FAIRFAX COUNTY PLANNING COMMISSION
ENVIRONMENT COMMITTEE
THURSDAY, MAY 1, 2008

COMMITTEE MEMBERS PRESENT:
Walter L. Alcorn, At-Large
Frank A. de la Fe, Hunter Mill District
Jay P. Donahue, Dranesville District
Earl L. Flanagan, Mount Vernon District
James R. Hart, Commissioner At-Large
Kenneth A. Lawrence, Providence District
Rodney L. Lusk, Lee District
Timothy J. Sargeant, At-Large

COMMITTEE MEMBERS ABSENT:
None

OTHER COMMISSIONER PRESENT:
Peter F. Murphy, Jr., Springfield District

PLANNING COMMISSION STAFF PRESENT:
Sara Robin Hardy, Assistant Director, Planning Commission Office
Kara A. DeArrastia, Deputy Clerk to the Planning Commission

DEPARTMENT OF PLANNING AND ZONING STAFF PRESENT:
Noel Kaplan, Senior Environmental Planner, Planning Division (PD)
Pamela Nee, Chief, Environment and Development Review Branch, PD
Jennifer Bonnette, Planner, PD

DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENT SERVICES STAFF PRESENT:
James Patteson, Director, Land Development Services
Chris McArtor, Deputy Director, Building Plan Review
Eta Davis, Business Process Manager, Land Development Services

OTHER COUNTY STAFF PRESENT:
Zack Fields, Office of the Chairman of Board of Supervisors
Amanda McGill, Office of the County Executive
Sue L. Smith, Management Analyst, Real Estate Division
Department of Tax Administration

OTHERS PRESENT:
Peter Rosen, JPI
Michael Rolband, President, Wetland Studies and Solutions Incorporated (WSSI)
Rob Walker, William Gordon Associates/National Association of Industrial and Office Properties (NAIOP)
Inda Stagg, Walsh, Colucci, Lubeley, Emrich & Walsh, P.C.
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Chairman Hart called the meeting to order at 7:30 p.m. in the Board Conference Room at 12000 Government Center Parkway, Fairfax, Virginia 22035. He noted that the first order of business was approval of minutes.

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Commissioner Lawrence MOVED THAT THE MINUTES OF THE APRIL 17, 2008 ENVIRONMENT COMMITTEE/ENVIRONMENT QUALITY ADVISORY COUNCIL MEETING BE APPROVED.

Commissioner Flanagan seconded the motion which carried unanimously.

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Chairman Hart announced that the committee would continue discussion of green building incentives and recognized James Patteson, Director, Land Development Services, Department of Public Works and Environmental Services (DPWES).

Mr. Patteson noted that staff would present recommendations for green building incentives to the Board of Supervisors' (BOS) Environmental Committee on June 9, 2008.

Mr. Patteson narrated a PowerPoint presentation on Green Building Incentives, a copy of which is in the date file. He explained that the BOS had a keen interest in encouraging green building throughout the County. He said there was very little financial incentive at this time for developers to build green due to the costs associated with Silver, Gold, or Platinum LEED certification. However, Mr. Patteson said there were long-term utility savings and human benefits such as increased productivity and reduced absenteeism.

Mr. Patteson said staff had looked at four examples of green construction:

> Fairfax Center Fire Station (LEED Silver)
> Wetland Studies and Solutions Incorporated (WSSI) office building (LEED Gold)
> LEED certified model home shown on U. S. Green Building Council Website
> Jefferson at Dulles Station Apartments, Herndon

Mr. Patteson presented payback analyses of the above projects and said that the analyses considered the opportunity costs associated with additional expenses; that is, the money invested in green building practices would not be available to be invested elsewhere. He noted that, in one of the four case studies applying this approach, there would still not be a financial gain after 30 years. He pointed out, though, that in addition to a consideration of long-term life cycle financial benefits of green buildings, there was a human benefit to improving indoor work environments, including increased worker productivity.

Mr. Patteson said in response to the BOS directive to staff on December 3, 2007 to evaluate green building incentives, a work group, comprised of staff from several County agencies as well as Fairfax Water, had been established. He noted that the work group had coordinated with industry representatives and with the Virginia Sustainable Building Network. He explained that eight incentives had been researched: expedited permit processing, reduced permit fees, tax incentives, utility incentives (fees/rebates), Green Fund, grants, density bonuses, and marketing materials/publicity. (A matrix of the incentives is in the date file.)

Mr. Patteson said some benefits of green building already existed in County practices, one of which was a five-year tax credit on the value of certified solar energy equipment installed on a residential or commercial building. Using an example of a 458,000 square foot, eleven-story office building, Mr. Patteson said water efficiency measures and water efficient fixtures could reduce permit fees by $58,600, or 60 percent. He said another existing benefit was the energy and water commodity which could result in annual savings on water, sewer, and electric bills.

Mr. Patteson pointed out that Fairfax Water was mandated to ensure that sewer and water availability fees, which paid for below ground infrastructure, were distributed fairly and equitably among all users. He said if rebates were granted, the fees would have to be passed on to other users. He noted that savings should be realized from usage costs, not infrastructure fees.

Mr. Patteson said current fiscal realities made implementation of many incentives challenging and risky. He recognized Sue Smith, Department of Tax Administration, to address local tax incentives.

Sue Smith, Real Estate Division, Department of Tax Administration (DTA), said the impact on revenue could not be predicted at this time because it was not known how many residential or commercial builders would take advantage of tax incentives. She said a reduction of one percent of assessed value would result in a loss of $13.2 million in revenue. She said assuming a ten percent participation, a one penny reduction in the tax rate, from 92 cents to 91 cents, would result in a loss of $1.4 million in general fund revenue; a 10 cent reduction would result in a loss of $14 million.

Mr. Patteson pointed out that close to a 10 percent reduction would be necessary to provide a real incentive, but that reducing the County’s general fund by $14 million was not feasible. Ms. Smith concurred and said that a reduction in revenue was not recommended at this time by the Revenue Committee. Michael Rolband, President, Wetland Studies and Solutions Incorporated (WSSI), said perhaps a cap on the amount could be set, for example $5 million per year, given on a first-come first-served basis or allocated among those who applied for it. Ms. Smith said offering tax-based revenue would require an amendment to the *Virginia State Code*. Mr. Patteson pointed out that County assessments were based on the total value of both the building and the land and that the DTA did not support a separate tax rate for each. Ms. Smith agreed, pointing out that it would be necessary to change the assessment process if a building and land were valued separately and that Kevin Greenlief, Director of DTA, preferred a tax credit in lieu of a re-assessment process. She added that currently the only option in the *State Code* was to give a separate rate for a building that was 30 percent more energy efficient than a similar building constructed to Code (or that met or exceeded performance standards of LEED, Green Globes, or EarthCraft, or that was an EnergyStar qualified home).

Mr. Patteson said consideration could also be given to a green fund; grants; development of a process for expedited plan review; outreach, education, and marketing; and density bonus evaluation as part of specific Area Plan Studies.

Noel Kaplan, Planning Division, Department of Planning and Zoning, said that it did not appear that the County had the legal authority to impose contributions to a green fund as a requirement. He said contributions could be pursued through proffers, but since proffers were voluntary, expectations could prove problematic. He said if the Committee desired, he would seek more definitive guidance about these two issues associated with establishment of a green fund. He said Arlington County's Green Fund was not truly an incentive because developers who built green simply got their money back or if not, it was forfeited. He said such an approach was more of an incentive not to build green. He said Eagle County, Colorado, had a green fund with a related incentive approach built into it; i.e., if a certain threshold was met, developers did not have to pay into the fund and if the threshold was exceeded, they received a fee reduction. Mr. Kaplan said if the County were to establish a fund as a mechanism to reward better green building design, it would raise questions about fund management and how to ensure that it remain solvent. He pointed out that the fundamental issue was the legality of a green fund, but there were other issues as well about whether or not it should be established as a disincentive approach or incentive approach, and, in the case of the latter, how to ensure the long-term viability of the fund.

Mr. Patteson said that the National Association of Industrial and Office Properties (NAIOP) had provided unofficial feedback indicating that it would like to see the County develop incentives such as meaningful expedited processing; permit, utility, and availability fee reductions; a green fund; a grant program; and bonus density.

Rob Walker, William Gordon Associates/NAIOP, expressed support for a green fund as long as it was part of a comprehensive plan with other incentives. He said he understood the problem with availability fees mentioned by Mr. Patteson, but that water efficient fixtures, such as waterless urinals, were not always an option because they did not work for certain uses. He said sanitary sewer fees needed to be further targeted.

Responding to a question from Commissioner Sargeant, Mr. Patteson said energy efficient techniques were incorporated into a basic LEED certified building and provided an approximate five-year payback. He said although he did not have exact calculations, LEED Silver certification had an approximate 20-year payback.

Mr. Kaplan pointed out that sometimes life-cycle benefits did not accrue to developers but to people leasing the space. He said although information suggested that there were little incremental costs associated with LEED certification, including Silver, an approach to establishing the amount of a financial incentive would be to consider what it would take to cover those costs.

Mr. Patteson responded to questions from Commissioner Alcorn about Fairfax Water's mandate for fair and equitable sewer and water availability fees. He added that the County based sanitary sewer fees on the fixture count in accordance with the Building Code and had the flexibility to change them. Commissioner Alcorn requested that those fees be reviewed and said he would have no problem if those who did not build green were required to pay a little more. He said if there was a *State Code* restriction, perhaps the legislation could be amended.

Commissioner Alcorn said he thought recognition for building green might be more valuable than receiving grant money. He said the award criteria could evolve as practices and technology changed and recognition would benefit developers especially as a marketing tool. For those reasons, he suggesting consideration be given to changing the focus on this incentive. Mr. Kaplan noted that the County's annual Exceptional Design Awards now had a green building category.

Commissioner Lawrence recommended consideration be given to increasing fees for non-green building. He said since it was not known how many developers would build green, trying to figure out how much money would be generated was fruitless; therefore, it would be better to establish revenue-neutral incentives or apply a cap for rebates. He said he supported the idea of increasing fees for developers who did not build green year after year. He also said incentives should take into consideration the fact that paybacks did not accrue to developers who sold or leased a building.

Mr. Patteson commented that legislation could be changed to allow the County to charge everyone a green fee as part of the development process with refunds given for building green. Commissioner Alcorn said he thought this was an option since the County changed fees all the time. Chairman Hart said the County Attorney's Office needed to be consulted on the ability to adjust fees.

Commissioner Flanagan said it would be helpful to have staff's recommendation about preferred approaches to incentives. Commissioner Lawrence agreed, and raised a concern about density bonuses. Mr. Kaplan said that, in staff's view, density bonuses or similar concepts could be appropriate for consideration in comprehensive Area Plan studies such as the one underway for Tysons Corner.

Mr. Kaplan requested further direction from the Committee on the issues discussed tonight before the meeting of the BOS Environmental Committee on June 9 2008.

A Committee meeting was scheduled on May 28, 2008, at 7:30 p.m., to continue discussion of green building incentives.

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The meeting was adjourned at 8:17 p.m.
James R. Hart, Chairman

An audio recording of this meeting is available in the Planning Commission Office, 12000 Government Center Parkway, Suite 330, Fairfax, Virginia 22035.

Meeting attended by: Kara A. DeArrastia
Minutes by: Linda B. Rodeffer

Approved: May 15, 2008

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Linda B. Rodeffer, Clerk
Fairfax County Planning Commission