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COUNCIL

*The Power of
Knowledge and Leadership*

Sustainability Roundtable Summary Paper

U.S. EPA, Office of Brownfields and Land Revitalization (OBLR) International Economic Development Council (IEDC)

The International Economic Development Council (IEDC), in partnership with the U.S. Environmental Protection Agency's (EPA) Office of Brownfields and Land Revitalization (OBLR), hosted a roundtable discussion during IEDC's 2009 Annual Conference in Reno, Nevada, on October 7, 2009. The event brought together EPA representatives, economic development professionals, and others who are actively engaged in sustainable development initiatives to learn about emerging trends, successful strategies, and continuing challenges in this cutting-edge area of economic development. The roundtable was attended by more than 25 people representing the public, private and non-profit sectors.

OBLR funds and provides technical support for the assessment and environmental cleanup of brownfields. OBLR recognizes that sustainable environmental development is directly tied to economic health. In July 2008, EPA funded 16 Brownfields Sustainability Pilots to help communities achieve greener assessment, cleanup, and redevelopment at their brownfields sites. Each pilot received technical support funding for activities such as green roof designs, stormwater management plans, green building analyses, parking lot design, solar energy feasibility plans, and reuse of deconstruction materials. The Sustainability Pilots were successful. EPA's Superfund program also has a robust reuse initiative (for example, 16 sites are participating as 2009 Return to Use demonstration projects, exploring green remediation strategies and alternative energy reuses), and the Resource Conservation and Recovery Act (RCRA) program promotes sustainable practices extensively, especially with regard to the recycling of construction and demolition materials.

Sustainability issues are at the forefront of economic development at the local level. Many economic development professionals see the potential for job growth that sustainable practices can bring to a community. The additional benefits to a community's overall health and attractiveness also help make a community a place where people want to live and businesses want to locate.

Many economic development organizations recognize the benefits of sustainable practices, from designing and building energy efficient buildings that reduce utility costs to promoting sustainable landscaping and the use of environmentally benign products. Both economic development professionals and their private-sector partners face numerous barriers in regard to sustainability. Public education and awareness can be an obstacle – many private developers, businesses, elected officials and consumers simply do not see the long-term benefits and cost-savings of sustainable practices. In addition, they may lack an understanding of the many benefits associated with employing sustainable practices.

Economic development professionals recognize that sustainability strategies create marketplaces for companies and organizations to develop competitive capacity that serves not only local, but other markets as well. Ultimately, however, they know that sustainability efforts will flourish only with a focus on demand, regardless of any emphasis on the production side. The Sustainability Roundtable facilitated discussions regarding market conditions among economic development professionals and EPA officials.

In preparation for the roundtable, IEDC conducted an online survey of invited participants to gather information about sustainable development initiatives being implemented in various communities. The results were used to facilitate discussion around key issues. The following topics were discussed at the roundtable:

- Green Jobs and Workforce Development
- Renewable Energy and Energy Efficiency
- Financing Green Buildings

This paper summarizes the roundtable discussion. It is organized into two sections: 1) Emerging Trends and 2) Ongoing Challenges and Needs.

Section I: Emerging Trends

Below are some trends taking place among the communities represented at the roundtable. These are likely to provide a good cross-section of the kinds of activities happening in other communities across the country because they cover communities who are just beginning to implement sustainable practices to those who have pursued such initiatives for years. Based on the roundtable discussion and data collected from the survey, the following topics are covered under this section:

- A. LEED certification and other energy efficiency/green building initiatives
- B. Workforce development/training
- C. “Greening” of traditional economic development activities
- D. Miscellaneous projects and initiatives

A. LEED certification and other energy efficiency/green building initiatives

Improving the energy efficiency of both new and existing buildings, through regulations, incentives, or a combination of the two, is a frequent starting point for communities that want to implement sustainable development initiatives. Green standards for new buildings, such as the Leadership in Energy and Environmental Design (LEED) standards of the U.S. Green Building Council, may be required for new public buildings; for buildings in certain districts, such as downtown or business parks; or, in cases where they aren’t required, incentives may be offered to encourage their use. Energy efficiency retrofits for existing buildings are primarily spurred in the private sector by interest in cost savings and by public sector incentives.

Some communities are more enthusiastic and proactive about green building efforts than others. Some development professionals express concern that many communities get caught up in receiving the LEED certification without paying enough attention to the process and the larger goal. In general, the public sector often is more proactive in adopting green building practices than the private sector, possibly because it invests in buildings that are assumed to have a long life of service and the savings from lower utility bills that generally accrue to the public sector entity. Private developers, though, increasingly find that green buildings are less expensive to operate and maintain; are rented more quickly and at higher rates; have less turnover; and result in higher asset value in the end.

Below are examples where communities are using LEED or other standards to encourage energy-efficient development or redevelopment. They apply to individual buildings, industrial parks and properties, and in some places, entire downtowns or districts.

- The Waco Chamber of Commerce built the first LEED-certified chamber building in the United States as a way of demonstrating community leadership.
- Normal, Illinois, requires that new buildings over 10,000 square feet in its central business district must use LEED standards for construction (though the buildings are not required to go through the certification process). Normal also developed a sustainability plan in order to encourage such development practices throughout the metro area. The city hosted an EPA pilot project demonstration site at a four-unit town-home in a new subdivision where multiple dumpster boxes were used to facilitate the separation of construction waste.
- Lakewood, Washington is facilitating the development of a new, privately owned industrial park that incorporates aspects of sustainability, energy efficiency and green space.
- At Iowa's first sustainable business park in the Des Moines metropolitan area, companies must build to LEED standards (again, formal certification is not required). A 35,000-square-foot demonstration project also is located within the business park that reduces utility use by 40 percent due to a geothermal system, and includes the installation of a green roof.
- San Jose, California established a goal of building or retrofitting 50 million square feet of green buildings.
- Dubuque, Iowa is working to sustainably redevelop an entire 17-block historic industrial district. It is focusing on much more than green building standards, including bike and pedestrian mobility, alternative energy generation systems, zero-waste initiatives, stormwater management best practices, and other features. An Energy Efficiency Zone pilot program will make technical assistance available to a 28-building industrial complex that may include Energy Design Grants and a low-interest Energy Revolving Loan Fund to implement smart energy systems, and a Best Practices Resource Center to share information with other developers and communities. The area has been included in an urban renewal district, opening the door to financial incentives.

B. Workforce development/training

Many communities initiated training programs for "green jobs." Frequently, they take the form of community college technical training in the areas of alternative energy or energy efficiency (as in Piqua, Ohio, and Glendale, Arizona). Many are forming alliances among multiple stakeholders to foster skills acquisition for alternative energy. One community representative reported that the local Workforce Investment Board is partnering with labor unions, community colleges and non-profits to design training programs and funding strategies. In Maui County, Hawaii, for example, the Maui

County Energy Alliance includes a Workforce Development and Training Group to help meet the goal of breaking the island's cycle of fossil fuel dependence.

EPA and its regional offices are working on job training programs related to sustainability as well. For example, in New York State, high school students have been trained and placed at waste water treatment plants. A Superfund job training initiative in Savannah River, Alabama, trained and placed 20 people in permanent jobs in the field of environmental cleanup.

Economic development professionals emphasized the importance of talking to employers to gain clear information on the job skills that they need. Frequent and frank communication with local companies about specific training needs and understanding the timing of job creation with market demand allows the public sector to respond more effectively. They also emphasized the need to provide training for transferrable skills, rather than occupations.

C. "Greening" of traditional economic development activities

Many communities are incorporating sustainability in the typical economic development functions of business retention and expansion, recruitment, and entrepreneurship. They are working to attract companies that manufacture products in the renewable energy field; those that engage in clean technology research and development; and those that actually produce renewable energy (e.g., wind farms). Communities are partnering with labs and universities to commercialize new technologies, and creating incubators, special funds and incentives to nurture clean tech firms. In addition, economic development professionals are forming networks to bring together different stakeholders for mutually beneficial efforts – such as identifying local competitive advantages and opportunities for businesses to tap into sustainable markets, increasing communication between business and regulators, and streamlining permitting processes. Examples include:

- In Pocatello, Idaho, the regional manager of the state Department of Environmental Quality (DEQ) is present when economic developers meet with companies they are trying to recruit. The improved communication helps companies realize that the DEQ is not trying to block projects. In addition, the regional DEQ manager is developing a business-friendly brochure for prospective companies to let them know, for example, who they should talk to if they have certain types of air emissions. Similarly, San Jose streamlined regulatory burdens by creating an accelerated permitting process in which building permits are approved cross-departmentally.
- Pocatello also plans to develop a wind farm in partnership with Nordic Wind Power and Idaho State University that will also become a technical learning center.
- Communities such as San Jose started incubators to help clean tech businesses grow.
- In Waco, Texas, the Green Business Network assists companies with sustainability, tracks local sustainability practices, and promotes sustainable companies.
- Cleveland is pursuing the potential development of a fresh-water wind farm in Lake Erie. The city has hired a "sustainability czar" and the mayor also hosted a major sustainability conference recently.
- One of the goals of the Maui County Energy Alliance, mentioned previously, is to diversify the state's economy away from tourism.

D. Miscellaneous projects and initiatives

Discussion at the roundtable also highlighted unique ways in which communities, and some private companies, are thinking about sustainability and creating new ways of meeting their needs. This includes pilot projects, unique financing structures, waste diversion programs and other initiatives.

- Mariah Power, a wind turbine production company based in Reno, is working on creating a \$10 million fund for schools. The plan is to allow schools to lease a unit, then pay back the monthly amount it delivers in electricity using the local utility rate – essentially using their creditworthiness to overcome the upfront cost of purchasing and installing the equipment.
- Milwaukee is bagging waste from sewage treatment operations and selling as fertilizer across the entire Midwest.
- The University of Illinois started a community composting project to divert food waste from landfills.
- Tulane University is performing research about the potential for hydrokinetic energy to power districts within the City of New Orleans.
- Lakewood, Washington is holding an architectural design contest for sustainable, affordable homes, for specific lots as part of a redevelopment plan.
- San Jose has used tax increment financing to redevelop areas for smart growth/reverse commuting opportunities.
- Schenectady, New York is able to tap into sales tax revenue to fill funding gaps for green investments. The Schenectady Metroplex Development Authority is funded through dedicated sales tax revenue or 70 percent of one-half of one percent of the county sales tax to design, plan, finance, site, construct, administer, operate, manage, and maintain facilities within its service district. It leveraged this with bonding to do demolition at the American Locomotive Company site.
- Normal, Illinois established a revolving loan fund (RLF) to provide loans for energy efficiency improvements to businesses. The seed funding is being provided through the Conservation Block Grant monies.

Section II: Continuing Challenges and Needs

Sustainable development and its linkages with community economic development strategies continue to evolve. Most communities realize the benefit of implementing sustainable development practices in their local economic development strategies, yet there are many challenges. Below are some common themes among the challenges discussed at the roundtable.

A. Need for education and training on sustainable development

A number of professionals expressed frustration that community leaders, businesses or constituents do not really understand what sustainability is or how to get involved with the sustainable development movement. While most communities are engaged in sustainable development at some level (e.g. recycling), many are unsure of what the best next steps would be.

In addition, the lack of understanding on the long-term benefits of sustainable practices, and how they offset upfront costs over time, deters many people from embracing them. This is especially true for renewable energy and energy efficiency projects. More education is needed on methods of comparing the return on investment for green versus non-green development projects.

In addition, some economic development professionals mentioned that education about sustainability should be examined holistically. For example, educating children about sustainable practices should start as early as pre-kindergarten. This would produce a generation with a mindset grounded in sustainability, fostering demand for green products and business from the grassroots, rather than waiting for it to be mandated from the top.

Public participation in the sustainability planning process is critical as well, and must go beyond the “usual suspects” such as the same pool of community leaders, or those who are already on board – to draw a broader array of citizens into the process. Faith-based organizations can play an important role here.

Finally, the need to train workers for emerging green jobs is also a high priority. Economic development professionals stress the need for skills training, rather than occupational training. No one can be sure what the green jobs of the future will be because the field is still emerging and technologies change, yet many skills transfer well across different occupations.

B. Concerns with LEED

LEED is the best-known standard for green buildings, but communities have some concerns with the program. One is the expense and effort associated with the process of obtaining certification for a project. Some communities are avoiding the hassle yet achieving similar results by requiring that certain new construction be done to LEED standards (or portions thereof), but not requiring the developer to go through the formal certification process. In other places, communities are using other standards for sustainable construction projects, such as Energy Star, to make projects less expensive. Others mentioned concern about the focus on certification, rather than the end result or effect.

Economic development professionals also express concern that LEED standards are focused on the building itself to the neglect of its integration with its surroundings. By not giving greater consideration to the reuse of land or to proximity to public transit or other amenities, LEED is seen as contributing to urban sprawl rather than encouraging infill and brownfield redevelopment. It also does not take into account regional climate differences.

C. Financing

Communities continue to face challenges with financing sustainable development projects at the local level, especially in the aftermath of a global and national recession. They are required to cobble together multiple funding sources (e.g., tax credits, grants, and other incentives) to make redevelopment happen. Financial and other tax incentives are critical as well. Federal government resources provide financing for many projects country-wide that may not have been possible otherwise.

In addition, the depressed real estate market makes brownfield redevelopment more difficult as well. However, communities plan to restart stalled projects as soon as the financing environment and market rebound. A lack of funds for demolition, in particular, was mentioned by several roundtable participants as a problem even in the best of times. This is a major cost that no one wants to bear. In addition, several roundtable participants agreed that more education on how materials salvaged from demolition can potentially be reused and recycled would be beneficial.

Up-front costs involved with shifting to renewable energy generation is a challenge. For example, paying for wind turbines and solar panels for individual buildings such as schools can be cost prohibitive. Many communities would like to make the shift to renewable energy, but can't afford the initial major investment. There is a clear need for assistance here.

D. Green values/standards that are consistent throughout federal agencies and levels of government

Communities see the need for federal government agencies to better coordinate their programs and collaborate with each other. Getting federal funds for different aspects of one large project requires multiple requests for proposals (RFPs) to agencies with different guidelines and standards, resulting in disjointed awards. In addition, places that are not considered municipalities are restricted in their eligibility for federal funds. Special authorities such as defense-related communities need different types of programs (i.e., the current process of redeveloping Brooks Air Force Base in San Antonio into a business/tech park).

The need for policy and financing certainty was highlighted in one of the survey responses. "Critical to [growing green jobs] is a sustained focus by the federal and state governments in lending certainty to emerging clean tech markets (loan guarantees, tax credits and rebates) as well as ensuring that federal stimulus dollars are distributed quickly."

In addition, every state and jurisdiction has different permitting standards and building regulations. Developers noted that time and resources are wasted in having to figure these out. Ideally, states could develop a more uniform approach to how they regulate.

Conclusions

Economic development professionals see tremendous potential benefits in pursuing sustainable practices – not simply in terms of job creation but of higher-quality, place-based jobs and higher per capita income, as well as quality of life and environmental benefits. As one survey respondent wrote, "We believe we are in the early stages of an historic transformation of [our] region, which will have profound effects on our economy for decades to come."

Many economic development professionals recognize retrofitting existing buildings for energy efficiency as low-hanging fruit and a good place to start. At the next level are communities that are encouraging (or requiring) new development to meet certain green building standards (such as LEED or Energy Star). The most advanced communities are applying principles of sustainability to entire districts or cities. Holistic approaches such as these look at everything from reusing brownfield sites and existing buildings to best practices for managing storm water, alternative energy generation, multi-modal transportation infrastructure, and other sustainable practices.

In San Jose, California, the city's overall philosophy is to not define green jobs or look at clean technologies as a 'new' industry, but seeing them as part of daily best practices for all industries and ways of life. The city equates sustainability and climate prosperity with economic development, rather than as an obstacle to it. For example, solar panels are viewed as a new market for existing semiconductor companies, rather than a new industry. This philosophy is reflected in everything from the city's land-use plans to industry attraction efforts, entrepreneurship, and small business support.

Many economic development professionals agree that training a workforce for green jobs and sustainable practices, should emphasize skills sets over occupations. Such programs should be directed from the bottom up – dictated by company and market demand – not the top down. They should be flexible and focus on supporting existing green jobs markets as well.

Using public funds for pilot projects is a useful mechanism to test the feasibility of new ideas and generate interest and excitement. Public funding also can spur private activity and additional investment. Demonstration projects also can be tied to education, both in terms of informing the general public about the value of sustainable practices and workforce training.

Mindful of the principle that wealth and job creation peak at the intersection of supply and demand, economic development professionals are expanding their typical roles as facilitators, conveners and marketers to include sustainability. For example, in multiple communities, they are creating partnerships among business, the public sector and workforce development professionals; focusing on the retention, expansion and recruitment of companies engaged in green jobs; and helping existing companies identify potential opportunities in advanced/alternative energy. Many economic development professionals reported that the creation of new, green jobs is, in part, hampered by the impacts of the recession.