



# SRG green

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News about how we're protecting the environment.



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Renderings of SRG's Westgate Pasadena (left) and The Crossing in Anaheim. Both transit-oriented apartment projects are being built to LEED standards.

## SRG Is Greenest Privately Held Apartment Developer In SoCal

When it comes to ranking privately held developers of environmentally sustainable apartments in Southern California, the SARES•REGIS Group is the greenest of them all.

SRG is building 792 multifamily units in Anaheim and Pasadena to USGBC standards for LEED certification and plans to build hundreds more apartments in Pasadena to the same high environmental standards.

“We made the decision in 2006 that every new development we design and develop will meet LEED requirements,” said Bill Montgomery, President of SRG’s Multifamily Acquisitions & Development Division.

“We and our investors are committed to going green because it is good business and it’s the right thing to do,” Montgomery said.

Construction is under way by SRG on Westgate Pasadena, an 11.7-acre transit-oriented urban village of 480 apartments. Plans are to build 340 more apartments on the site that will include 23,000 square feet of retail services. Westgate is two blocks from the Del Mar Station of the Metro Gold Line, which runs 98 trains daily to Union Station. The Gold Line also has rail connections to Long Beach, Mid-Wilshire, Warner Center and Los Angeles International Airport and connections to 200 Metro Bus lines serving Los Angeles.

Westgate will begin leasing activities this fall on the first-phase of the project.

In Anaheim, construction is under way on The Crossing, a 312-unit transit-oriented apartment community that is virtually at the confluence of the 55, 91 and 57 freeways. Residents of The Crossing also will have a three-minute walk to Metrolink’s Anaheim Canyon Station, the fifth station in the 11-station Metrolink line from Riverside to San Juan Capistrano. Connecting transit includes OCTA buses to key Orange County employment centers.

Montgomery says that earning LEED certification on most apartment projects is far tougher than for office, industrial and retail categories. Nevertheless, he said, SRG believes justifications for the added costs are compelling.

Additionally, some California cities provide incentives for sustainable development. Anaheim, for example, offers a \$50,000 credit toward the first plan check, up to \$30,000 for LEED certification and rebates on low-flow toilets. 

‘going green...is good business and it’s the right thing to do.’



John Hagestad  
Managing Director  
SARES•REGIS Group



## Corporate Concern For The Planet Starts At The Top; 'We All Have An Obligation'

Environmental sustainable real estate development has been a focus at SARES•REGIS Group for several years but “now it is a concentrated focus” because doing otherwise is irresponsible, says John Hagestad, a managing director of the diversified Irvine, Calif., real estate company.

“If we know that our actions today are having some influence on what is happening around us, it is irresponsible not to avail ourselves of those measures to make a cleaner, safer and more livable environment,” Hagestad said.

“I get angry when I hear people dismissively say, ‘I won’t be around in 100 years to worry about the problem.’ We all have an obligation to do the best we can,” he said.

As trustees of the Urban Land Institute, Hagestad and SRG Managing Director Jeff Stack have been exposed to growing industry awareness and burgeoning compliance with green and sustainable practices in real estate development, construction and management.

**‘We have had a good head start and we’re fortunate from that standpoint.’**

Hagestad said that California’s Title 24 construction requirements already bring new development close to minimum standards set by the United States Green Building Council.

“This isn’t something where we have to come from zero. We have had a good head start and we’re fortunate from that standpoint,” he said. Moreover, in the last few years, best practices for green construction and improved materials “have reduced the cost differential to less than 10% between a conventional building and one that’s LEED certified.”

“What we’re doing is being smart and creating product that is attractive to our clientele whether it’s on the multifamily side, the office or industrial side. But we’re also trying to do the best and right thing for the country and the world going forward,” he said. 



Bruce Bearer  
Senior Vice President  
Commercial  
Investment Division



Rendering and site plan of SRG's newest Class-A industrial project that is being built to LEED standards.

## SRG Buys Anaheim Site, Plans Three 'LEED' Industrial Buildings

SRG has acquired a 6.3-acre Anaheim site and plans to develop the parcel with three LEED certifiable Class-A industrial buildings totaling 120,000 square feet. The project will continue SRG's tradition of developing energy-efficient real estate projects and will be built to meet environmentally sustainable specifications needed for certification by the United States Green Building Council.

"Green and sustainable commercial buildings are what companies want. Green buildings cost less to operate and companies want to be seen as socially responsible by their employees and customers," said Bruce Bearer, Senior Vice President in SRG's Commercial Investment Division.

Plans are to break ground for construction this fall with completion expected by mid-2010. The site is on the southeast corner of Miraloma Avenue and Miller Street.

The project is located in "The Canyon" district, a 2,600-acre redevelopment area where the city "has spent millions on infrastructure improvements and the Anaheim Redevelopment Agency has put all the pieces in place to encourage and support new development," Bearer said.

Additionally, the site is in the heart of the high-demand North Orange County industrial submarket, which has a low vacancy rate of 3.98%.

The project will consist of one 60,000-square-foot building and two 30,000-square-foot buildings with about 2,000-square-feet of mezzanine and improved office space. The larger building will have a private truck court with six dock-high bays and one grade-level door. The smaller buildings will share a secured truck court. Each will have three dock-high bays and a ramp with a door.

The building will have 30-foot clear height and interior lighting will use T-5 fluorescent fixtures on sensors, dramatically reducing electricity demand. Other green features will include: high-efficiency exhaust fans with energy conservation controls; high-performance glazing to minimize heat gain; deep overhangs at glazed entry areas; recycled water system for landscape irrigation; drought tolerant landscape design and materials; pervious asphalt and storm-water reclamation to aquifer via Maxwell drains, percolation ponds and swales; roof drain water impoundment for percolation to aquifer; passive switching controls for outdoor lighting; low VOC paint; low Nox output during grading and recycled steel trusses.

**'Green and sustainable buildings are what companies want.'**

heat gain; deep overhangs at glazed entry areas; recycled water system for landscape



Vince Ciavarella  
President  
Commercial Property  
Services Division



The average service life of the cool roof on this SRG-managed building averts emission of approximately 10 tons of CO<sub>2</sub> per 1,000 square feet of coverage.

## SRG's Commercial Management Saves Millions By Going Greener

For nearly a decade, energy-conscious managers in SRG's Commercial Property Services Division have been saving clients millions of dollars by saving millions of kilowatt hours of electricity.

"It's been our modus operandi to continuously analyze how to reduce building operating costs in ways that make sense. A large part of this is through lower utility bills, which we have achieved, for example, with cool roofs, energy saving fluorescent lighting, more efficient mechanical systems and draught-tolerant landscaping," said Vince Ciavarella, division President. "We have years of experience in green and sustainable management. We are aggressive about it. It pays big dividends to our investors and tenants, and it's imperative for the environment."

Consider this. Over the years Ciavarella's division has completed the following retrofits on SRG-managed properties:

- 4,084,707 square feet of "cool roofs."
- 25,356 low voltage light fixtures.
- 3,983 tons of energy-saving HVAC systems.

While it is difficult to calculate exact savings, it's clear that SRG's investors and tenants have saved millions of dollars in utility costs with these improvements. In many cases, the cost of improvements is recaptured in only a few months.

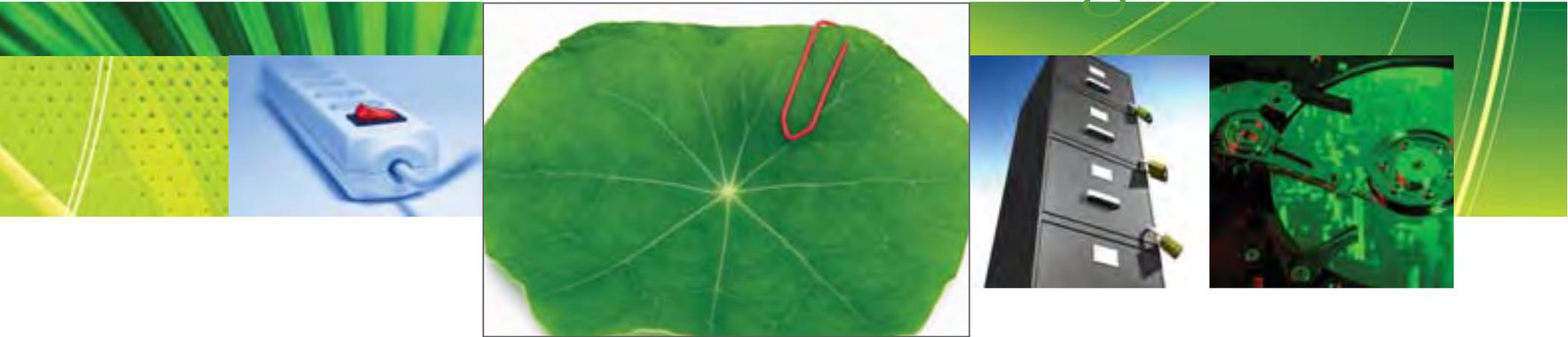
For example, after a 112,500-square-foot industrial building that SRG manages in Huntington Beach was retrofitted last year with 160 T-8 fluorescent light

fixtures the annual electrical lighting bill plunged from \$191,000 to \$45,000. After a \$20,000 rebate from Southern California Edison, the total cost of the high-efficiency lights was \$29,950. The payback time for the retrofit was about eight weeks.

Ciavarella says that retrofitting light fixtures are the "low hanging fruit" that generally produce the biggest utility savings on a building. But other improvements also can yield substantial cuts in operating costs.

SRG installed 269,678 square feet of white "cool roofs" on a 16-building office park in Irvine, slashing \$40,000 or 10% off the annual energy costs for heating and air conditioning. Additionally, since the surface temperatures on a cool roof are about 100 degrees on a 90-degree day versus 160 degrees on an asphalt-cap sheet roof, the lifetime of the roof is extended considerably. The reflective nature of the white acrylic roof coating sharply reduces deterioration of the roofing material. Roofing experts say the lifespan a roof coated with one-ply of white acrylic is increased an average of 12 years and up to 20 years with two ply.

It's not only a matter of costs that make the case for cool roofs. Globally, roofs account for 25 percent of the surface in most cities, according to the Lawrence Berkeley National Laboratory. When a reflective roof coating replaces 1,000 square feet of asphalt sheet roofing, the energy savings it produces offsets 10 metric tons of planet-heating carbon-dioxide emissions. Plus, reflective coated roofs reduce heat and smog in urban areas. 



## Filing Cabinets Are Vanishing With Arrival Of Paperless Accounting

The digital future has arrived at SRG's Corporate Accounting Department, where mountains of paper files have been replaced by electronic document management and computerized workflow programs.

"We've been semi-paperless for awhile," says Mike Heiken, SRG's Chief Accounting Officer. "Every year we used to fill at least two lateral file cabinets with paper documents and keep two years' worth of files here. We've gotten rid of that by going to electronic storage and we're moving toward our goal of avoiding most of the initial paper creation completely."

When Heiken began directing the change four years ago he was motivated less by becoming green than by the decades-old accountant's dream of increasing productivity by scaling down the colossal volume of paper created with financial record-keeping.

Today, however, he and others managing SRG's accounting activities have become bona fide tree-huggers. Their embrace of green and sustainable business practices have driven them to accelerate the shift to reduce their carbon-paper footprint. Heiken also serves on SRG's Corporate Green Committee.

Now a raft of documents and records, including joint-venture agreements, loan agreements, accounts payable, cash receipts and journal entries are being saved electronically. Now under way is the automation of expense reports using Microsoft Sharepoint, a new document-management product that integrates completely with Microsoft Office. It's a move that Heiken says will "take us to what we hope will be paperless."

The Corporate Accounting Department is using the program to create an expense report template and will create workflow to allow managers to approve the reports electronically. Backup and receipts still will have to be scanned by SRG employees, but the expense report itself will be completely paperless.

Using the same reasoning, Heiken aims to apply the process to accounts payable vouchers. Employees will scan the invoice and attach it as a PDF to the electronic voucher.

"We're also going to ask the departments to get electronic invoices from their vendors. That will work for a bunch of them although not all the vendors are that sophisticated. But at a minimum I think we can ask them to scan the invoices and send them to us electronically so we don't deal with any paper here," Heiken said. 

'Every year we used to fill at least two lateral file cabinets...'

approve the reports electronically. Backup and receipts still will have to be scanned



The SRG Living website guides residents on recycling, water and energy savings and offers suggestions on earth-friendly cleaning products.



## SRG Sets Eco-Apartment Management Policy

The Multifamily Property Management Division of SARES•REGIS Group is committed to reducing the stress on the environment from the approximately 16,000 units in 56 apartment communities it manages in California, Arizona and Colorado.

“We call it eco-property management,” says Deb Maietta, the division’s Senior Vice President.

“What it means is we’re taking every feasible step, for example, to save power and water, recycle and eliminate the use of toxic cleaning chemicals,” she said.

“Everyone in our division knows how important this is for our operating costs and for the planet. Take the replacement of incandescent light bulbs with fluorescent bulbs. Over its lifetime each compact fluorescent light will save electricity equivalent to burning a quarter-ton of coal compared to what it takes to power an incandescent bulb.”

When that one, small change is applied to the thousands of apartments that SRG manages, it makes a huge difference, she said.

Additionally, Maietta said, SRG’s Multifamily Property Management Division is working to ensure all its apartment homes feature appliances rated as Energy Star by the U.S. Environmental Protection Agency. Also, the Division is training its Housekeeping and Maintenance employees in the use of toxic-free cleaning products and chemicals.

By 2012, it is SRG’s goal to finish all its apartment homes with low VOC paints and outfit them with the best in energy- and water-saving devices and appliances.

SRG’s Multifamily Property Management Division – which also has been preparing to manage new upcoming SRG-developed green apartment communities in Anaheim and Pasadena – has been helped by a growing industry-wide push for green by groups such as the Institute of Real Estate Management, National Multi-Housing Council and the California Apartment Association. Early last year, SRG’s Multifamily Property Management Division formed its “green committee” of top managers who developed the program that’s in place today.

The program also requires training for the division’s 300 employees and leasing consultants as well as the education of residents on how the program benefits them while seeking their cooperation. The division’s vendors also are expected to comply.

“Our employees and residents are in firm support of this new regimen. They understand its importance to the environment and how it will improve their quality of life,” Maietta said.

A resident information campaign is being achieved through a “green living” link on the SRG Living website.

Additionally, the division is campaigning to collect the e-mail addresses of residents in an effort aimed at eliminating snail-mail, replacing it with a more efficient electronic communication channel.

“Everyone understands that big reductions in water and utility use along with increased recycling can be achieved immediately and will yield major results,” she said. “Everyone’s eager to do their part.” 



## On St. Paddy's Day, SRG Says 'We're A Greener Company'

After years of hewing diligently to efficiency practices in the development and management of its commercial and residential real estate projects, it was fitting that the SARES•REGIS Group chose March 17, St. Patrick's Day, to announce it was elevating its commitment to green and sustainable practices on all its projects and in its Corporate operations, too.

The move was well received throughout the company and especially welcomed by SRG's recently formed task force on sustainability practices, which has been instituting measures that include everything from recycling and reducing use of water and power to eliminating use of Styrofoam and encouraging employee carpools, public transit and use of alternative-fuel vehicles.

In a few short months, for example, the company already has slashed its landscape water use by 30% and now is recycling 75% of all corporate office waste.

"It has been exciting to see our changes implemented so quickly and smoothly. The combination of bottom-up and top-down driven efforts have unified the company in this undertaking," says Jennifer Simpson, Chair of "SRG Green" and Acquisitions Coordinator in SRG's Multifamily Acquisitions & Investments Division. Simpson also has been accredited by the United States Green Building Council as a Leadership and Energy and Environmental Design Accredited Professional (LEED AP).

John Hagestad, Jeff Stack and Bill Thormahlen – SRG's three Managing Directors – made the announcement at back-to-back presentations for the 135 employees at Corporate Headquarters. Everyone, including the three owners, was decked out for the event in bright green tee-shirts with "Think Green, SARES•REGIS Group" silkscreened across the front.

"This is something that's critical and something we whole-heartedly endorse," Hagestad said, adding later he hoped the steps being taken at SRG will influ-

ence company employees when they're not at work. "If nothing else, they'll become more aware. Maybe they'll think twice about using a foam cup or how much energy they burn at home. That's important."

The SRG Green Committee consists of representatives from each of the company's divisions and meets monthly to review proposals, many of which are suggested by employees, aimed at reducing SRG's carbon footprint while enhancing employee health and morale.

So far, the committee has produced a number of green guidelines for employees to follow as well as recommendations that are on the way. They include:

- Encouraging daylighting, working by ambient sunlight.
- Chemical-free pest control and cleaning products.
- Source reduction of junk mail; switching to electronic magazines.
- Double-sided printing.
- Turning off electronics when not in use, including the use of power strips.
- Encouraging bicycling, carpooling, public transport.
- Comprehensive recycling program, including certified disposal of e-waste, batteries and fluorescents.
- Utilizing Microsoft SharePoint to go paperless.
- Distributing an employee newsletter electronically with tips for office sustainability.
- Tracking utility use and cost savings.
- Purchasing supplies that are made with a post-consumer component or responsible forestry.
- And, most importantly, employee education. 

**SRG is now recycling 75% of all its corporate office waste.'**