Vertex

Exposed ceilings, as seen here at the Blake Street Ballpark Spaces office, often require a lot of clean up, including abandoned pipes and wires being removed back to their source, spiral duct upgrades and new lighting fixtures throughout.

Please see 'Bergeson,' Page 28

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## Design Trends

## Popular office trends allow for flexibility, versatility

There are many new and exciting trends happening in workplace design, from unique breakout workspaces to the ability to move office walls around within hours. In the ever-changing workplace, employees and employers want versatility. People want a variety of spaces to work within throughout the day and flexibility within those spaces. Following are some of the top workplace design trends property managers should consider when designing common areas, working with new tenants and building out unleased office space.

- **Varied seating.** Providing a variety of seating options allows people to move throughout the space to perform different tasks in areas that are conducive for them. This includes integrating tables for standing and sitting, lounge furniture mixed with task furniture, and height-adjustable desks. Offering this flexibility to employees and tenants allows them to work freely throughout a space and create variety from the day-to-day grind.

- **Breakout meeting spaces.** In any field, impromptu meetings happen on a daily basis, but in an open work environment these can be disruptive and distracting for other employees. Creating dedicated spaces for these meetings of the mind helps boost creativity and productivity. Providing amenities like flexible furniture, white boards, technology and lounge furniture gives incentive for employees to actually leave their workspace and use the meeting spaces.

- **Phone booths.** Nothing makes it



**Kristen Terjesen, NCIDQ**  
Principal designer,  
Studio 10 Interior  
Design, Denver

harder to focus on the task at hand than when your neighbor is carrying on a phone call. Inevitably your thoughts begin to drift to their conversation, pulling you away from your work. Creating noise-reducing phone booths or private areas provide an oasis for carrying

out conference calls, telecommuting or cranking out items under extreme deadlines.

- **Versatility.** In today's fast-paced world, your tenants may double in size overnight or may restructure in a blink of an eye, which creates new opportunities for office layouts. Keeping the furniture (and, yes, even the walls) flexible helps meet a company's every need. This versatility helps tenants expand and contract offices and conference rooms as well as shift open-office layouts to accommodate changing needs, all while productivity is at the forefront.

There are several office wall systems currently on the market that provide the ability for a property manager or a building tenant to move walls, increasing or decreasing the size of office space based on the needs of the specific company. This is being used a lot in co-working spaces. The systems allow property managers the ease and flexibility to move around walls, telecom and data cables within



Studio 10 Interior Design

New office wall systems allow a property manager or a building tenant to move walls, increasing or decreasing the size of office space based on the needs of the specific company.

hours, which saves time and money in man hours.

- **Collaboration.** Collaboration is the new work model. Whether this includes a long community table for people of different departments and companies to work side by side or a co-working space that fosters community, collaboration is becoming a vital component of the modern work world. The community creates a feeling of connectedness in today's technology-driven world by allowing people to get back to the basics of networking, developing relationships and feeling like part of

a collective whole.

The large corner office is a thing of the past and today's workforce requires touch-down spaces in order to quickly connect on the go.

By including varied seating, breakout meeting spaces, versatility and collaboration spaces within your commercial office workplace, property managers can easily move and change spaces to fit the end user's needs. These spaces provide the building the flexibility to change the office layout for the growth or down size of the tenants that occupy that space.▲

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# Watts to Water celebrates energy management

The seventh annual Watts to Water awards ceremony, held during the Denver Metro BOMA June 2017 luncheon at the Denver Athletic Club, recognized outstanding buildings in the greater Denver metro area for superior achievement in the reduction of energy and water consumption.

Watts to Water is a free metro-wide recognition program dedicated to the reduction of energy and water consumption in the greater Denver metro area.

Last year, Watts to Water members purchased 11.61 million kWh grid of electricity and saved 3.19 million kBtu of natural gas, 6.29 million kBtu of district steam and 517.49 million gallons of water. That's enough electricity to power 1,074 homes for an entire year, enough steam and gas to heat 148 homes for one year, and enough water to run the average dishwasher more than 86 million times.

Congratulations to the following 2016 Watts to Water winners!



National Park Service

**Most Efficient Building – Office:** National Park Service, 12795 W. Alameda Pkwy

- Owned by Gov Lakewood Properties Trust and managed by The RMR Group
- Energy Star score of 98, and water use intensity of 0.015 kGal per square foot, or 4.78 kGal per person

The National Park Service Building achieved the best combined performance of energy and water efficiency for office buildings in 2016.



1331 17th St.

**Greatest Improvement in Efficiency – Office:** 1331 17th St.

- Owned and managed by Zeller Realty Group
- Energy Star score increased by 3 points. The building saved more than 1.16 million kBtu of electricity and more than 163,578 kBtu of natural gas. It also had an 11.32 percent energy reduction, reduced water use by 655,300 gallons, and saw a 24.11 percent water reduction.

All of saving at 1331 17th St. were achieved with an increase in occupancy.



9025 Grant St.

**Most Efficient Building – Medical Office:** 9025 Grant St.

- Owned by SNH Medical Office Properties Trust and managed by The RMR Group
  - Energy Star score of 91 and water use intensity of 10.56 kGal per sf
- 9025 Grant St. achieved the best combined performance of energy and water efficiency for medical office buildings in 2016.

**Most Efficient Building – Multifamily:** Spire, 891 14th St.

- Developed by Nichols Partnership and managed by Centennial Realty Advisors
  - Energy Star score of 86, and water use intensity of 10.56 gallons per sf
- Spire achieved the best combined



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## Associations

performance for multifamily of energy and water efficiency for 2016.



Independence Plaza

**2016 Visionary Award:** Independence Plaza, 1050 17th St.

- Owned by Independence Plaza Investment Group Inc., and managed by JLL
- In 2016, the building saved 564,000 gallons of water (a 34 percent reduction from 2013 water-use levels) and nearly 5.5 million kBTUs of combined energy savings from 2013 levels, an 8.7 percent reduction. Building improvements include a cooling tower replacement, tenant cooling unit retrofits, plumbing retrofits, fountain work, elevator modernizations, LED retrofits, VFD installations, motor upgrades and steam demand reduction.
- Independence Plaza saw major reductions in water and energy savings from 2013 to 2016.
- In addition, Watts to Water recognized several other program par-

ticipants who achieved 10 percent or more in energy or water savings from 2015 to 2016.

**Energy Super Savers**

- 410 17th Street – Callahan Management
- 4600 South Syracuse Street – Cushman & Wakefield
- 7301 Corporate Center – The RMR Group
- Atrium II – Cushman & Wakefield
- Mountain View Corporate Center IV – Westfield Property Services
- Panorama Corporate Center IV – Everwest
- Summit I – Cushman & Wakefield
- Summit II – Cushman & Wakefield
- Waterview IV – The RMR Group
- Westmoor Building 7 – CBRE

**Water Super Savers**

- Atrium III – CBRE
- The Citadel – Cushman & Wakefield
- Granite Tower – Transwestern
- Kittredge Building – Kittredge Properties Ltd.
- One & Two Greenwood Plaza – Cushman & Wakefield

Watts to Water is open to any 5,000-sf or larger office building, hotel or multifamily residence. It is sponsored by Denver Metro BOMA, Ampajen, dbmarketing and the city of Denver. Watts to Water offers participants free sustainability training, tips and advice on how to best use Energy Star Portfolio Manager.▲



Energy Super Savers



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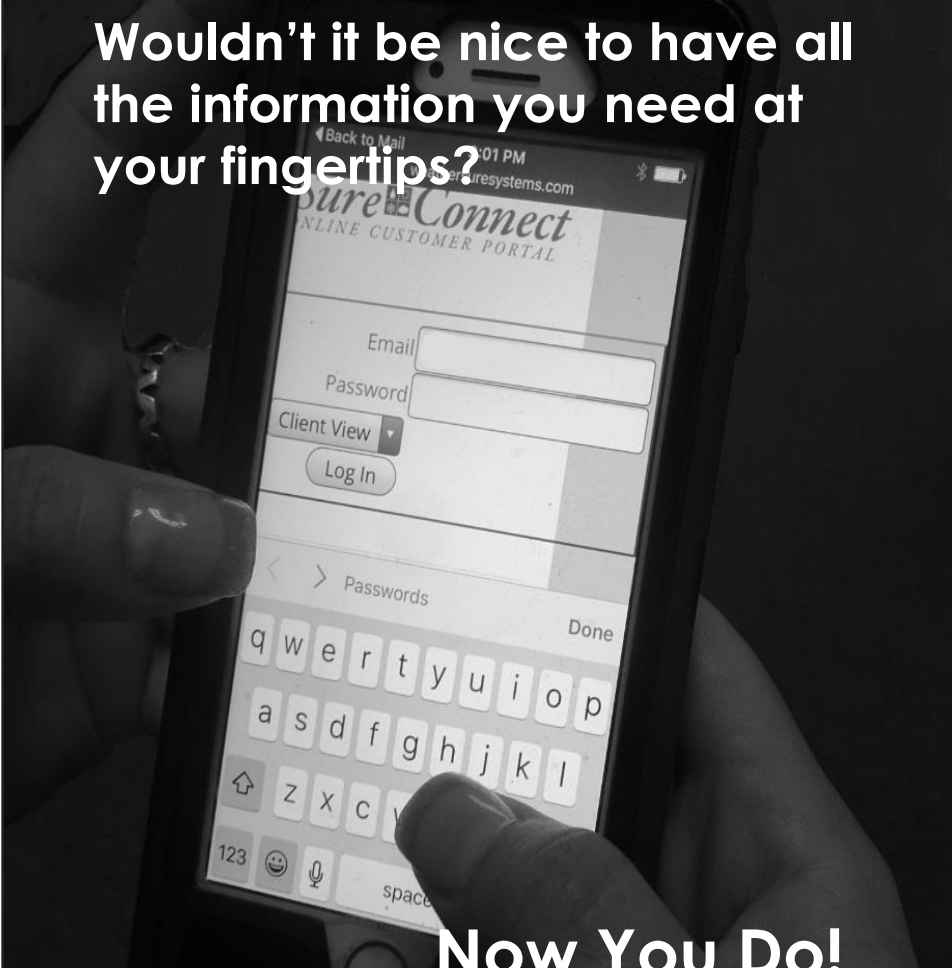


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# Staffing

Continued from Page 1

to fill engineer positions. She also has a standing list of managers who ask her to send along résumés anytime she receives them, which she does.

As part of their job, vendors are expected to know all the engineers in town and talk to them and property management teams regularly, making them an easy resource, she said.

These are options for finding individuals already in the field, but it still leaves the bigger problem of recruiting new employees to this line of work.

As an industry, building engineer wages have not kept up with many of the wages tradesmen can get elsewhere, leading to a continuing problem of finding qualified help, Wilske said. This means that entry-level positions are the most common, which require greater time and energy spent on training these new employees – making it doubly frustrating if they quit. And entry-level positions typically include the things nobody else wants to do, making it not the most desirable – or highest-paying – of jobs. However, the field offers ample opportunity for growth.

“It seems like nowadays, kids out of high school want the money right off the bat and they don’t want to work for it,” Wilske said. “And that’s a continuing struggle we have – trying to find those people who actually want to be here and want to work.”

Growing an employee from entry-level to a senior position presents its own challenges. To be qualified for the positions taking care of the meat of the building, an individual must have an extensive understanding of the technical work as well as strong leadership and management skills.

It’s not uncommon for some technicians to enjoy what they do without having a desire to move up the ladder, said Wilske.

While the reliance on a trade background among new employees seems to be dwindling, property managers who have good contacts at the trade and vocational schools still may have a head start accessing new employees. These programs can help identify students who are interested in working with their hands in this type of work.

Trade schools are establishing creative ways to encourage student

a Ready2Work program was established, which follows a boot-camp model to introduce students to the building maintenance and energy-efficiency industries. Ed Hegwood, an HVAC instructor at the college, founded the program in partnership with industry employers to offer students an intense, two-week introduction into the industry.

As buildings become more dependent on technology, the prerequisites for certain building maintenance positions may change. But for now, trade schools are still the best bet for the computer-savvy employ-

pay more for it.”

It’s Lewis’ personal philosophy that the wages of all trades will increase as the industries adjust to attract a younger workforce. This wage enticement is necessary to shift the millennial and Generation Z perception that a desirable income is mainly achieved through white-collar positions.

Industry associations are recognizing the severity of this staffing challenge as well. For example, BOAC offers a résumé file in which member engineers can submit their résumé and any property manager can search the database.

An informal group, Denver Engineers and Facilities Conversation, was established to help engineers learn from one another. Through educational lectures and free-flowing conversations, these engineers try to pass knowledge down to the newest generation. Without assistance from each other, first-time engineers can be thrown into scary situations and fail miserably, said Wilske, who heads the group.

Both associations see the benefit of internship and mentoring programs. However, operating on smaller budgets, neither program has come to fruition. Larger organizations, such as BOMA or individual property management firms, may have more financial wherewithal to help put this type of program together, Lewis said.

“I think internships would be a great idea – get them into the building, let them get their hands dirty, and let them see if this is something they want to do,” Lewis said. “Hopefully you’ll weed some of them out and you’ll grab some kids who maybe didn’t know this is what they wanted to do.” ▲

“I honestly think wages are going to go higher. It’s supply and demand – if there’s not enough people in it and there’s a huge demand, then people will start to pay more.”

-Kim Lewis, BOAC State Chair

interest. For example, Emily Griffith Technical College partnered with Proapartments.com and the Apartment Association of Metro Denver to create a maintenance apprenticeship program.

The six-week program, MAP, is designed to train future maintenance professionals with the skills needed for a career in the apartment industry. The program consists of an in-class and on-site paid training apprenticeship, according to the program’s website.

At Red Rocks Community College,

ees as well. However, these skilled employees can present a challenge in maintaining the bottom line, said Wilske.

Wage increases could be on the horizon for most experienced engineer staff members, in order to align with wages they could make in another line of work using the same skillset.

“I honestly think wages are going to go higher,” said Lewis. “It’s supply and demand – if there’s not enough people in it and there’s a huge demand, then people will start to



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**AFTERNOON**      **Industrial Summit & Expo**

**Thursday, October 19**      **MORNING**      **Fall Multifamily Development & Investment Conference & Expo**  
**AFTERNOON**      **Commercial Development and Investment Opportunities in Colorado Springs and Ft. Collins/Loveland/Greeley**

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## Sessions

Continued from Page 4

• **Sessions:** Can an owner withhold consent to an assignment or subletting?

• **Halstead:** Yes. The standard for reviewing a proposed assignment or sublease will be determined by the lease. By way of example, a landlord may have the right to withhold its consent in its "sole discretion." More often, however, a landlord must be "reasonable" in evaluating a proposed assignment or sublease. Some leases specifically define bases that may be considered "reasonable," while others are silent. In most cases, it is appropriate to consider the financial strength of a prospective subtenant or assignee, their business experience, the tenant mix within a property and the proposed use by the subtenant or assignee.

• **Sessions:** Is it customary for the assignee of a lease to assume the obligations of the assignor/tenant under a lease?

• **Halstead:** Yes. An assignee usually

assumes the obligations under the lease accruing on or after the date of an assignment. Ideally, the assignee and assignor will be jointly and severally liable for obligations accruing after the date of the assignment. For clarity, it should be clear which party will be responsible for any common area maintenance, tax or insurance reconciliations that may take place at a later date and who is entitled to the return of any security deposit at the expiration of the lease.

• **Sessions:** Are assignment provisions heavily negotiated? What are the main points at issue?

• **Halstead:** Sometimes. It's not uncommon for a proposed assignee to try and negotiate a longer lease term or renewal options, particularly if they are buying a business from the original tenant. A landlord may request additional security for the performance of the lease if the assignee's financials are not as strong. Perhaps the biggest point of contention is whether the original tenant and any original guarantors will remain liable

for the lease obligations and, if so, for how long.

• **Sessions:** Is a sublease a safer alternative to an assignment?

• **Halstead:** From a landlord's perspective, subleases make sense when the subtenant is leasing less than the entire premises and/or for less than the entire term of the lease. Otherwise, creating privity of contract with the party that will be occupying the leased premises by virtue of an assignment while preserving claims against the original tenant is preferred.

From a tenant's perspective, a sublease may be preferred over an assignment given that it provides the tenant with some element of control in the event of a default by the subtenant. By way of example, an original tenant might reenter the premises and reinstate its business operations following a default by a subtenant.

• **Sessions:** What other provisions of a lease may be modified as a result of an assignment or sublease?

• **Halstead:** Permitted uses, expira-

tion dates, identities of guarantors, nature and extent of renewal options, any number of terms.

• **Sessions:** When should an owner withhold consent for an assignment or sublease?

• **Halstead:** A landlord should be cautious in evaluating a prospective assignment or sublease and would not want to withhold its consent in violation of the standard set forth in the lease. By way of example, a landlord could be exposed to claims for tortious interference with a sale of a business.

One way to limit this type of exposure is to include express language in a lease limiting the tenant's remedies to specific performance in the event a landlord wrongfully withholds its consent. Withholding consent may be appropriate where the proposed assignee or subtenant's use differs from that of the original tenant, where the proposed assignee or subtenant has limited business experience, weak financials or a criminal history.▲

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## Jenkins

Continued from Page 10

office design, it is the human factor – the quality of life – that most often can dictate tenant satisfaction and subsequent retention.

The manner in which people interact and collaborate within any given building lobby or office suite in today's commercial marketplace can supersede design and even location. So again, health and safety are the foundation on which owners can build their brand and overall tenant satisfaction. The 2015 IECC promotes the improvement of that foundation.

The pragmatic side of that equation is that landlords must obey the new code requirements in order to obtain building permits. And that's not cheap.

The 2015 IECC code leverages innovative technologies that were not fully available in 2012. Almost certainly, the 2018 code will introduce new

and improved products and methods of lighting power that we don't know about yet. For municipalities that choose to adopt the new code, there is a significant expense in upgrading obsolete products and systems or choosing new ones to meet compliance.

State-of-the-art fixtures, switches and sensors cost more because they're new and perform at a higher level. It would behoove landlords to standardize new equipment in remodels rather than mix and match pieces and parts from different manufacturers. Although this certainly adds yet another level of expense, repair and replacement outlays at the front end can be eased by reduced energy costs over time. And it's better for the environment.

Commissioning can cost owners 14 cents to \$1 per square foot or more. That is a staggering cost by any measure. All office remodel

projects in Denver require electrical commissioning and most require some level of mechanical commissioning as well. While this type of "soft cost" may be difficult to recover, landlords can take comfort in the notion that their buildings and tenant spaces have been formally inspected and tested for functional performance. Aside from the obvious benefit of having the most efficient and sustainable systems available, landlords who have complied with the code have a certified marketing edge over those who have not.

Forward-thinking municipalities understand that technology is the glue that holds the 2015 IECC code together, and technology isn't going away. It's just a plus for all parties involved when technology is the driver for both life-safety and energy conservation. It's also good business. ▲

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## Bergeson

Continued from Page 20

firsthand from our national work with Spaces, a leading collaborative workspace provider.

"The professionals who rent Spaces workspace prefer our boundless common areas without barriers to organic collaboration with others who are sharing in the same struggles and successes of entrepreneurship," said Sheldon Shadrach, Spaces area manager.

What this means for tra-

ditional buildings attracting collaborative workspace tenants is nothing new: The usual cost-benefit analysis of tenant type and prediction of the life of a trend remains. However, negotiating who will bear the increased costs of the transformation gets a bit trickier. Sophisticated tenants and brokers will recognize much of the costs are related to permanently repositioning a space and not related to usual finishes. Owners and property managers will have decisions to

make whether a portion of their assets should be repositioned to accommodate for this demand and whether premium rates are justified.

The industrial look and collaborative work environment is much more than just empty space. It is deliberately designed and becoming more desirable for a wider range of tenant types. While the construction itself may cost more than traditional finishes, what is the opportunity cost of ignoring the trend? ▲



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