

MAN N REPORT



Management Insights

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The Financial Upside of Green

Increasing property values by reducing energy costs

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Buildings are one of the heaviest consumers of natural resources, representing 39% of primary energy use and 72% of electricity consumption in the U.S.

Cooperative and condominium boards are beginning to see that there is a financial upside to “going green.” With so many incentives and programs in place to ease the transition into green living, more residential buildings are moving forward with energy reduction efforts.

There is a measurable market value in making buildings energy efficient. Investing in the long-term health of your building by controlling consumption and costs provides a return on your investment in the form of lower carrying costs and increased property values.

Cooper Square Realty has always put a premium on reducing energy costs through programs that emphasize systems functioning at maximum efficiency, monitoring usage and negotiating the best available prices for fuel and electricity. The creation of our FS Energy subsidiary is a natural extension of our desire to reduce the carbon footprint of the properties we manage, while simultaneously reducing operating costs and increasing property values. Our ultimate goal is to reduce energy consumption within buildings by at least 20%.

Holistic Approach to Energy Management

FS Energy’s holistic energy management program encompasses 13 distinct disciplines that reduce energy consumption and costs for residential and commercial properties. The result effectively gauges the environmental footprint of a building in order to make customized recommendations for conservation and savings.

Initially, our professionals conduct a complimentary energy analysis of the property, the results of which are used to benchmark the property’s energy usage and costs against similar buildings. FS Energy is uniquely qualified to produce these peer analyses, given the firm’s extensive database that comprises years of historical data on hundreds of properties.

This peer analysis enables us to determine the most cost effective and immediate opportunities for conservation. Initial steps can include all or any of the following:

Procurement: Negotiating a better deal with energy suppliers is one of the easiest and quickest ways to reduce energy costs – without any capital outlays or upfront expenditures. Whether it’s electric, natural gas, oil, steam, or other energy sources, FS Energy can identify and negotiate substantially lower rates for our clients than they could achieve otherwise. We have unrivaled purchasing clout as a subsidiary of FirstService Residential Management, which

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manages over 1,000,000 units in 3,700 residential communities nationwide — with over 300 properties housing 200,000 residents in the New York City area alone.

The savings derived from this exercise can be significant: Over the course of 2009, FS Energy saved its clients more than \$4 million through procurement services.

Demand Management: Demand charges comprise up to 40% of a common area's annual electricity and/or steam bill because energy providers require compensation

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for maintaining an infrastructure that can meet a property's peak demand, regardless how brief and infrequent it may be. However, these charges are based on estimates, rather than on actual demand. A quick solution to curtail these costs is installing time-of-day equipment to document demand.

FS Energy specialists can identify and implement other practical demand management strategies that produce immediate savings, yet are largely transparent to building residents. These include scheduling start-up and shut-down of systems for non-peak times, curtailing energy usage during peak demand periods, and "selling back" excess capacity.

Utility Bill Auditing: Billing irregularities due to metering problems, calculation mistakes, and improper application of contract prices are common for electricity, steam, gas, oil, water, and sewage. FS Energy analyzes bills for accuracy and conformity to existing rates, ensures that supply is delivered at promised pricing, and verifies that bill-

ing reflects actual usage. Audits also determine whether the property is receiving the most favorable rates.

Other Measures: Numerous other programs will be considered to ensure efficiency of a building's systems. These include:

- Assessing and upgrading equipment like boilers, lighting and HVAC elements;
- Designing maintenance programs to ensure equipment is operating at peak efficiency;
- Training building staff on proper procedures;
- Making adjustments to operating control systems and balancing heat distribution systems; and
- Installing motion sensors in rarely used rooms.

What Next?

By taking a holistic approach to energy management, FS Energy ensures that you are looking at the "big picture" with regard to your building's energy usage. It is essential to establish an energy strategy before determining whether a costly energy audit is warranted.

Buildings don't necessarily have to wait until the completion of a project to see returns on their green investment. Many incentive programs pay throughout the course of an upgrade project. Importantly, FS Energy can assist in obtaining available grants and low-interest loans to make the cost of improvements economical and help realize a quick payback period.

The Upside of Green

With energy costs representing up to 25% of a building's operating budget, savings accrued by these measures have a direct impact on a building's long-term financial health. And the positive benefits to the environment are significant.

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